

ALASKA LEGISLATURE

1253

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

EXECUTIVE SUMMARY

The settlement of the mental health lands trust litigation created the Alaska Mental Health Trust Authority (AMHTA) to ensure that Trust assets are properly managed and that the needs of the beneficiaries are met. In the six months since their appointment, the Trustees of the Authority have:

- ◆ Negotiated and signed a Memorandum of Understanding with the Department of Natural Resources (DNR) to provide for the proper management of Trust lands;
- ◆ Negotiated and signed a Reimbursable Services Agreement (RSA) with DNR to fund the development and management of the Trust lands;
- ◆ Negotiated and signed a Memorandum of Agreement with the Alaska Permanent Fund Corporation (APFC) to provide for the proper management of the Trust Fund;
- ◆ Transferred the \$200,000,000 Trust Fund to the APFC;
- ◆ Adopted as the first funding priority the inflation-proofing of the Trust fund;
- ◆ Located office space, hired key staff and adopted by-laws and policies and procedures for the Board of Trustees;
- ◆ Established a cooperative planning process with the Department of Health and Social Services to begin the creation of a integrated comprehensive mental health plan;
- ◆ Developed recommendations for General Fund/Mental Health FY 97 base funding for the integrated comprehensive mental health program; and,
- ◆ Proposed FY 97 operating and capital budgets for General Fund/Mental Health and Trust income funding

The Trustees have necessarily focused much of our initial effort on ensuring that Trust assets are properly managed. We then turned our attention to the determination of funding needs within the general fund/ mental health category and the use of Trust income to ensure the existence of a integrated comprehensive mental health program for Alaska. However, there has not been enough time to work with the Department of Health and Social Services to integrate the separate plans of the four beneficiary boards and commission. As a result, we have not been able to base our budget recommendations on an integrated comprehensive mental health plan. Therefore, the determination of funding needs contained in this report should not be considered as our final recommendation for this year or as precedent setting for future years.

Land Management: Trust Income and Economic Activity for Alaska

The most substantial accomplishments to date have been in the land management arena. The Mental Health Lands Trust Unit within DNR has been actively searching for income generating opportunities on trust land and we expect to at least **double** revenues from these lands in the next year. This anticipated increase in revenue should cover the cost of land management. In future years, any net profits from the land will augment the income generated by the Trust Fund.

Management of Trust land is now fully funded by Trust income. We envision that these lands will rapidly become generators of increasing economic activity throughout the state. An aggressive work plan proposed by DNR and funded by the Trust is intended to develop opportunities to contribute to Trust income and the state's economy. We intend to change the perception of involvement with Trust land. Our positive public purpose, better customer service, private sector flexibility and access to DNR resources and expertise will give us an edge in highly competitive markets.

DNR has already begun the regulation promulgation process for Trust land. These regulations will provide reliable marketplace expectations and will enable the Trust Lands Unit to act quickly to create and capitalize on opportunities for income generation. A full report on Trust land activities begins on page 7.

Trust Fund Investment and Income

The \$200 million appropriation to the trust corpus was deposited on December 15, 1994. Those funds were managed by the Department of Revenue until July 3, 1995 and by the Alaska Permanent Fund Corporation since then. Under the terms of the settlement, income from the Fund is available annually and will be deposited into the income account at the end of each fiscal year.

The Trustees have established priorities for the use of mental health trust income as follows:

1. Inflation-proofing the Trust Fund;
2. Paying for the costs of land management (by DNR) and Trust Fund management (by the Alaska Permanent Fund Corporation);
3. Funding the minimum administrative costs necessary for the operation of the Trust Authority; and,
4. Following these uses, the funds will be available after deposit in the Trust Income Account to ensure that the State has a integrated comprehensive mental health program for the beneficiaries.

A full explanation of the assets, earnings, and expenditures of the Trust as of the end of FY 95 begins on page 18.

The Trustees are concerned that variations in the investment performance of the Trust fund may result in significant variation in the funding available for the integrated comprehensive mental health program. Accordingly, we are considering various strategies to smooth annual variation in available funds. The Trust Authority will issue a report when the Trustees have made a final decision on this issue.

Status of the Integrated Comprehensive Mental Health Program

Many beneficiaries are well served by Alaska's mental health program. The emphasis placed on supporting beneficiaries and their families in their communities to become and remain as independent as possible is fundamentally sound public policy. For those beneficiaries who have been able to access them, these investments in community based programs have often kept their families together and reduced the need for more restrictive and costly services.

Despite these positive attributes, Alaska's mental health program is not fully integrated nor comprehensive. It consists of an array of services provided through several administering agencies guided by separate strategic plans developed independently by the four beneficiary planning boards and commission. Services are often insufficient to meet the need, fragmented, overlapping or have gaps that leave some beneficiaries unserved.

The strategy for addressing these issues must begin at the planning stage. The settlement assigned the Department of Health and Social Services (DHSS), working in conjunction with the Trust Authority, the task of working with these agencies and planning boards and commission to develop an integrated comprehensive mental health program plan. A status report on this effort is attached in the Appendix. The Trustees are in process of negotiating a Memorandum of Understanding with DHSS and believe that we have formed the foundation for a productive partnership.

The general fund has been and will continue to be the primary funding source for the mental health program. The Trustees believe that the budget must reflect the strategic decisions which will be a part of the integrated comprehensive mental health program plan. This is the only way to meet increasing needs with limited resources. The Trustees intend to ensure that planning is directed toward specific outcomes for the beneficiaries and that funding is tied to measurable results. Our recommendations for general fund/mental health expenditures will be based on this approach.

In addition, the Trustees intend to address the issues of appropriate data collection and outcome based planning and budgeting head on. Without reliable data and measurable results, the Trustees cannot meet their fiduciary responsibility to the beneficiaries and the people of the state to ensure that both general funds and Trust income are spent in the

most effective and efficient manner possible. We will use a strategy based upon our ability to promulgate regulations and directly expend Trust income to meet these goals.

The FY 97 General Fund Mental Health Budget Process

The budget processes for general fund/mental health (GF/MH) will undergo substantial changes this year as the result of the settlement. For the first time:

- ◆ The Trust Authority must recommend a general fund budget for the state's integrated comprehensive mental health program;
- ◆ The Governor must submit to the legislature a separate appropriation bill limited to appropriations for the state's integrated comprehensive mental health program, including a report explaining the reasons for the differences, if any, between the Governor's proposal and the Trust Authority's recommendation; and
- ◆ The legislature must pass a separate appropriation bill limited to appropriations for the state's integrated comprehensive mental health program, including a report explaining the reasons for the differences, if any, between the appropriations in the bill and the Trust Authority's recommendation.

The Trust Authority has worked with the Governor's Office of Management and Budget, the Division of Legislative Finance, administrative officers of the affected executive branch agencies, and the representatives of the beneficiary boards and commission to ensure that this process is as simple as possible and causes the least disruption to current procedures without violating the letter or spirit of the settlement legislation.

We believe this process will allow the Governor and legislature to view Alaska's mental health program as a comprehensive whole while allowing executive branch agencies to effectively serve our beneficiaries without undue administrative burden. We intend to work with the legislative leadership to develop a legislative process which will also meet this goal without unnecessary disruptions to established procedures.

FY 97 General Fund Mental Health Base

The Trust Authority is recommending a series of adjustments to the FY 97 base budget for GF/MH funding. These changes are intended to:

- ◆ Further refine the allocation by state agencies for time and effort, and therefore funding, between beneficiary and non-beneficiary services within certain budget request units (BRUs);
- ◆ Make adjustments recommended by the mental health beneficiary boards and commission to better reflect services to beneficiaries versus non-beneficiaries; and

- ◆ Reflect philosophic differences between the Trustees and previous budgeters on functions which should or should not be considered and funded as the portion of the state's integrated comprehensive mental health program.

The Trust Authority's recommended FY 97 GF/MH base budget begins on page 23.

FY 97 Funding Strategy

The beneficiaries will face many challenges over the next several years as both federal and state funding for necessary services is constrained. The Trustees have a fiduciary duty to ensure that the Trust is utilized to maximize the ability of beneficiaries and their families to meet their needs while gaining independence and full integration into their communities.

To meet this responsibility, the Trustees have developed a funding strategy for FY 97 which integrates recommendations for general fund/mental health funding with decisions on how Trust income will be spent. We believe that this partnership is essential to meet the goal of improving the effectiveness and efficiency of the mental health program.

This responsibility also includes taking steps to ensure that every recommendation or decision made by the Trust Authority that a dollar be spent on the mental health program is based on accurate information. This is true regardless of whether that dollar will come from the General Fund or Trust income. This information must be adequate to ensure that the funds are spent efficiently, fairly and in a manner consistent with the public policy goals of the Trust Authority and the state.

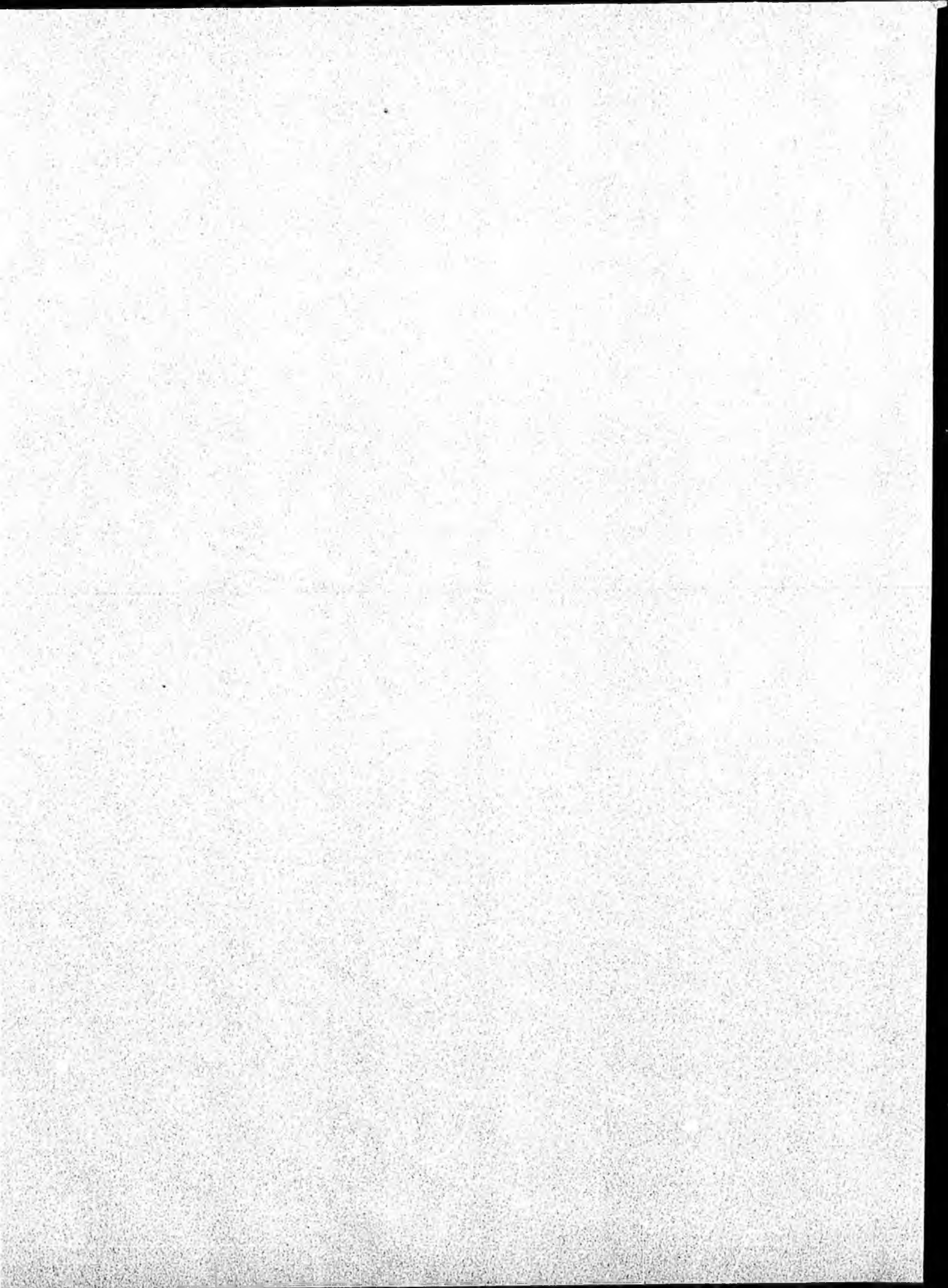
Accordingly, we believe that during FY 96 and part of FY 97, some of the most important uses of net Trust income will be to prepare for the future of a integrated comprehensive mental health program for Alaska. In that light, our expenditures of net trust income will initially be focused in the following areas:

- ◆ Outcome oriented planning and budgeting;
- ◆ Data collection for more rational decision making;
- ◆ Development of strategies to increase the capacity of the mental health program to meet the needs of the beneficiaries.
- ◆ Cooperation with the Department of Health and Social Services in completing a integrated comprehensive mental health plan which will identify opportunities for increased efficiency and effectiveness in the mental health program;
- ◆ Development of asset enhancing strategies including planned charitable giving; and,

- ◆ Accountability to the beneficiaries, the Governor and the legislature.

This additional rigor must be brought to all essential governmental services as we search for the most effective and efficient ways to assist people in reaching their goals.

The settlement requires the Trust Authority to adopt regulations and guidelines for the establishment of services including provisions that establish a process for long-range planning for expenditures from the mental health trust income account. As these regulations are developed, we will provide notification of the specific purposes and amounts of any grants or contracts we anticipate making as required by AS 47.30.046(a)(3).



LAND MANAGEMENT

Mental Health Trust Land Unit Department of Natural Resources Annual Report September 15, 1995

Introduction

The Alaska Mental Health Trust settlement legislation requires that the Department of Natural Resources (DNR) manage Alaska Mental Health Trust (AMHT) lands on behalf of the Alaska Mental Health Trust Authority (Trust Authority) pursuant to the terms and conditions of a contract between DNR and the Trust Authority. The legislation also requires that DNR establish a separate unit to manage AMHT lands. The Mental Health Trust Land Unit (MHTLU) was established within the office of the Commissioner and is fully responsible for the management of AMHT lands in a manner that is consistent with the Alaska Mental Health Enabling Act and the settlement legislation.

Governor Knowles appointed Stephen Planchon executive director of the MHTLU in December, 1994. The key objectives of the MHTLU for the remainder of the fiscal year were to: (1) hire necessary MHTLU staff; (2) transfer AMHT land management responsibilities from other divisions within DNR to the MHTLU; (3) establish an effective working relationship between the MHTLU and the Trust Authority; (4) initiate efforts to develop new regulations for the management of AMHT lands; (5) facilitate the transfer of settlement lands to the Trust Authority; (6) effectively manage existing permits, contracts and leases on AMHT lands; (7) pursue new opportunities for the development of AMHT lands and resources; and (8) improve the perception of doing business on AMHT land.

FY 95 achievements included:

- ◆ Established a core staff of four: the executive director, two natural resource managers (one remains to be hired), and an administrative assistant;
- ◆ Issued a Department Order transferring AMHT responsibilities to the MHTLU;
- ◆ Executed a DNR/Trust Authority memorandum of understanding and FY 96 services contract;
- ◆ Gathered information that will be necessary to develop AMHT land management regulations, including examples of trust land management

regulations and policies associated with other trust land entities inside and outside of Alaska;

- ◆ Worked with other DNR divisions to streamline the settlement land transfer process. Substantial completion is projected for the end of FY 96;
- ◆ Worked effectively with other DNR divisions to address a backlog of action needs associated with existing permit applications, permits, leases and contracts affecting AMHT lands;
- ◆ Actively pursued new resource development opportunities on AMHT lands, including preparation for an FY 96 timber sale at Cape Yakataga, inclusion of 25 AMHT parcels in the FY 96 DNR land sale, inclusion of AMHT lands in upcoming oil and gas lease sales, and issuance of mineral exploration permits on AMHT land; and,
- ◆ Aggressively pursued the improvement of the perception AMHT lands.

Operation expenses for FY 95 totaled approximately \$268,000. Revenues totaled approximately \$380,000; approximately \$30,000 was deposited in the Trust Account and \$350,000 was deposited in the Income Account.

The following report provides a more specific description of FY 95 activities.

Administration

Considerable effort was expended developing the operating framework for the management of AMHT lands. Key elements of the established framework include: a department order which describes internal procedures that DNR will use to manage AMHT lands; a memorandum of understanding between DNR and the Trust Authority, which provides a general understanding of the DNR/Trust Authority working relationship; and a reimbursable services agreement between the MHTLU and the Trust Authority which provides a specific description of services to be provided by DNR during FY 96 and the costs associated with those services.

The DNR framework consists of a small MHTLU staff which, utilizing the considerable resources and expertise of other DNR divisions as well as occasional private contractors, will achieve work plan objectives developed in consultation with the Trust Authority. The framework, as currently configured, will enable the MHTLU to manage the state-wide AMHT resources in a professional and cost-effective manner. The MHTLU consists of the executive director, two natural resource managers (one position is vacant), an administrative assistant, and non-permanent employees when needed. The MHTLU consults with the Trust Authority Resources Committee on land management and development actions and provides regular reports to its full board of directors. During the initial months of the Trust Authority

operations (March through June) monthly activity reports were provided to the Trust Authority.

To establish a better understanding of trust land management principles and practices the MHTLU organized trust management workshops for the Trust Authority and DNR employees. Professor Sally Fairfax, a trust land management expert from the University of California, Berkeley, led the workshops.

Settlement Closure

DNR is responsible for transferring the settlement lands to Trust Authority and noting the transfer on the public record. The Land and Support Services divisions of DNR are primarily responsible for settlement closure actions. Over 5,000 parcels (approximately 1 million acres) will be transferred to the Authority by quit claim deeds. The transfers will be subject to valid existing rights that existed at the time that the parcels were designated as settlement lands by the Legislature.

The parcels are a mix of fee estate (550,000 acres), mineral estate (340,000 acres), and coal, oil and gas estate (100,000 acres). Prior to transferring the lands to the Trust Authority, title records must be reviewed to ensure that the property is free of problems that would prevent conveyance. If problems are encountered and the lands cannot be transferred, then one of the following will occur:

1. If the lands are not original trust lands, the State will provide equal value replacement acreage; or,
2. If the lands are original trust lands, the federal government will provide replacement acreage on an acre for acre basis.

As of June 30, 1995 title research was completed for approximately one half of the settlement lands. Approximately 4,000 acres (about 1% of the researched property), valued at approximately \$1.2 million, appear unconveyable. It is expected that title research and subsequent conveyances will be substantially completed by July 1, 1996. Public records (e.g. status plats maintained by DNR) should be fully updated shortly thereafter. The MHTLU is responsible for monitoring overall settlement closure progress.

Included in the settlement was an obligation of the Anchorage, Ketchikan and Matanuska-Susitna municipal governments to reconvey lands to the state for transfer to the Trust Authority. The Matanuska-Susitna Borough fulfilled the obligation in FY 95 (approximately 756 acres). Also during FY 95, the Municipality of Anchorage Assembly provided the necessary approvals for Municipality of Anchorage land (approximately 256 acres) to be transferred early in FY 96.

Regulations

The settlement legislation requires that regulations be adopted by DNR which will ensure that AMHT land management is consistent with the Alaska Mental Health Enabling Act. These regulations, at a minimum, must address: (1) maintenance of the trust land base; (2) management for the benefit of the trust; (3) management for long-term sustained yield of products from the land; and (4) management for multiple use of trust land. The legislation also requires that DNR consult with the Trust Authority before adopting the regulations.

Given the delays that occurred in appointing the Trust Authority board members and the subsequent hiring of Trust Authority staff, it was not prudent for DNR to begin the regulation drafting process. However, the MHTLU did begin to gather information that will be essential to the process, including examples of regulations, policies and procedures that are used elsewhere in Alaska and the United States for trust land management and development.

It is expected that the MHTLU and Trust Authority will begin discussing the regulation drafting process early in FY 96. DNR and the Trust Authority are committed to providing interested members of the public with meaningful opportunities to participate in the adoption of regulations for AMHT land management.

General Land Management

General MHTLU land management actions for FY 95 consisted of identifying and consolidating existing information about AMHT lands, completing inspections of key AMHT parcels, and managing existing permits, contracts, mining claims and leases on AMHT lands.

Through the course of the AMHT litigation, extensive information was generated about AMHT land and resources. The MHTLU made it a priority to identify information that will be useful to AMHT land managers. The identification process provided an excellent opportunity for the MHTLU to interact with numerous public and private entities that are knowledgeable about AMHT lands, including federal and state agencies, Alaska Native corporations, municipal governments, private industry representatives and special interest groups. The effort resulted in the completion of a directory of information applicable to AMHT lands. In addition to this effort, the MHTLU worked with the Plaintiff Attorneys on a plan for transferring or sharing land and resource information that they accumulated during the course of AMHT litigation.

Land inspections were completed on lands in the following areas: Anchorage, Fairbanks, Healy, Juneau, Kenai, Ketchikan, Nenana, Petersburg, and Sitka. All inspections included an effort to meet with municipal government representatives as well as other neighbors and members of the public that might be interested in AMHT land management efforts in the area. A future goal of the MHTLU is to establish a

network of volunteer "land watchers" in areas of AMHT ownership. Overall, the inspections resulted in the discovery of very few problems associated with AMHT lands. Several opportunities were identified as a result of the inspections, e.g. small scale timber harvest and commercial and recreational lease opportunities.

Approximately 169 active land leases, 8 coal leases, 2,482 mining claims and 11 oil and gas leases exist on AMHT lands. FY 95 activities associated with these encumbrances included the review of case files, identification of outstanding problems (e.g. appraisal updates required), monitoring of revenue collection, response to requests to assign or modify agreements, and on-the-ground inspections, where possible. Key activities in FY 95 included:

- ◆ Administration of the Fort Knox gold mine lease (approximately 1,139.5 AMHT acres), a major contributor to the Fairbanks area economy for the next twenty years;
- ◆ Approval of 11 annual exploration permits associated with mining claims on AMHT lands;
- ◆ Inspection of land leases in the Juneau, Petersburg, Fairbanks, and Kenai areas, with the identification of several compliance problems that will be addressed in FY 96;
- ◆ Approval of the Idemitsu, Alaska assignment of its Chickaloon area coal leases and mine permit to Cook Inlet Region, Inc;
- ◆ Administration of a 25,000 cubic yard sand and gravel extraction contract in Petersburg and a 158,000 cubic yard fill permit in the Eagle River area;
- ◆ Identification of lease administration issues that need to be resolved in order to ensure that lease administration is consistent with the Mental Health Enabling Act; and,
- ◆ Trespass enforcement, including a collection of revenues from a timber trespass.

A key goal of FY 95 will be to continue efforts to ensure that permits, leases, mining claims and contracts are managed in a manner that is consistent with the Alaska Mental Health Enabling Act and the 1994 settlement legislation.

Strategic Development

While the MHTLU necessarily emphasized the start-up and management activities described above, the need to begin looking for future development opportunities was quickly recognized by both the MHTLU and the Trust Authority. To address this need

in a general way, the MHTLU directed the completion of an opportunities analysis for AMHT lands. The analysis incorporated information generated as a result of settlement activities as well as new information generated from a review of AMHT maps and information, as well as interviews with individuals in the public and private sectors that are knowledgeable about development opportunities in the geographic areas associated with AMHT lands. The project was completed in August, 1995. Component parts of the final report included: a summary report, summary maps (1 inch to a mile scale), summary DNR status plats, and a comprehensive opportunities analysis data base.

The report focused on development opportunities associated with AMHT surface estate, leaving a subsurface analysis to more specific efforts in FY 96. Opportunities were identified in terms of short, mid and long-term. Examples of general opportunities addressed in the report included: timber harvest, gravel extraction, residential subdivision, commercial development, and exchange/enhancement. The report concluded that approximately 500 parcels, totaling approximately 100,000 acres, are associated with short (less than 3 years) through long term (greater than 10 years) surface development opportunities.

Approximately 400 of the identified parcels are associated with short term opportunities. Examples of specific short term opportunities include: commercial timber harvest at Cape Yakataga, Tyonek, Ketchikan, and Thorne Bay; residential development at Anchorage, Fairbanks, Gustavus, Ketchikan, Petersburg, Sitka, Juneau, and Kachemak Bay; and commercial development in Anchorage, Juneau, Petersburg, and Fairbanks.

The MHTLU will incorporate the opportunities analysis recommendations into FY 96 work plan activities, including, at a minimum: the completion of more specific recommendations for timber harvest (where, when and how); the completion of marketing strategies for AMHT key residential properties; and feasibility studies for certain commercial development opportunities.

In addition to the general opportunities analysis, the MHTLU strategic development activities included:

Minerals

Approximately one third of the AMHT portfolio is mineral estate only. AMHT fee estate acreage also has mineral value associated with it. Accordingly, mineral exploration and development will be a key focus of the MHTLU. AMHT lands are closed to mineral entry until DNR adopts specific regulations for the exploration and development of the AMHT mineral estate.

To prepare for future exploration and development activities on AMHT lands, the MHTLU entered into a contract with a minerals exploration and development consultant to prepare a report for the MHTLU and Trust Authority which describes

traditional and emerging approaches to mineral exploration and development in Alaska, the Lower 48 and other mineral rich countries. The MHTLU also initiated discussions with individuals in the private and public sectors familiar with mineral development in Alaska. These efforts, in combination with the process used to adopt regulations for mineral exploration and development on AMHT land, which will include full public participation, will form the basis for MHTLU management of the AMHT mineral estate.

The MHTLU also considered specific mineral exploration and lease requests during FY 95. While the MHTLU was not prepared to consider lease requests, it did consider exploration requests and, as a result, will issue a non-exclusive exploration permit to a prominent mining company for the surface exploration of approximately 1,000 acres in the Fairbanks area.

Timber

1. Contracted with the Division of Forestry to lay out a 5 million board foot timber sale in the Cape Yakataga area for a FY 96 sale and harvest. This is the first step toward establishing ongoing AMHT timber operation in the Cape Yakataga area. The University of Alaska intends to harvest approximately 17 million board feet per year from this area also.
2. Initiated the review of a request by the Exxon Valdez oil spill (EVOS) restoration planners to assist EVOS restoration efforts by providing approximately 50 million board feet of Cape Yakataga area timber to the owner of timber rights in the Tatitlek area. If the transaction is found to be in the best interest of the AMHT, then the owner will agree to move its timber harvest operations to the Cape Yakataga area, thereby providing the EVOS Trustee Council an opportunity to accomplish specific restoration goals in the Tatitlek area. The MHTLU is in the preliminary stages of this review. A final action will require a best interest finding and full consultation with the Trust Authority.
3. Initiated efforts to issue a request for proposal in early FY 96 to analyze AMHT timber resources for the specific purpose of developing a comprehensive plan for AMHT timber resource management, including specific recommendations for the location and timing of upcoming timber sales.

Coal, Oil and Gas

1. Obtained Trust Authority approval to include approximately 25,000 acres of AMHT lands in the Cape Yakataga area and approximately 8,000 acres in the Cook Inlet area in upcoming oil and gas lease sales. The Cape Yakataga sale has been delayed pending a Commissioner's decision on specific terms and conditions for the leases. The Cook Inlet re-offer (the tracts have been offered in previous sales) sale is currently scheduled to take place at the end of November, 1995.

2. Began to review the possibility of participating in coal-based methane development currently planned for the Houston-Wasilla area.

3. Took steps to facilitate the timely production of coal resources associated with AMHT lands in the Chicaloon-Sutton area. Actions included the approval of coal lease assignments from Idemitsu, Alaska to Cook Inlet Region, Inc. (CIRI), and the initiation of a review of an assignment request from Placer Dome, U.S. Inc. to the New Jersey based Nerox Power Systems. According to recent press releases, Nerox intends to begin coal production in FY 96. CIRI has not projected when coal production will commence on it's leases.

Real Estate

1. Executed a ten year right-of-way permit and ground lease associated with University of Alaska timber operations in the Cape Yakataga area. The R/W and lease are essential to the University's 17 million board feet per year timber harvest operation.

2. Included 25 AMHT subdivision parcels in the upcoming DNR land sale. The parcels are valued at approximately \$300,000 and are remnants from previous land sale efforts. The key areas of AMHT participation are Fairbanks, Nenana and Southeast Alaska.

3. Commenced discussions with agencies currently occupying the AMHT Juneau waterfront parcel commonly referred to as the Subport. The purpose of the discussions is to initiate efforts to convert the site to higher and better uses.

Material Sales/Fill Permits

1. Sold 25,000 yards of crushed rock in Petersburg.

2. Allowed 158,000 yards of fill to be deposited on AMHT lands in the Eagle River area. The fill permit generated revenue for the AMHT and was essential to the timely closure of an historic landfill located on the site.

3. Initiated efforts to generate FY 96 revenues from extraction and fill activities: 125,000 cubic yards of gravel at Healy, 25,000 yards of rock at Petersburg, 15,000 yards of processed gravel materials in Fairbanks, and the deposition of an additional 50,000 yards of fill material in Eagle River.

Other

Alaska Mental Health Enabling Act Entitlement

In addition to settlement lands being transferred to the Trust Authority from the state, the Trust Authority will receive the remaining Enabling Act entitlement yet be conveyed by the federal government. To get a better understanding of the status of remaining Enabling Act entitlement and selections, the MHTLU supervised an Enabling Act entitlement analysis completed by the Division of Land. The analysis was completed in June, 1995 and produced an analysis summary and data base, as well as a series of selection and conveyance maps at a scale of 1:1,000,000.

The report concluded that the remaining Enabling Act entitlement equals approximately 20,000 acres. The report also concluded that the 20,000 acres will come from a remaining selection pool that will equal approximately 90,000 acres after adjustments are made for competition with other land selecting entities such as Alaska Native village corporations. Furthermore, the report concluded that fewer than 10,000 of the remaining selections would be considered valuable AMHT assets if conveyed. The remaining 80,000 acres of selections are considered of marginal economic value, e.g. wetlands, etc.

The MHTLU will use the Enabling Act analysis when it develops recommendations for conveyance priorities to the Trust Authority and federal government.

Public Relations

The MHTLU and Trust Authority placed an emphasis on improving public perception of doing business on AMHT lands. MHTLU public relation activities included:

1. Meetings with representatives of municipal governments, including Anchorage, Fairbanks, Juneau, Sitka, Petersburg, Matanuska-Susitna, Kenai, Ketchikan and Nenana;
2. Presentations to special interest groups including: the Anchorage chapter of the International Right of Way Association, the Anchorage/Mat Valley Utility Association, the Alaska Title Insurance Association, the Anchorage and Fairbanks chapters of the Alaska Miners Association, and the Alaska Coal Miners Association;
3. A presentation to the House Resource Committee of the Alaska legislature;
4. Presentations to staff in all the DNR Regional Offices;
5. Meetings with Alaska native corporations that own land adjacent to or near AMHT lands; and,
6. One-on-one meetings with individuals interested in MHTLU activities.

Financial Report

Expenses

MHTLU operations were funded by general state funds in FY 95. MHTLU operations did not effectively commence until the mid-point of FY 95 with the hiring of the MHTLU executive director. Accordingly, FY 95 expenses of approximately \$268,000 do not reflect the actual costs of a fully functional MHTLU for the year. FY 96 will be the first complete year of MHTLU operations. Approximately 97 % of MHTLU costs in FY 96 will be funded by the Mental Health Trust Income Account. The remaining 3% will be funded by general state funds associated with actions necessary to complete the Alaska Mental Health Trust settlement. A general breakdown of the FY 96 budget is broken down as follows:

Personnel	\$258,500
Travel	23,000
Contract ¹	418,500
Settlement Closure	<u>23,600</u>
Total	\$723,600

The FY 95 budget places a heavy emphasis on maintaining a lean and efficient "core" staff which leverages its resources by making cost-effective use of other DNR employees or private contractors on an "as needed" basis. Additionally, the FY 96 budget includes the completion of several strategic planning documents to facilitate the timely development of a variety of AMHT resources, e.g. timber, minerals and real estate.

Revenues

Revenues attributable to AMHT lands totaled approximately \$380,000. Approximately \$30,000 of the total was deposited in the AMHT Trust Account with the remainder deposited in the Income Account. A general breakdown of revenues is as follows:

Land sale contracts	\$ 4,000.00
Timber sales	32,000.00
Permit fees and revenues	41,000.00
Coal lease rentals	11,000.00
Mining claim rentals	63,000.00
Land leases	226,000.00
Oil and Gas lease rentals	<u>3,000.00</u>
Total	\$380,000.00

Low FY 95 revenues are attributable to the fact the majority of the settlement lands were not encumbered by existing revenue producing permits, contracts and leases. FY 96 goals project an increase of AMHT revenue to approximately \$1 million based upon an increase in strategic development activities. Given the nature of anticipated revenue increase (timber sale revenues),

¹ Includes the following types of costs: Contracts for use of DNR employees and private contractors, strategic planning documents, space rental, equipment, telephone, printing services, general supplies, etc.

it is expected that the majority of the FY 96 revenue increase will be deposited into the AMHT Trust Account.

More specific financial records are on file at the MHTLU.

Future Plans and Projections

As noted above, the MHTLU and Trust Authority have executed a contract which projects approximately \$700,000 in MHTLU costs and \$1,500,000 in MHTLU revenues.

A five year projection of MHTLU costs and revenues is difficult to calculate given the lack of a thorough understanding of AMHT resources and probable market demands for those resources over the next five years. For projection purposes only, the MHTLU will strive for annual revenues in excess of \$10 million per year by the year 2,001, with MHTLU costs at approximately \$1.5 million.

TRUST FUND INVESTMENT AND INCOME

The \$200 million appropriation to the trust corpus was deposited on December 15, 1994. Those funds were managed by the Department of Revenue until July 3, 1995 and by the Alaska Permanent Fund Corporation since then. Under the terms of the settlement, income from the Fund is available annually and will be deposited into the income account at the end of each fiscal year.

The Department of Revenue placed the Trust Fund in the General Investment Pool where it earned the 6 month Treasury Bill rate. This allowed the Fund to earn a fixed return with no risk to principle until the Trustees were appointed and could negotiate a transfer to the Alaska Permanent Fund Corporation. As of June 30, 1995, the Trust Fund earned \$6,630,000. This income remained in the Trust Income Account managed by the Department of Revenue.

During FY 95 the Trust land earned approximately \$380,000. The portion of this income which must be considered Trust principal, \$30,000, was transferred to the Trust Fund managed by the APFC. The remainder, \$350,000, was transferred to the Trust Income Account.

The Trustees have established inflation-proofing as the first priority for the use of Trust income. The amount necessary to inflation proof the initial \$200 million for FY 95 has been determined to be \$3,553,000. In addition, since the next deposit of Trust income will not occur until the end of FY 96, the current income account balance must be used to fund the FY 96 RSA with DNR to manage the land (\$700,000) and the FY 96 administrative budget of the Trust Authority (\$952,800). These expenditures will leave a FY 96 balance in the income account of approximately \$1,774,200.

For FY 96, the Trust Income Account status can be summarized as follows:

Income from Trust Fund available as of July 1, 1995	\$6,630,000
FY 95 income from Trust land apportioned to Trust Income Account	\$350,000
Inflation-proofing for FY 95	(\$3,553,000)
FY 96 RSA with DNR for land management	(\$700,000)
FY 96 Trust Authority Administrative expenses	<u>(\$952,800)</u>
Balance for FY 96	\$1,774,200

The Alaska Permanent Fund has realized an annual rate of return, including an adjustment for inflation, of 4.85% over the last 5 years. Based on this average return,

the Trust could expect to earn approximately \$9,700,000 per year after inflation-proofing. The Permanent Fund's Board of Trustees has set a long-term investment goal of earning a realized real return of 3%. This would result in Trust earnings of approximately \$6,000,000 per year. (See Alaska Permanent Fund 1994 Report)

The Trustees are concerned that variations in the investment performance of the Trust Fund may result in significant variation in the funding available for the mental health program. Accordingly, we are considering various strategies to smooth annual variations in available funds. The Trust Authority will issue a report when a final decision has been made on this issue.

Finally, it is apparent that based on current income, income projections and the unmet needs faced by the beneficiaries, there are no funds in the Trust Income Account that are not reasonably necessary to meet the projected operating and capital expenses of the integrated comprehensive mental health program.

STATUS OF THE INTEGRATED COMPREHENSIVE MENTAL HEALTH PROGRAM

Many beneficiaries are well served by Alaska's mental health program. The growing emphasis placed on supporting beneficiaries and their families in their communities to become and remain as independent as possible is fundamentally sound public policy. For those beneficiaries who have been able to access them, these investments in community based programs have often kept their families together and reduced the need for more restrictive and costly services.

Despite these positive attributes, Alaska's mental health program is not fully integrated nor comprehensive. It consists of an array of services provided through several administering agencies guided by separate strategic plans developed independently by the four beneficiary planning boards and commission. Services are often inadequate to meet the need, fragmented, overlapping or have gaps that leave some beneficiaries unserved.

This July, the Trust Authority received reports and plans from:

The Advisory Board on Alcoholism and Drug Abuse;

The Alaska Commission on Aging;

The Alaska Mental Health Board; and

The Governor's Council on Disabilities and Special Education.

These reports and plans are attached in the Appendix. They provide the Trust Authority, the Governor and the legislature with essential information concerning:

- ◆ Budget recommendations for each beneficiary group including the reasons for those recommendations;
- ◆ The guidelines used by each board or commission to establish services to the beneficiaries;
- ◆ Forecasts of the number of people needing services;
- ◆ Projections of the resources required to provide the necessary services and facilities; and,
- ◆ Reviews of the status of that portion of the mental health program serving their beneficiaries.

Our review of these reports and plans demonstrates the importance of having these boards and commission focus on the needs of each beneficiary group. Their proven ability to pull

together the strands of each of their constituencies is essential for developing the information and strategic planning necessary for the creation of an integrated comprehensive mental health program.

The task before us now is to provide the umbrella under which these plans can be melded together to provide an integrated and comprehensive view of a mental health program that can efficiently and effectively serve Alaska. These boards and commission often use different planning regions within the state, different terminology, and approach data collection with different assumptions and methodology. It is critical to note, however, that all of them share the fundamental view that community based services which support the ability of consumers and their families to be as independent as possible is far preferable and more cost effective than creating dependence by relying on more restrictive services.

The strategy for addressing concerns about gaps in services, inadequate service levels and barriers to the integration of these separate programs must begin at the planning stage. The settlement assigned the Department of Health and Social Services (DHSS), in conjunction with the Trust Authority, the task of working with the various agencies and planning boards and commission to develop an integrated comprehensive mental health program plan. The initial working document for this effort is attached in the appendix. The Trustees are in the process of negotiating a Memorandum of Understanding with DHSS and believe that we have formed the foundation for a productive partnership. We will assist DHSS to provide the leadership necessary for this effort to succeed.

In addition, the Trustees intend to address the issues of appropriate data collection and outcome based planning and budgeting head on. Without reliable data and measurable results, the Trustees cannot meet their fiduciary responsibility to the beneficiaries and the people of the state to ensure that both general funds and Trust income are spent in the most effective and efficient manner possible. We will use a strategy based upon our ability to promulgate regulations and directly expend Trust income to meet these goals.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
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State of Alaska

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FY 97 GENERAL FUND MENTAL HEALTH BASE

The Trust Authority is recommending a series of adjustments to the FY 97 base budget for GF/MH funding. These changes are intended to:

- ◆ Further refine the allocation by state agencies of time and effort, and therefore funding, between beneficiary and non-beneficiary services within certain budget request units (BRUs);
- ◆ Make adjustments recommended by the mental health beneficiary boards and commission to better reflect services to beneficiaries versus non-beneficiaries; and
- ◆ Reflect philosophic differences between the Trustees and previous budgeters on functions which should or should not be considered and funded as a portion of the state's integrated comprehensive mental health program.

These base budget figures constitute a work in progress. The goal is to fashion parameters for an integrated comprehensive mental health program budget that facilitates good public policy decisions about how best to provide efficient and effective mental health services.

We will continue to work with the planning boards and commission, the administering agencies, the Office of Management and Budget, Legislative Finance, and the legislature to refine the scope of this budget. The attached spread sheets lay out the Trust Authority's current thinking in this area and are followed by a more detailed explanation for why changes were made in some key components.

**Alaska Mental Health Trust Authority
FY97 Beneficiary Board Recommended Base**

DEPARTMENT/BRU/COMPONENT	FY96 GF/MHTIA	FY97 RECOMMENDED BASE				TOTAL RECOMMENDED BASE	FY97 AMHTA BASE
		AMHB	GCDSE	ABADA	COA		
Department of Health and Social Services							
Medical Assistance							
Medicaid Non-Facility	4,593.1	6,952.5	3,000.0			9,952.5	9,952.5
Medicaid-Facilities	12,253.1	7,070.4	2,660.8			9,731.2	9,731.2
Purchased Services							
Foster Care	1,790.0	1,077.6	216.1			1,293.7	1,547.9
Residential Child Care	2,490.0	294.1				294.1	3,522.0
Family and Youth Services							
Northern Region	80.4	80.4				80.4	80.4
Youth Facility Services							
McLaughlin Youth Center	62.1	62.1				62.1	62.1
Fairbanks Youth Facility	81.6	81.6				81.6	81.6
Manillaq							
Alcohol and Drug Abuse Services	0.0			522.4		522.4	522.4
Mental Health/Developmental Disabilities Services	353.5	353.5				353.5	353.5
Norton Sound							
Public Health Services	99.3		99.3			99.3	99.3
Alcohol & Drug Abuse Services	485.9			232.2		232.2	232.2
Mental Health/Developmental Disabilities Services	406.5	358.2	48.3			406.5	406.5
Southeast Alaska Regional Health Corp.							
Alcohol & Drug Abuse Services	321.1			140.6		140.6	140.6
Mental Health Services	126.5	126.5				126.5	126.5
Tanana Chiefs Conference							
Alcohol & Drug Abuse Services	479.1			202.4		202.4	202.4
Mental Health Services	535.2	535.2				535.2	535.2

DEPARTMENT/BRU/COMPONENT	FY96 GF/MHTIA	FY97 RECOMMENDED BASE				TOTAL RECOMMENDED BASE	FY97 AMHTA BASE
		AMHB	GCDSE	ABADA	COA		
DHSS (cont.)							
Yukon-Kuskokwim Health Corporation							
Alcohol & Drug Abuse Services	910.7			418.5		418.5	418.5
Mental Health Services	916.6	916.6				916.6	916.6
Tlinget-Haida Central Council							
Alcohol & Drug Abuse Services	0.0			6.0		6.0	6.0
State Health Services							
Maternal, Child, & Family Health	73.6		73.6			73.6	73.6
Health Grants							
Infant Learning Program Grants	3,353.3		3,353.3			3,353.3	3,353.3
Alcohol and Drug Abuse Services							
Administration	956.3			769.1		769.1	769.1
Alcohol/Drug Abuse Grants	4,931.1			7,718.8		7,718.8	7,718.8
Corrections Alcohol & Drug Abuse Services	331.5			331.5		331.5	331.5
Community Mental Health Grants							
General Community Mental Health Grants	2,858.3	2,858.3				2,858.3	2,858.3
Psychiatric Emergency Services	4,999.0	4,999.0				4,999.0	4,999.0
Services/Chronically Mentally Ill	10,589.7	10,589.7				10,589.7	10,589.7
Designated Evaluation & Treatment	1,102.3	1,102.3				1,102.3	1,102.3
Seriously Emotionally Disturbed Youth	6,288.5	6,288.5				6,288.5	6,288.5
Medicaid Community Mental Health Grants							
Medicaid Community Mental Health Grants	1,000.0	1,000.0				1,000.0	1,000.0
Community DD Grants							
Community Developmental Disability Grants	20,562.4		20,562.4			20,562.4	20,562.4
Institutions and Administration							
Mental Health/Developmental Disability Admin	3,410.0	2,810.6	599.4			3,410.0	3,410.0
Alaska Psychiatric Hospital	5,850.0	5,850.0				5,850.0	5,850.0
Harborview Development Center	4,375.0	764.0	1,814.5			2,578.5	4,375.0

DEPARTMENT/BRU/COMPONENT	FY96 GF/MHTIA	FY97 RECOMMENDED BASE				TOTAL RECOMMENDED BASE	FY97 AMHTA BASE
		AMHB	GCDSE	ABADA	COA		
DHSS (cont.)							
Mental Health Trust Boards							
Board on Alcohol & Drug Abuse	331.8			331.8		331.8	331.8
Alaska Mental Health Board	379.0	379.0				379.0	379.0
Gov's Council on Disabilities & Special Education	0.0		0.0			0.0	0.0
Administrative Services							
Commissioner's Office	99.7	99.7				99.7	0.0
Personnel and Payroll	63.0	63.0				63.0	0.0
Administrative Support Services	198.3	198.3				198.3	0.0
DHSS TOTAL	97,737.6	54,911.1	32,427.7	10,673.5	0.0	98,012.1	102,929.7
Department of Administration (DOA)							
Senior Services							
Pioneers Homes	414.0				414.0	414.0	414.0
Senior Services Administration	210.2				210.2	210.2	210.2
Home & Community-Based Care	1,621.6				1,621.6	1,621.6	1,621.6
Office of Public Advocacy							
Office of Public Advocacy	611.1	213.9	397.2			611.1	611.1
DOA TOTAL	2,856.9	213.9	397.2	0.0	2,245.8	2,856.9	2,856.9
Department of Corrections (DOC)							
Statewide Operations							
Inmate Health Care	3,207.9	3,207.9				3,207.9	3,207.9
Inmate Programs	781.3			781.3		781.3	781.3
DOC TOTAL	3,989.2	3,207.9	0.0	781.3	0.0	3,989.2	3,989.2
Department of Education (DOE)							
K-12 Support							
Foundation Program	5,696.5	0.0	0.0			0.0	0.0
Schools for the Handicapped	2,377.1	0.0	0.0			0.0	0.0
Education Program Support							
Basic Education & Instructional Improvement	227.5	227.5				227.5	227.5

DEPARTMENT/BRU/COMPONENT	FY96 GF/MHTIA	FY97 RECOMMENDED BASE				TOTAL RECOMMENDED BASE	FY97 AMHTA BASE
		AMHB	GCDSE	ABADA	COA		
DOE (cont.)							
Vocational Rehabilitation Client Services	1,379.5	0.0	0.0			0.0	0.0
Vocational Rehabilitation Administration	155.8	0.0	0.0			0.0	0.0
DOE TOTAL	9,836.4	227.5	0.0	0.0	0.0	227.5	227.5
Department of Law (DOL)							
Legal Services Operations	66.2	66.2				66.2	66.2
DOL TOTAL	66.2	66.2	0.0	0.0	0.0	66.2	66.2
Alaska Court System (ACS)							
Alaska Court System Trial Courts	39.3	39.3				39.3	39.3
ACS TOTAL	39.3	39.3	0.0	0.0	0.0	39.3	39.3
University of Alaska (UA)							
University of Alaska Anchorage Anchorage Campus	200.8	0.0	200.8			200.8	200.8
UA TOTAL	200.8	0.0	200.8	0.0	0.0	200.8	200.8
PROGRAM TOTAL MENTAL HEALTH FUNDS	114,726.3	58,665.9	33,025.7	11,454.6	2,245.8	105,391.9	110,309.5

SUMMARY AND RATIONALE RECOMMENDATIONS FOR FY 97 GF/MH BASE ADJUSTMENTS

Department of Health and Social Services

Medical Assistance

Medicaid Non-Facility:	Adjust Base to \$9,952.5
Medicaid Facility	Adjust Base to \$9,731.2

These adjustments are based on better information about the relative proportions of beneficiary services and non-beneficiary services (and thus GF/MH and GF) in these two components. We note, however, that these numbers will also have to be adjusted, since they are based on FY 94 data. DHSS will provide a new breakdown which will be reflected in our October 31 update. Furthermore, certain services provided to beneficiaries are not included in these numbers such as psychotropic medications. These will be added when cost data becomes available. We also note that there are significant other services which are provided to beneficiaries by these components. Since these other services are not directly related to the mental health concerns of the beneficiaries, they are not included. We will continue to work with DHSS to refine these numbers. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Purchased Services

Foster Care:	Adjust Base to \$1,547.9
Residential Child Care:	Adjust Base to \$3,522.0

These adjustments are based on better information about the relative proportions of beneficiary services and non-beneficiary services (and thus GF/MH and GF) in these two components. The base in Foster Care would include AYI (\$1,077.6) plus augmented services for the proportion of clients who are beneficiaries (34% of augmented services are for DD clients (\$216.1), 40% for MH clients(\$254.2)). The base in Residential Child Services would take the total cost of residential child care (\$5,596.4) times the proportion of beds filled by beneficiaries (114 of 140, or 81%), less the amount which would have been spent on basic foster care for these 114 children (\$1,011.1). The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Maniilaq

Alcohol and Drug Abuse Services:	Adjust base to \$522.4
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This amount represents the proportion of the FY 96 Maniilaq ADA services appropriation which is applicable to beneficiary services, as calculated by DHSS. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Norton Sound

Alcohol and Drug Abuse Services: Adjust base to \$232.2

This amount represents the proportion of the FY 96 Norton Sound ADA services appropriation which is applicable to beneficiary services, as calculated by DHSS. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Southeast Alaska Regional Health Corporation

Alcohol and Drug Abuse Services: Adjust base to \$140.6

This amount represents the proportion of the FY 96 SEARCH ADA services appropriation which is applicable to beneficiary services, as calculated by DHSS. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Tanana Chiefs Conference

Alcohol and Drug Abuse Services: Adjust base to \$202.4

This amount represents the proportion of the FY 96 Tanana Chiefs Conference ADA services appropriation which is applicable to beneficiary services, as calculated by DHSS. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Yukon Kuskokwim Health Corporation

Alcohol and Drug Abuse Services: Adjust base to \$418.5

This amount represents the proportion of the FY 96 YKHC ADA services appropriation which is applicable to beneficiary services, as calculated by DHSS. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Tlingit-Haida Central Council

Alcohol and Drug Abuse Services: Adjust base to \$6.0

This amount represents the proportion of the FY 96 Tlingit-Haida Central Council ADA services appropriation which is applicable to beneficiary services, as calculated by DHSS. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Alcohol and Drug Abuse Services

Administration: Adjust base to \$ 769.1

Alcohol/Drug Abuse Grants: Adjust base to \$7,718.8

This amount represents the proportion of these BRU services appropriation which is applicable to beneficiary services, as calculated by DHSS. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Institutions and Administration

Harborview Developmental Center

No base adjustment

We have not recommended a change to this base at this time because DHSS is continuing to refine options for Harborview. The Trustees intend to revisit this issue at our October 9th meeting, and will take action at that time regarding our recommendation for GF/MH base funding for Harborview.

Administrative Services

Commissioner's Office:

Set GF/MH base at zero

Personnel and Payroll:

Set GF/MH base at zero

Administrative Support Services:

Set GF/MH base at zero

We see no advantage to listing portions of these three BRUs as GF/MH, and DHSS concurs. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Department of Education

K-12 Support

Foundation Program:

Set GF/MH base at zero

Schools for the Handicapped:

Set GF/MH base at zero

We recommend that no funding for these components be designated as GF/MH. The Trustees believe that K-12 education is a separate program which must serve all children regardless of beneficiary or non-beneficiary status, and should thus be wholly funded with GF dollars. We further believe that separation of the GF/MH funded portion of the public school foundation formula from the early schools funding bill (which would be required because all mental health funding must now be in a separate bill) would confuse school districts and the public at large. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

Vocational Rehabilitation

Client Services:

Set GF/MH base at zero

Vocational Rehabilitation Admin.:

Set GF/MH base at zero

We recommend that no funding for these components be designated as GF only. Vocational Rehabilitation funding is allocated according to federal law, and cannot be reallocated between beneficiaries and non-beneficiaries. The changes from FY 96 do not increase or decrease the overall BRU base, but only the allocation between GF/MH and GF.

FY 97 FUNDING STRATEGY

The settlement framework changes how Alaskans will plan and fund the mental health program. In addition, changes at the federal level seem certain to have significant impacts on the program. The Trustees have a fiduciary duty to ensure that the Trust is utilized to maximize the ability of beneficiaries and their families to meet their needs while gaining independence and maximum integration into their communities.

To meet this responsibility, the Trustees have developed a funding strategy for FY 97 which integrates recommendations for general fund/mental health funding with decisions on how Trust income will be spent. We believe that this partnership is essential to meet the goal of improving the effectiveness and efficiency of the mental health program.

Over \$25 million in operating and \$20 million in capital needs were prioritized and recommended to the Trustees by the Advisory Board on Alcohol and Drug Abuse, the Alaska Commission on Aging, the Alaska Mental Health Board, and the Governor's Council on Disabilities and Special Education. The magnitude of this unmet need required the Trustees to carefully consider what could reasonably be funded given the current fiscal climate and the anticipated earnings of the Trust.

The Trustees identified several areas where joint efforts by the state and the Trust offer opportunities for improving the program while minimizing the cost to the state. The lack of regulations for Trust income allocations required the Trustees to utilize Trust funds primarily in ways that did not commit the Trust and future Trustees to long term funding commitments. Funding strategies which will create future savings were emphasized as well as items that will increase the accountability and efficiency of the program.

The Trustees have made recommendations for general fund appropriations and will be directly spending the beneficiaries' money. We take this responsibility very seriously and are committed to making sure that our decisions are based on accurate information. This information must be adequate to ensure that the funds are spent efficiently, fairly and in a manner consistent with the public policy goals of the Trust Authority and the state.

Achieving this goal will require the coordination of the many agencies, boards, commissions and individuals that make up the mental health program. In addition to the Department of Health and Social Services, the Department of Corrections and the Department of Administration are key administering agencies for portions of the program. In addition to the four planning boards and commission, consumer and provider groups must play major roles in shaping the future of the program. The effective collaboration of these stakeholders is essential to meet the challenges ahead and is a priority for the Trustees.

The actions of the Trustees must be based upon a solid foundation. During FY 96 and part of FY 97, the most important use of net Trust income will be to build this foundation

for the future of Alaska's integrated comprehensive mental health program. Therefore, it is expected that our expenditures of net trust income will focus on the following areas:

- ◆ Outcome oriented planning and budgeting;
- ◆ Data collection for more rational decision making;
- ◆ Development of strategies to increase the capacity of the mental health program to meet the needs of the beneficiaries.
- ◆ Cooperation with the Department of Health and Social Services in completing a integrated comprehensive mental health plan which will identify opportunities for increased efficiency and effectiveness in the mental health program;
- ◆ Development of asset enhancing strategies including planned charitable giving; and,
- ◆ Accountability to the beneficiaries, the Governor and the legislature.

The settlement requires the Trust Authority to adopt regulations and guidelines for the establishment of services including provisions that establish a process for long-range planning for expenditures from the mental health trust income account. These regulations are necessary for the Trustees to meet their fiduciary duty to spend the beneficiaries' money pursuant to established policies and procedures. The regulatory process will afford beneficiaries, the public and policy makers an essential opportunity to impact how the Trustees spend Trust funds. As these regulations are developed, we will provide notification of the specific purposes and amounts of any grants or contracts we anticipate making as required by AS 47.30.046(a)(3).

For the foreseeable future, the general fund will continue to be the primary source of funding for the mental health program. We believe that, properly managed, the Trust can and will make a significant contribution to ensuring that Alaska has an integrated comprehensive mental health program.

The FY 97 proposed operating and capital budgets for general fund/mental health and Trust income begin on page 32.

**Alaska Mental Health Trust Authority
FY97 Funding Strategy
Proposed Operating Budget**

DEPT.*	Recom'd By...**	Beneficiary Service	General Fund	Trust Income Account	TOTAL
Prevention					
DOA	ACoA	Care Coordination/Purchased Services for Seniors	900.0		900.0
DOA	ACoA	Increased Respite for Seniors	200.0		200.0
DHSS	AMHB	Healthy Families Program		250.0	250.0
DHSS	GCDSE	Infant Learning Program Grants	740.0		740.0
DHSS	AMHB	Mental Health Crisis Respite	750.0		750.0
DHSS	GCDSE	Developmental Disability Respite Services	425.0		425.0
Prevention Total			3,015.0	250.0	3,265.0
Community Support					
DHSS		12 Sourdough Unit residents to community programs		385.0	385.0
DHSS	GCDSE	6 HDC residents to community programs		310.0	310.0
DHSS	ABADA	MH/Chronic Alcoholism Dual Diagnosis Treatment	368.0		368.0
DHSS	ABADA	Emergency Care for Chronic Alcoholics	254.6		254.6
DHSS	AMHB	Mental Health Voluntary/Involuntary Inpatient Care	750.0		750.0
DHSS	GCDSE	Developmental Disability Vocational Services	500.0		500.0
Community Support Total			1,872.6	695.0	2,567.6
Facility-Based					
DOC	DOC	Prison Mental Health Psychiatric Residency Program	30.0		30.0
DOC	DOC	Psychiatric Nurse Assistants for Women Offenders	80.0		80.0
Facility-Based Total			110.0		110.0
FY97 Operating Budget Total			4,997.6	945.0	5,942.6

***Department:**

DOA: Department of Administration
 DHSS: Department of Health and Social Services
 DOC: Department of Corrections

****Recommended by...**

ACoA: Alaska Commission on Aging
 GCDSE: Governor's Council on Disabilities and Special Education
 AMHB: Alaska Mental Health Board
 ABADA: Advisory Board on Alcohol and Drug Abuse

**Alaska Mental Health Trust Authority
FY97 Funding Strategy
Proposed Capital Budget**

DEPT.	Recom'd By...	Beneficiary Service	General Fund/ Mental Health	Trust Income Account	TOTAL
Americans with Disabilities Act Compliance					
DHSS	AMHB	ADA Mandated Compliance	300.0		300.0
DHSS	ABADA	ADA Upgrades	300.0		300.0
Americans with Disabilities Act Total			600.0	0.0	600.0
Transportation/Vehicles					
various	All	Vehicles for coordinated client services	500.0	500.0	1,000.0
Transportation/Vehicles Total			500.0	500.0	1,000.0
Beneficiary Facility Modifications					
DHSS	GCDSE	Home improvements & modifications to improve accessibility for families	250.0	250.0	500.0
Beneficiary Facility Modifications Total			250.0	250.0	500.0
Grantee Facility Modifications					
DHSS	ABADA	Emergency Services modifications - linked to operating increment		150.0	150.0
DHSS	AMHB	Moving/renovation: Aniak		125.0	125.0
DHSS	AMHB	Clinic addition/remodeling: Ketchikan		212.0	212.0
DHSS & DOA	All	Remodel and renovate facilities: competitive grants		250.0	250.0
DHSS	GCDSE	Program modifications - agency & state facilities	200.0		200.0
DHSS	AMHB	Crisis respite and/or clinic replacement/renovation	500.0		500.0
DHSS	ABADA	Remodel/rehabilitation of existing facilities	750.0		750.0
DHSS	ABADA	Construction of new and replacement facilities	1,000.0		1,000.0
DOA	COA	New adult day care facility in Chugiak and planning for new adult day care facility in Palmer	993.2		993.2
Grantee Facility Modifications Total			3,443.2	737.0	4,180.2

State Facility Modifications

DOA	COA	Facilities Completion: ADRD units in Sitka and Fairbanks Pioneers Homes and complete units in Palmer and Juneau Pioneer Homes	271.9	271.9	543.8
State Facility Modifications Total			217.9	271.9	543.8

Program Equipment

DHSS	DHSS	Data integration project	75.0	75.0	150.0
DHSS	GCDSE	Adaptive Equipment	150.0	150.0	300.0
Program Equipment Total			225.0	225.0	450.0
FY97 Capital Budget Total			5,290.1	1,983.9	7,274.0

* Recommended by....

ACoA: Alaska Commission on Aging

GCDSE: Governor's Council on Disabilities and Special Education

AMHB: Alaska Mental Health Board

ABADA: Advisory Board on Alcohol and Drug Abuse

DOC: Department of Corrections

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STATE OF ALASKA**

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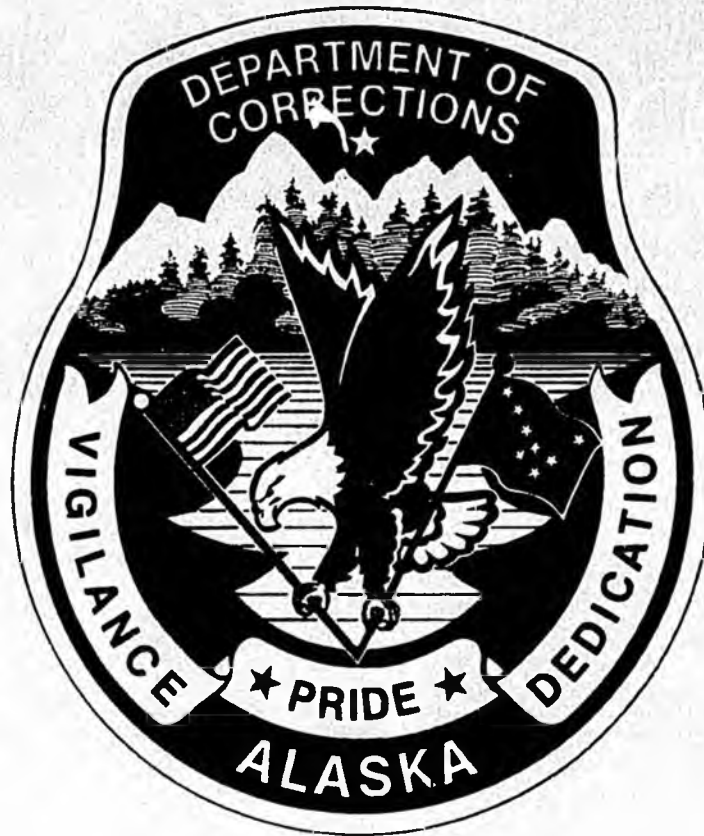
*130 Seward Street, Suite 400
Juneau, Alaska 99801-2105*

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

Mary Pagenkopf

HFin 11/19/96 1:37 p.m.

**DEPARTMENT OF
CORRECTIONS**



***FY 97 GOVERNOR'S OPERATING
BUDGET OVERVIEW***

***Margaret M. Pugh
Commissioner***

DEPARTMENT OF CORRECTIONS

FY97 Operating Budget Highlights

Development of FY97 Governor's Budget Request

	GF	TOTAL
FY96 CONFERENCE COMMITTEE REPORT	\$129,050.4	\$134,467.6
FISCAL NOTES/OTHER APPROPRIATIONS BILLS		
Community Jails	\$437.0	\$437.0
Partial Year Funding/Chapter 80 SLA 95 (DWI Law)		
Division of Community Corrections	\$540.0	\$540.4
FY95/96 Carryforward	\$2,464.9	\$2,464.9
FY96 AUTHORIZED	\$132,492.7	\$137,909.9
ADJUSTMENTS		
Labor Contracts Adjustments	\$1,067.1	\$1,087.0
DIS	\$7.9	\$7.9
DP Chargeback	(\$37.6)	(\$37.6)
Risk Management	(\$10.4)	(\$10.4)
Fiscal Note/Chapter 80 SLA 95 (Full Year Funding)	\$540.4	\$540.4
TOTAL	\$1,567.4	\$1,587.3
FY97 BASE	\$134,060.1	\$139,497.2
INCREMENTS/DECREMENTS		
Increments	\$80.0	\$1,044.7
Decrements	\$0.0	(\$124.6)
TOTAL	\$80.0	\$920.1
FY97 GOVERNOR'S REQUEST	\$134,140.1	\$140,417.3
FY97 POSITIONS		
	PFT	1,358
	PPT	4
	TMP	21

The Department of Corrections fiscal year 1997 Operating Budget Request reflects our commitment to budget discipline, protection of the public and rehabilitation of offenders. Minimal operational budget increments necessary to meet our critical obligations are included.

Mission:

The Mission of the Department of Corrections is:

"In partnership with the citizens of Alaska, protect the public from recidivistic crime, by using best correctional practices to provide a continuum of appropriate, humane, safe, and cost effective confinement, supervision and rehabilitation services to people remanded to the custody of the Department of Corrections.

The Department will carry out it's responsibilities while respecting the rights of victims and recognizing the dignity inherent in all human beings."

Goals:

Four primary goals operationally define the department's approach to carrying out its Mission while maintaining budget discipline:

1. Provide alternatives to incarceration;
2. Consider bed space needs;
3. Reduce administrative costs;
4. Upgrade computer and telecommunication services and our management information system.

Key Challenges:

Our first key challenge is the increasing number of people coming into our system, resulting in overcrowded institutions, and increased caseloads in Community Corrections. This is brought about in large part because Alaska is one of only six states with a unified state correctional system, responsible for confinement and care of all misdemeanor, felons, and persons being held on civil restraint. Most states provide these services for felons only.

The average daily count in Institutions frequently exceeds our court imposed emergency capacity and contempt of court fines are now approaching a total of \$1 Million.

The department has taken a number of innovative actions to relieve Institutional overcrowding problems, including:

- ▶ Worked with a Community Advisory Board to implement a pilot "Day Reporting" project in Anchorage to reduce the number of probation and parole violators returned to incarceration;
- ▶ Piloted Community Work Service Programs at Lemon Creek and Ketchikan Correctional Centers;
- ▶ Compiled three year, fixed-price contracts with 15 small communities for operations of their Community Jails;
- ▶ Worked with the Parole Board to hold hearings on a monthly basis instead of quarterly;
- ▶ Working with the Children's Cabinet and the Youth and Justice Working Group to develop prevention strategies and juvenile justice system enhancements;
- ▶ Working with criminal justice agencies and local communities to develop Alternative Dispute Resolution programs at the local level;
- ▶ Working with local communities to develop a better understanding of local and state responsibilities;
- ▶ Working with the Mental Health Trust Authority and related boards to examine alternatives for dealing with Title 47 civil commitments in the future;
- ▶ Renovated space at Matanuska-Susitna Pre-Trial and Wildwood Correctional Center, which added bed space.

Along with increased numbers of offenders in state Institutions, there is an increase in the number of people on probation and parole supervision. The Department has taken the following innovative actions to begin mitigation of this problem:

- ▶ Shifted probation personnel to "hot spots" in Bethel, Mat-Su, and Kodiak;
- ▶ Implemented pilot projects at two sites for low risk probationers, reducing time needed for management of these cases;
- ▶ Implemented a pilot program in Rural Alaska which allows probation officers to better supervise their cases by performing on the spot alcohol and drug tests;
- ▶ Expanded contract solicitation for Community Residential Center capacity to add Kenai and Mat-Su and to expand capacity in Bethel and Juneau.

Our second major challenge is that the fastest growing segment of the confined population is women. The department faces substantial legal challenges regarding housing and programming for women. The Department has taken a number of actions to resolve women's issues, including:

- ▶ Established a Corrections Action Team to comprehensively examine women's issues and to develop comprehensive, long term solutions;
- ▶ Expanded bed space at Matanuska-Susitna Pretrial for female offenders;
- ▶ Ensured that renovations at Wildwood Correctional Center expanded and improved housing for female offenders;
- ▶ Improved women's programming at a number of facilities.

Our third major challenge is the need to finish automating the department and to replace the existing management information system. The department has taken the following actions to make this happen:

- ▶ Finalized detailed installation plans for automating two high traffic correctional centers in Anchorage, as well as two probation offices in Southcentral Alaska;
- ▶ Used these detailed plans to prepare RFP's to contract for the internal wiring installation necessary at those four sites with assistance from DOA/DIS and GS&S;
- ▶ Purchased equipment and software necessary to automate the first four sites;
- ▶ Arranged with DOA/DIS for Wide Area Network (WAN) connections at the first four sites once the internal installations are completed;
- ▶ Realigned positions within the Department to adequately staff the effort;
- ▶ Begun planning for automation of an additional twelve sites in FY97;
- ▶ Prepared FY97 capital and operations budget increments to expand and accelerate this effort.

Priority Setting Process:

The Department engaged in an intensive internal strategic planning process during the summer of 1995, which was facilitated by the National Institute of Corrections and Mr. John Gorczyk, Commissioner of Corrections in Vermont. During this engagement the department clarified its Vision and Mission, validated its Core Functions, and established an ongoing strategic management process. Out of that process came the four primary goals established in the "Goals" section.

Accordingly, our operating budget reflects our actions to provide alternatives to incarceration, reduce administrative costs, and upgrade our computer, telecommunication and management information systems. The Department continues to engage the public, local communities, other agencies, and the legislature in intensive discussions on the issue of added bed space and costs to Alaskans.

Legislation:

The Department is not recommending new legislation at this time. Administration bills which will affect the Department include: a Vehicle Theft bill, an amendment to the DWI statutes, and a bill which would allow expanded wiretapping by Public Safety under exceptional circumstances.

Bills pending from the 1st Session of the Nineteenth Alaska Legislature which will affect the department if passed during the 2nd Session include:

SB 61	An Act Relating to Life Sentences for some 3rd Time Feloney Offenders
SB 91	An Act Relating to Criminal Transmission of HIV
SB 123	An Act Relating to Post Secondary Education Programs
SB 126	An Act Relating to PFD Eligibility
SB 127	An Act Relating to Crime Victims
SB 155	An Act Relating to Jail Time by Electronic Monitoring
SB 167	An Act Relating to Day Fines
SB 175	An Act Relating to "No Frills" Conditions of Prison Confinement
HB 2	An Act Relating to "Boot Camps" for Nonviolent Offenders
HB 24	An Act Relating to Lower Alcohol Limit to 0.08 for OMVI's
HB 38	An Act Relating to Capital Punishment For Murder
HB 45	An Act Relating to Capital Punishment For Murder
HB 69	An Act Relating to Penalties For Drunk Driving
HB 75	An Act Relating to Increased Penalties For JoyRiding
HB 84	An Act Relating to Assaults By Two or More Persons
HB 127	An Act Relating to 120 Days Jail; Assault on Officers
HB 142	An Act Relating to Juveniles Convicted of Adult Offenses
HB 199	An Act Relating to Criminal Transmission of HIV
HB 255	An Act Relating to Homicide By Automobile

Reduced Administrative Costs:

Costs are always a concern when revenues are tight and demand for services is high. The Department has made a commitment to make every effort to live within its budget. In addition to the lower cost alternative community corrections programs described above and the audit and evaluation actions described elsewhere, the Department has taken the following actions to control costs:

- ▶ In conjunction with OMB, installed an intensive quarterly expenditure review process, to ensure that all components are controlling costs within budget;
- ▶ In conjunction with the Department of Administration worked to streamline the state procurement process, which will save time in contract and purchase agreement preparation as well as cost of goods and services purchased;
- ▶ Resolved outstanding personnel disputes using Accelerated Mediation, reducing the time needed to deal with these issues and limited the States' liability exposure;
- ▶ Altered Community Residential Center (CRC) contracts and RFP's to require an increased percentage of "per diem" beds which will only be paid for if used;
- ▶ Reviewed the Minnesota Cost-of-Care agreement resulting in avoiding costs for \$110,000 in disputed claims;
- ▶ Amended cost of care agreements with Medical providers, avoiding excessive costs;
- ▶ Established a vacancy control desk to manage vacancies equitably.

Evaluation Process:

During the past year, the Department has committed itself to evaluation of all existing and new programs. In order to meet this commitment, the Department has taken the following actions:

- ▶ Established an internal audit function to identifying cost savings and facilitate operational and managerial improvements;
- ▶ Established objective evaluation components for our pilot projects, including the Judicial Council for the Day Reporting project, University of Alaska/Southeast for our Lemon Creek Work Service project and the University of Alaska/Anchorage for our Sex Offender Treatment program;
- ▶ Begun implementation of our automation and MIS enhancement program.

STATE OF ALASKA
OFFICE OF MANAGEMENT & BUDGET
DIVISION OF BUDGET REVIEW

AGENCY OPERATING BUDGET SUMMARY

AGENCY: Department of Corrections

ITEM	FY '95 FINAL AUTH	FY '95 ACTUAL	FY '96 CONFERENCE	FY '96 AUTHORIZED	FY '97 ADJ BASE	FY '97 GOVERNOR	FY96 AUTHORIZED vs. FY97 GOVERNOR DIFFERENCE
* * * EXPENDITURE TOTAL * * *	128,197.9	125,531.5	134,467.6	137,909.9	139,497.2	140,417.3	2,507.4
EXPENDITURES							
Personal Services	84,236.2	83,179.1	87,697.6	85,362.4	86,594.2	87,101.3	1,738.9
Travel	1,230.5	1,057.3	1,198.9	1,387.3	1,396.0	1,383.4	-3.9
Contractual Services	30,387.1	29,277.4	36,705.7	38,260.6	38,640.3	38,745.9	485.3
Commodities	9,921.4	9,790.8	10,843.8	10,725.3	10,697.9	11,017.9	292.6
Equipment	334.2	282.8	89.4	89.4	83.9	83.9	-5.5
Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants/Claims	2,088.5	1,944.1	2,084.9	2,084.9	2,084.9	2,084.9	0.0
Misc.	0.0	0.0	-4,152.7	0.0	0.0	0.0	0.0
* * * * FUNDING TOTAL * * * *	128,197.9	125,531.5	134,467.6	137,909.9	139,497.2	140,417.3	2,507.4
FUNDING							
1002 Federal Receipts	1,683.2	1,648.4	1,754.4	1,754.4	1,770.3	1,688.3	-66.1
1004 General Fund Receipts	116,515.7	114,141.0	122,655.6	126,097.9	128,273.4	128,273.4	2,175.5
1005 GF/Program Receipts	2,775.6	2,748.7	2,405.6	2,405.6	2,424.5	2,424.5	18.9
1006 GF/Mental Health Trust	3,575.0	3,458.6	0.0	0.0	0.0	0.0	0.0
1007 Inter-Agency Receipts	458.1	374.0	320.6	320.6	320.6	742.7	422.1
1037 GF/Mental Health	0.0	0.0	3,989.2	3,989.2	3,362.3	3,442.3	-546.9
1050 Permanent Fund Div Fund	802.9	796.5	802.9	802.9	802.9	802.9	0.0
1059 Correctional Indust Fund	2,250.6	2,227.5	2,250.6	2,250.6	2,250.6	2,750.6	500.0
1061 Capital Impr Proj Rpts	136.8	136.8	288.7	288.7	292.6	292.6	3.9
STAFFING							
Full-time	1,323.0	1,323.0	1,343.0	1,349.0	1,351.0	1,358.0	9.0
Part-time	6.0	6.0	6.0	6.0	4.0	4.0	-2.0
Temporary	0.0	0.0	0.0	21.0	21.0	21.0	0.0

Department of Corrections

FY95 Lapse

1/17/96

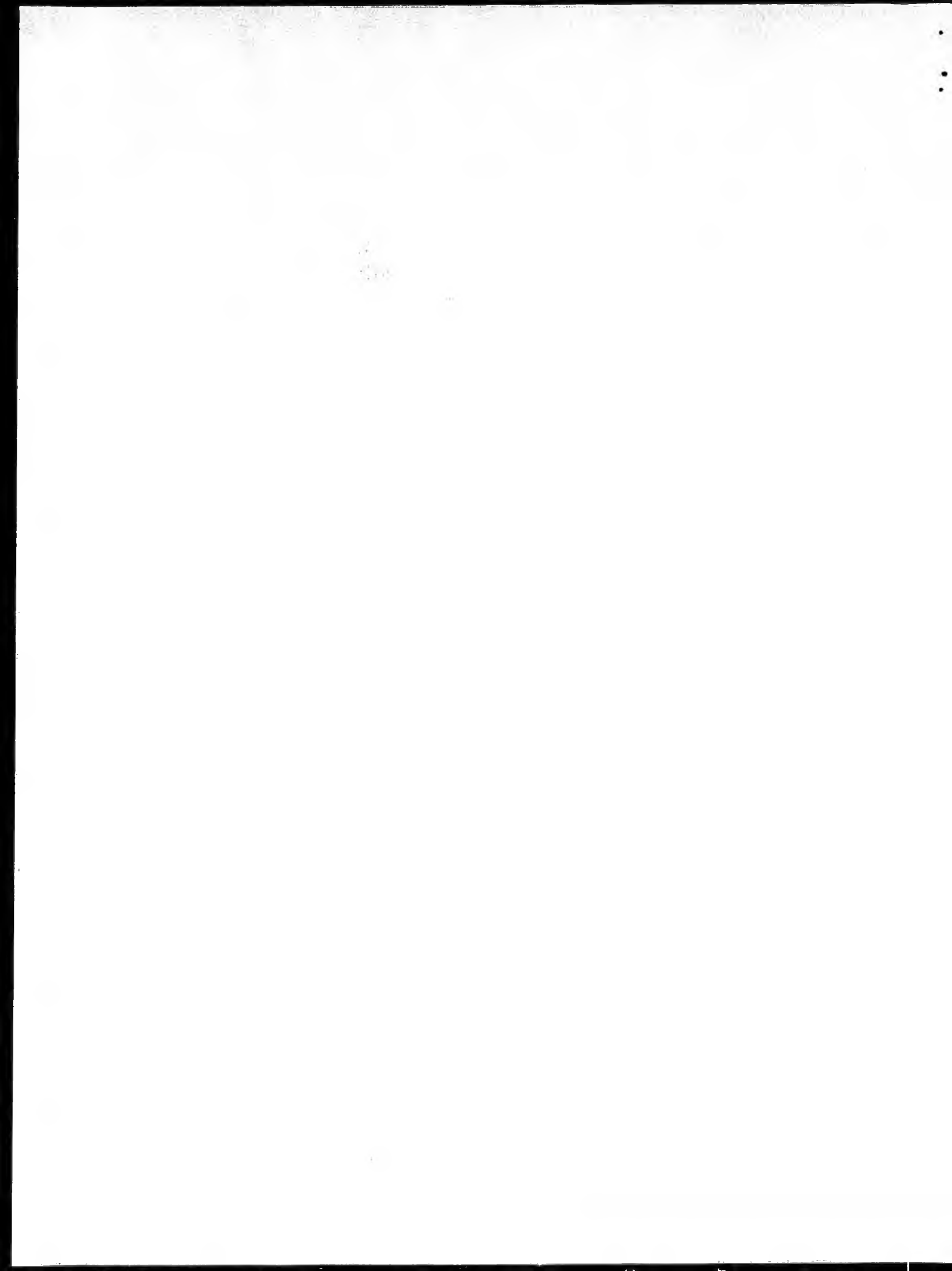
BRU/COMPONENT	71000	72000	73000	74000	75000	77000	78000	TOTAL	Gen.Funds	GF/PR	GF/MHTF	FED.	CIP	CORR.INDU.	PFD	IA	TOTAL
ADMINISTRATION & SUPPORT BRU																	
Office of the Commissioner	\$19,566	\$1,698	\$36,850	\$543	\$52	\$0	\$0	\$58,709	\$58,709								\$58,709
Parole Board	\$94	\$356	\$225	\$482	\$70	\$0	\$0	\$1,227	\$1,227								\$1,227
Correctional Academy	\$177,937	\$848	\$753	\$188	\$0	\$0	\$0	\$179,726	\$179,726								\$179,726
Administrative Services	\$134,956	\$654	\$225,315	\$20,771	\$77	\$514	\$0	\$382,287	\$382,287								\$382,287
Data and Word Processing	\$27,858	\$1,537	\$589	\$6,192	\$18	\$0	\$0	\$36,194	\$36,194								\$36,194
Facilities-Capital Improve.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0								\$0
Sub-Total BRU	\$380,411	\$6,093	\$263,732	\$28,176	\$217	\$614	\$0	\$668,143	\$668,143	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$668,143
STATEWIDE OPERATIONS BRU																	
Division of Institutions								\$0									
Inmate Health Care	\$40,258	\$7,374	\$121,316	\$13,838	\$216	\$50	\$0	\$182,852	\$62,012		\$120,840						\$182,852
Inmate Programs	\$77	\$25,427	\$97,121	\$2,768	\$2,222	\$61	\$0	\$127,674				\$10,800				\$116,874	\$127,674
Corr. Industries-Admin.	\$10,818	\$21	\$3	\$40	\$1	\$0	\$0	\$10,883	\$10,883								\$10,883
Corr. Industries-Product	\$0	(\$16,128)	(\$60,721)	(\$59,578)	\$40,589	\$118,817	\$0	\$22,979						\$22,979			\$22,979
Institution Director's Office	\$102,815	\$17,835	\$430	\$4,675	\$66	\$0	\$0	\$125,821	\$125,821								\$125,821
Transportation	\$1,940	\$1,468	\$9,721	\$2,771	\$0	\$0	\$0	\$15,900	\$15,900								\$15,900
Out-of-State Contractual	\$0	\$17,535	\$220,886	\$5,500	\$0	\$81	\$0	\$243,982	\$243,982								\$243,982
Arvid Mountain C.C.	\$42	\$317	\$2,482	\$1,081	\$877	\$5	\$0	\$4,804	\$4,804								\$4,804
Combined Hilland Mtn. C.C.	\$1,832	\$1,991	\$3,921	\$1,781	\$0	\$468	\$0	\$9,993	\$9,993								\$9,993
Cook Inlet C.C.	\$37	\$1,432	\$5,661	\$22,183	\$28	\$74	\$0	\$29,415	\$29,415								\$29,415
Fairbanks C.C.	\$44	\$5,251	\$12,046	\$14,053	\$1,257	\$3,669	\$0	\$36,320	\$36,320								\$36,320
Ketchikan C.C.	\$15	\$744	\$61	\$1,607	\$44	\$1,210	\$0	\$3,681	\$3,681								\$3,681
Lemon Creek C.C.	\$85	\$918	\$2,971	\$8,268	\$32	\$1,456	\$0	\$13,730	\$13,730								\$13,730
Matanuska-Susitna C.C.	(\$1,463)	\$1,411	\$1,878	\$11,827	\$81	\$2,217	\$0	\$15,929	\$15,929								\$15,929
Palmer C.C.	(\$75)	\$16,214	\$9,265	\$2,188	\$52	\$1,632	\$0	\$29,256	\$29,256								\$29,256
Sixth Avenue C.C.	\$46	\$1,029	\$4,984	\$18,104	\$3,097	\$753	\$0	\$26,013	\$26,013								\$26,013
Spring Creek C.C.	\$462,946	\$25,521	\$3,487	\$18,788	\$213	\$2,824	\$0	\$513,777	\$489,777			\$24,000					\$513,777
Wildwood C.C.	\$1,204	\$2,819	\$5,537	\$10,750	\$1,738	\$3,088	\$0	\$25,134	\$25,134								\$25,134
Yukon-Kuskokwim C.C.	\$360	\$1,048	\$405	\$5,257	\$330	\$69	\$0	\$7,467	\$7,467								\$7,467
Institutions Sub-Total	\$820,981	\$112,225	\$441,452	\$83,677	\$50,823	\$138,452	\$0	\$1,445,610	\$1,150,117	\$0	\$120,840	\$34,800	\$0	\$22,979	\$0	\$116,874	\$1,445,610
Division of Community Corrections																	
Comm. Corr. Director's Office	\$25	\$5,961	\$468,553	\$204	\$52	\$0	\$0	\$474,795	\$447,847	\$26,948							\$474,795
Northern Region Probation	(\$28)	\$23,771	\$9,848	\$3,537	\$0	\$1,000	\$0	\$38,128	\$38,128								\$38,128
Southcentral Region Prob.	\$34,313	\$4,703	\$15,117	(\$192)	\$110	\$0	\$0	\$54,051	\$54,051								\$54,051
Southeast Region Prob.	\$15,937	\$5,208	\$4,700	\$0	\$0	\$0	\$0	\$25,845	\$25,845								\$25,845
Pl MacKenzie Rehab. Prgm	\$25,944	\$160	\$63,625	\$753	\$213	\$74	\$0	\$90,769	\$90,769								\$90,769
Comm. Corr. Sub-Total	\$76,191	\$39,803	\$581,843	\$4,302	\$375	\$0	\$0	\$683,588	\$656,640	\$26,948	\$0	\$0	\$0	\$0	\$0	\$0	\$683,588
Sub-Total BRU	\$897,172	\$162,028	\$1,003,295	\$87,979	\$51,198	\$138,452	\$0	\$2,129,198	\$1,806,767	\$26,948	\$120,840	\$34,800	\$0	\$22,979	\$0	\$116,874	\$2,129,198
FY95 Department Total																	
	\$1,057,583	\$167,121	\$1,267,027	\$118,185	\$51,416	\$138,968	\$0	\$2,787,341	\$2,484,900	\$26,948	\$120,840	\$34,800	\$0	\$22,979	\$0	\$116,874	\$2,787,341
1) GENERAL FUNDS (GF) = LAPSED CASH AUTHORIZATION																	
2) OTHER FUNDS (I.E. GF/PR; GF/MHTF; Federal, CIP, Correctional Industries Fund; PFD; and Interagency) = LAPSED NON-CASH AUTHORIZATION																	

Department of Corrections
FY97 Operating Request

1/16/96

ITEM	FY 94	FY95	FY96	FY96	FY96	FY96	FY97	FY97	FY97	FY97	FY97	FY97	FY97	FY97	FY97
	Conf.Comm.	Misc. Adjust.	Com. Juts	Fiscal Note	Carryfwd	Authorized	COLA	Misc. Adj.	DIS	DP Chrg/bk	Risk \$\$	Fiscal Note	Adj. Base	Dec/Inc	Request
Total	\$134,487.6	\$0.0	\$437.0	\$540.4	\$2,484.9	\$137,909.9	\$1,087.0		\$7.9	(\$37.6)	(\$10.4)	\$540.4	\$139,497.2	\$920.1	\$140,417.3
Personal Svcs	\$87,697.6	(\$3,115.4)		\$122.0	\$658.2	\$96,362.4	\$1,087.0	\$33.2			(\$10.4)	\$122.0	\$86,694.2	\$507.1	\$87,101.3
Travel	\$1,198.9	\$75.4			\$113.0	\$1,387.3		\$8.7					\$1,396.0	(\$12.6)	\$1,383.4
Contractual	\$38,705.7	(\$516.2)	\$437.0	\$418.4	\$1,215.7	\$38,260.6		(\$9.0)	\$7.9	(\$37.6)		\$418.4	\$38,640.3	\$105.6	\$38,745.9
Supplies	\$10,843.8	(\$483.6)			\$365.1	\$10,726.3		(\$27.4)					\$10,697.9	\$320.0	\$11,017.9
Equipment	\$89.4	\$0.0			\$0.0	\$89.4		(\$5.5)					\$83.9	\$0.0	\$83.9
Grants	\$2,084.9	(\$112.9)			\$112.9	\$2,084.9							\$2,084.9	\$0.0	\$2,084.9
Miscellaneous	(\$4,152.7)	\$4,152.7			\$0.0	\$0.0							\$0.0	\$0.0	\$0.0
Total Expend.	\$134,487.6	\$0.0	\$437.0	\$540.4	\$2,484.9	\$137,909.9	\$1,087.0	\$0.0	\$7.9	(\$37.6)	(\$10.4)	\$540.4	\$139,497.2	\$920.1	\$140,417.3
Federal	\$1,764.4	\$0.0				\$1,764.4	\$16.0				(\$0.1)		\$1,770.3	(\$82.0)	\$1,688.3
GF	\$122,666.6	\$0.0	\$437.0	\$540.4	\$2,464.9	\$126,097.9	\$1,020.6	\$654.2	\$7.9	(\$37.6)	(\$10.0)	\$540.4	\$128,273.4		\$128,273.4
GF/PR	\$2,406.6	\$0.0				\$2,406.6	\$19.0				(\$0.1)		\$2,424.6		\$2,424.6
GF/MH	\$3,989.2	\$0.0				\$3,989.2	\$27.5	(\$854.2)			(\$0.2)		\$3,362.3	\$80.0	\$3,442.3
Interagency	\$320.6	\$0.0				\$320.6							\$320.6	\$422.1	\$742.7
PFD	\$802.9	\$0.0				\$802.9							\$802.9		\$802.9
Corr. Industries	\$2,260.6	\$0.0				\$2,260.6							\$2,260.6	\$500.0	\$2,760.6
CIP	\$288.7	\$0.0				\$288.7	\$3.9						\$282.6		\$282.6
Total Funds	\$134,487.6	\$0.0	\$437.0	\$540.4	\$2,464.9	\$137,909.9	\$1,087.0	\$0.0	\$7.9	(\$37.6)	(\$10.4)	\$540.4	\$139,497.2	\$920.1	\$140,417.3
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Thank you for the opportunity to present our operating budget and to describe our key issues for FY97.



DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES

FY97 OPERATING BUDGET

HOUSE FINANCE OVERVIEW

January 19, 1996

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

BASIC RESPONSIBILITIES AND SERVICES

- Maintain and operate over 12,000 centerline miles in the State highway system
- Maintain and operate eight vessels in the Alaska Marine Highway System
- Maintain and operate almost 700 public facilities occupied by the department and multiple State agencies
- Maintain and operate Anchorage and Fairbanks International Airports
- Maintain and operate 264 other airports statewide
- Design and construct capital projects
 - Federal Highway Program - \$245 million (including matching funds)
 - Federal Aviation Program - \$82 million (including matching funds)
 - Buildings and Harbors - intermittent
- Current employment is approximately 2750 people (about 3000 in summer)

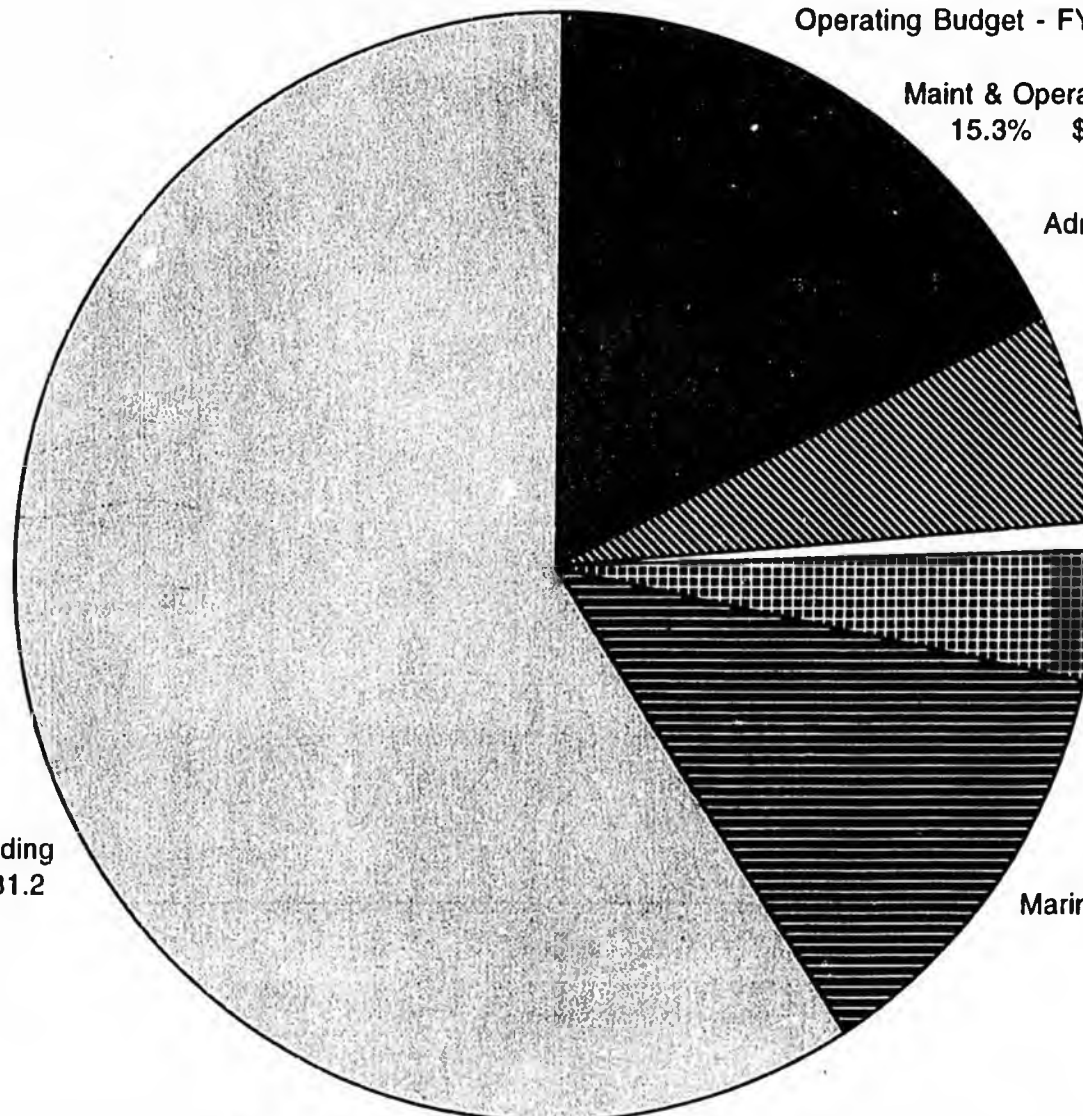
**Department of Transportation & Public Facilities
FY96 CAPITAL & OPERATING BUDGET - TOTAL FUNDS ***

Total = \$594.2 Million

(\$ in millions)

Capital Budget - 59.2%
\$351.9

[Anticipated Obligation of Funding
Federal-\$285.8, GF match-\$31.2
General Fund-\$7.2
HWCF-\$11.8, IARF-\$11.0
Vessel Repl Fund-\$2.0
Other Funds-\$2.9]



Operating Budget - FY96 Authorized *

Maint & Operations --
15.3% \$91.1

Administration - 2.1%
\$12.2

Int'l Airports - 6.3% \$37.4

Planning/D & C - 0.9%
\$5.4

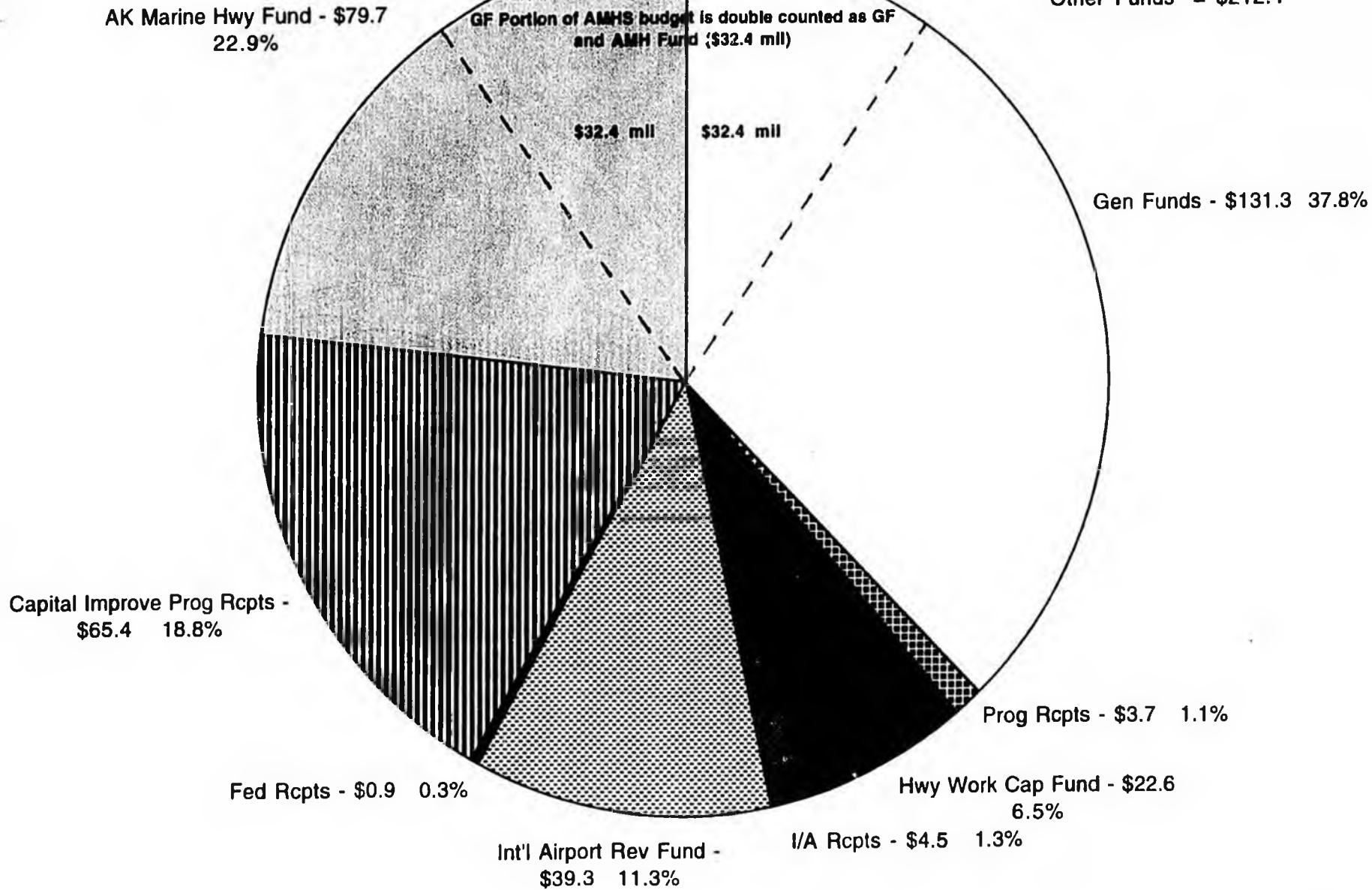
State Equip Fleet - 3.7%
\$21.9

Marine Hwys - 12.5%
\$74.3

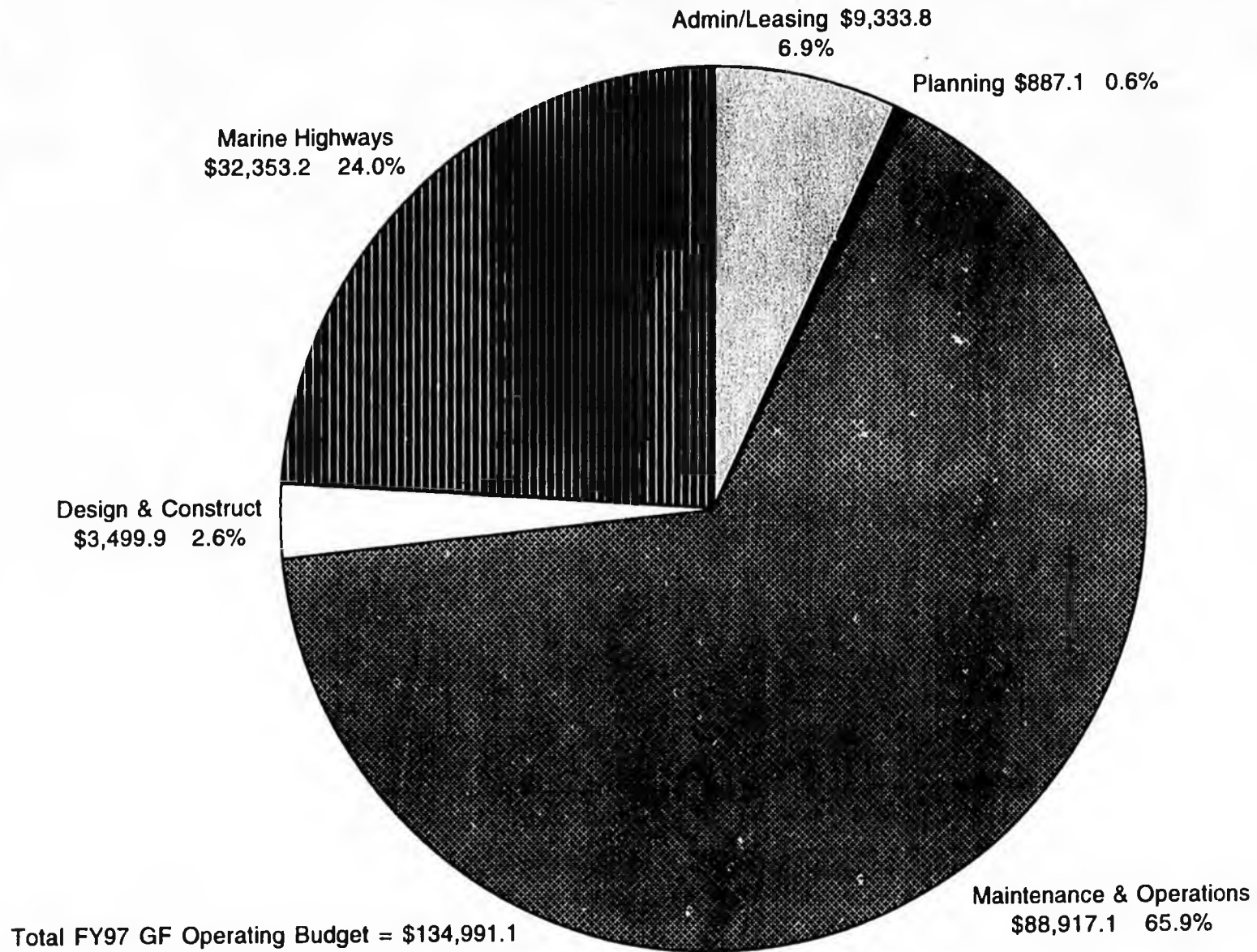
* FY96 Capital Budget figures utilize funding level anticipated to be obligated by Federal sources and actual budgeted amounts for other capital fund sources. Operating figures are FY96 authorized, but CIP Receipts are not included in any operating functions to avoid double counting the capital authorization.

Department of Transportation & Public Facilities
 FY97 Governor's Operating Budget
TOTAL FUNDS BY FUND SOURCE
 All Dollars in Millions

Total Operating Budget = \$347.4
 General Fund/Program Receipts = \$135.0
 "Other Funds" = \$212.4



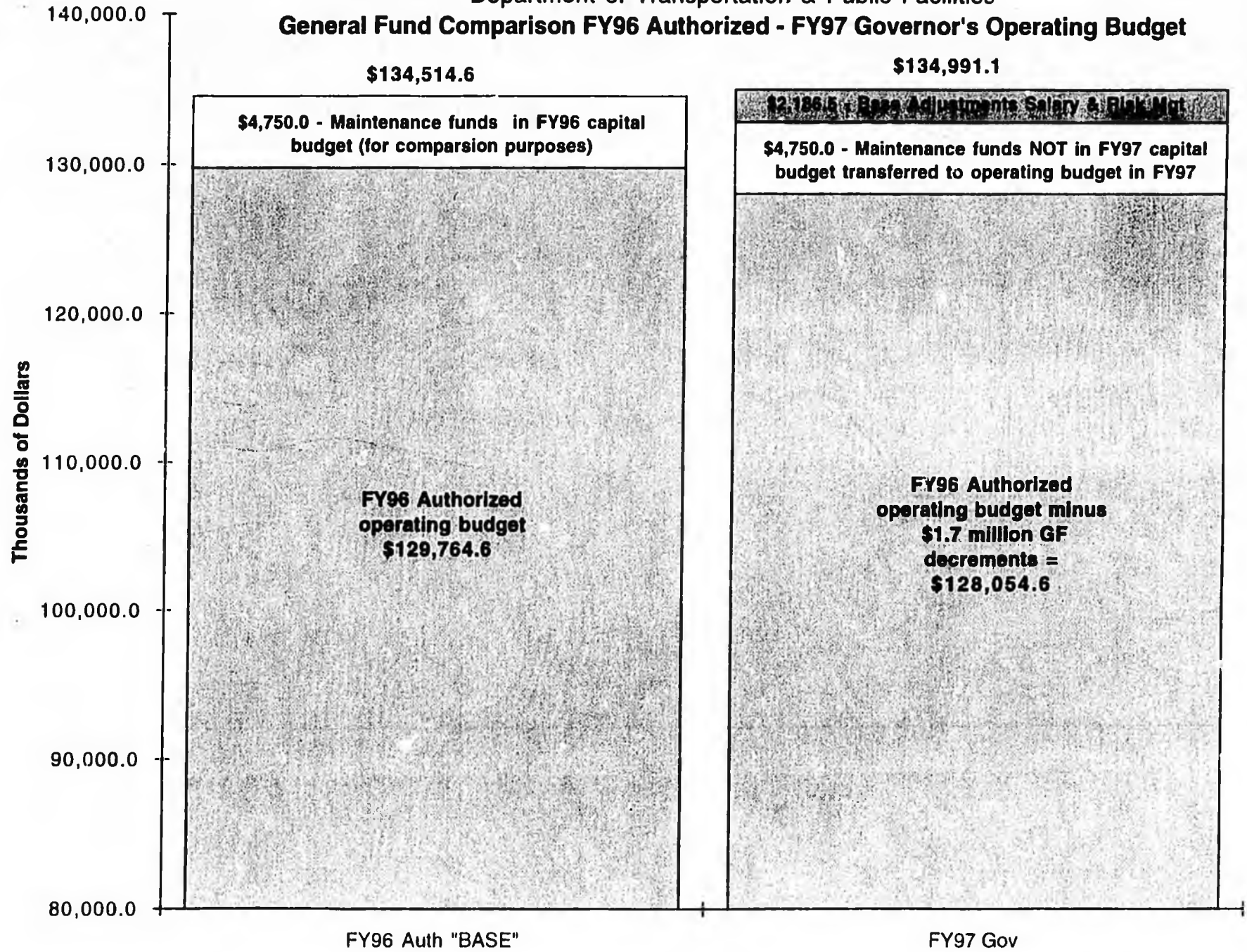
Department of Transportation & Public Facilities
FY97 Governor's **General Fund Operating Budget**

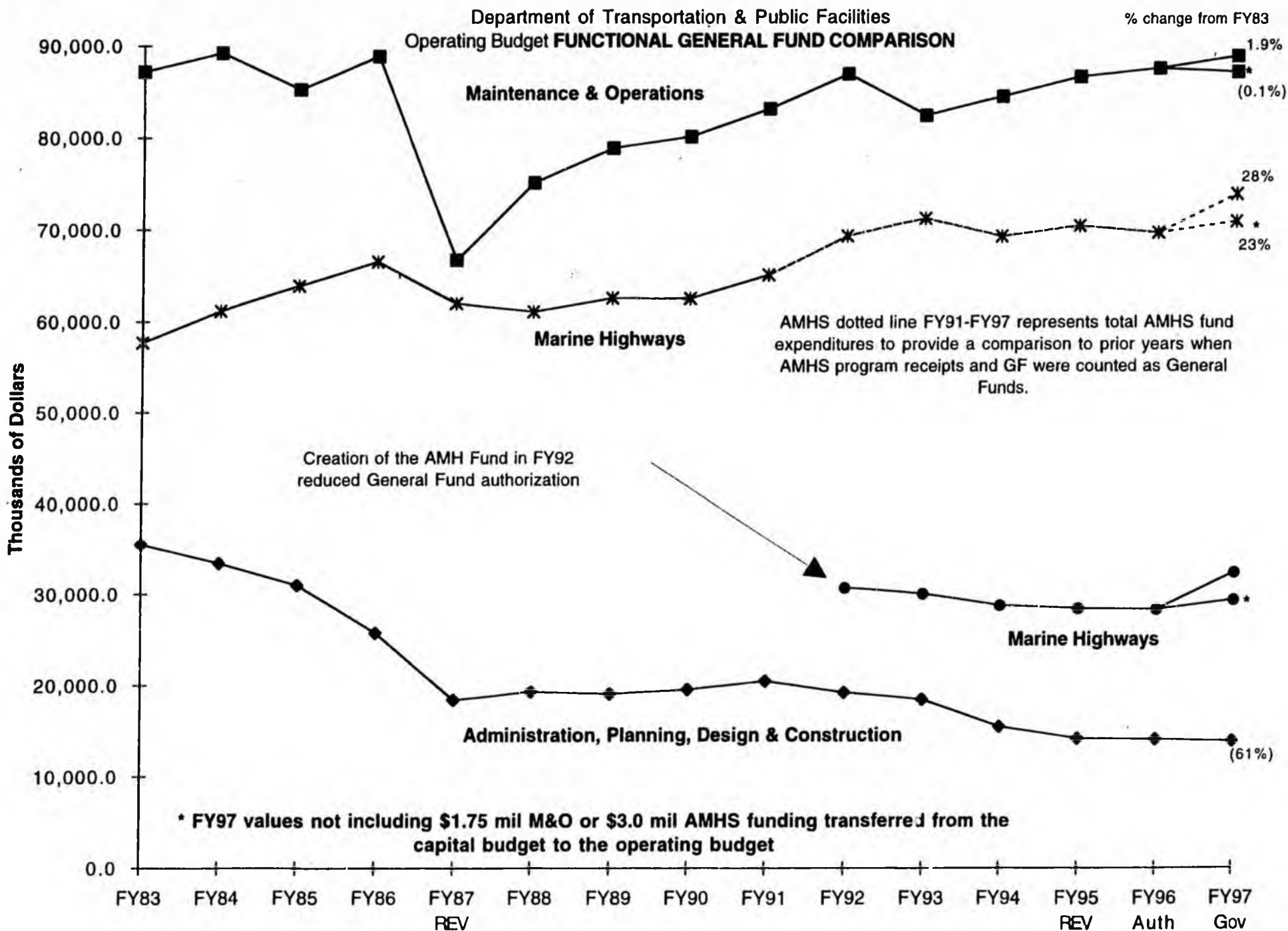


Department of Transportation & Public Facilities

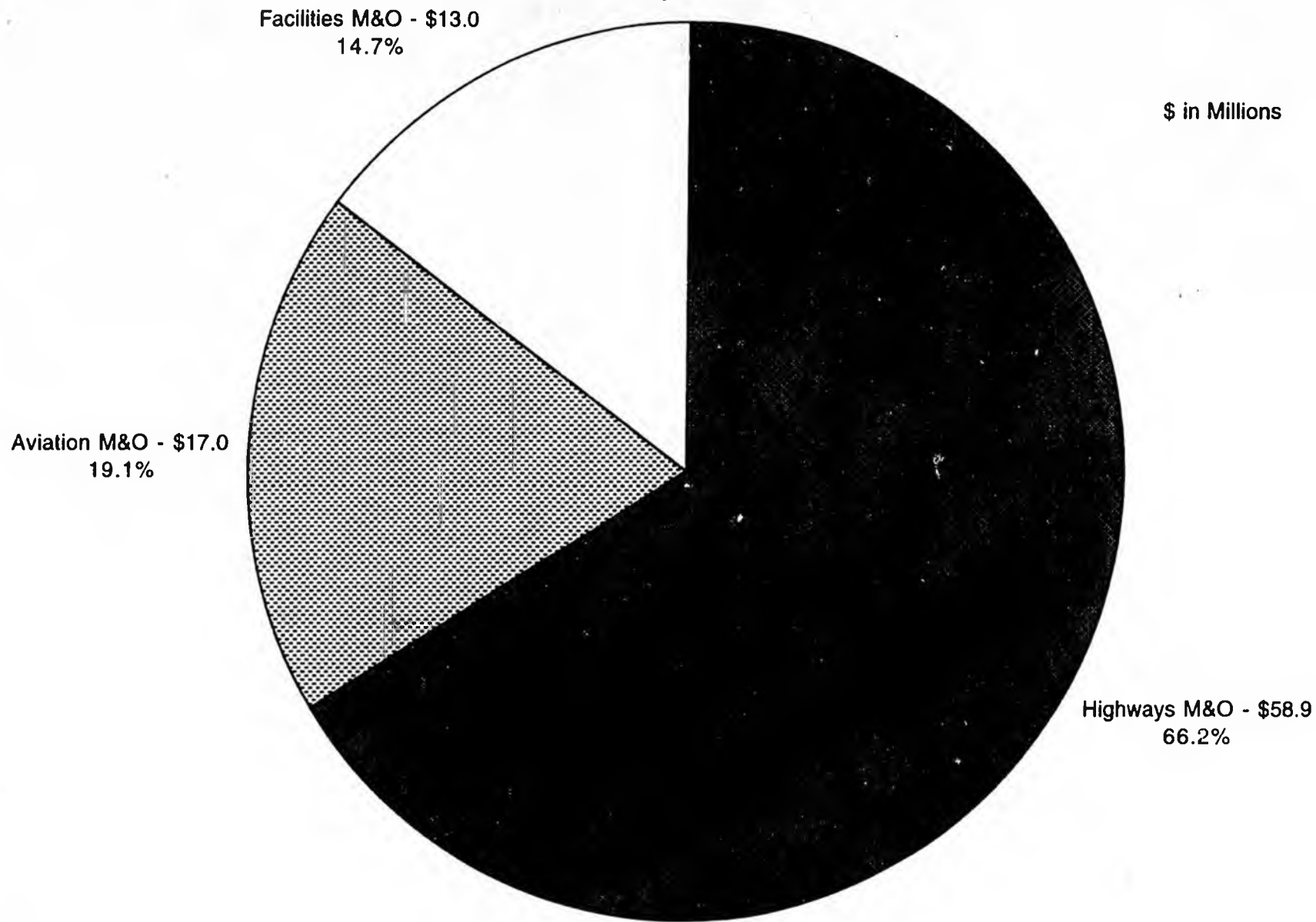
	GF/PR	Other Funds	Total Funds
FY96 AUTHORIZED "BASE" (used for comparison to FY97)	134,514.6	206,464.0	340,978.6
AMHS authority to spend funds transferred from capital budget	0.0	3,000.0	3,000.0
Salary Adjustment (Collective Bargaining Agreements)	1,469.2	2,785.1	4,254.3
Risk Management Adjustment	750.8	1,347.2	2,098.0
Dept. of Admin. Miscellaneous Adjustments	(33.5)	(106.5)	(140.0)
Subtotal Base Adjustments	2,186.5	7,025.8	9,212.3
FY97 ADJUSTED BASE	136,701.1	213,489.8	350,190.9
Maintenance and Operations GF Decrements	(1,070.0)	0.0	(1,070.0)
Alaska Marine Highway System Reductions	(320.0)	0.0	(320.0)
Switch Fund - Increase Indirect Cost Allocation Plan CIP Funding	(200.0)	200.0	0.0
Administrative Reductions	(120.0)	(6.3)	(126.3)
CIP Receipt Reductions	0.0	(1,582.3)	(1,582.3)
Reduce Excess HWCF funding	0.0	(247.5)	(247.5)
International Airport Increments	0.0	576.2	576.2
Subtotal Increments/(Decrements)	(1,710.0)	(1,059.9)	(2,769.9)
FY97 GOVERNOR'S BUDGET	134,991.1	212,429.9	347,421.0
CHANGE FROM FY96 BASE	476.5	5,965.9	6,442.4
NET REDUCTION IN POSITIONS - 58			
FY96 Authorized "Base" includes \$4.75 million transferred from the capital to the operating budget.			
Note: Base adjustments for Marine Highway's Vessel components include 60% funding as GF that would be deposited to the AK Marine Highway Fund (AMHF) as well as 100% of the necessary authority to spend from the fund. The transfer of GF from the capital budget for AMHS also requires a matching increase of AMHF authority to spend. This results in a double counting of that portion of the AMHS adjustments.			

**Department of Transportation & Public Facilities
General Fund Comparison FY96 Authorized - FY97 Governor's Operating Budget**



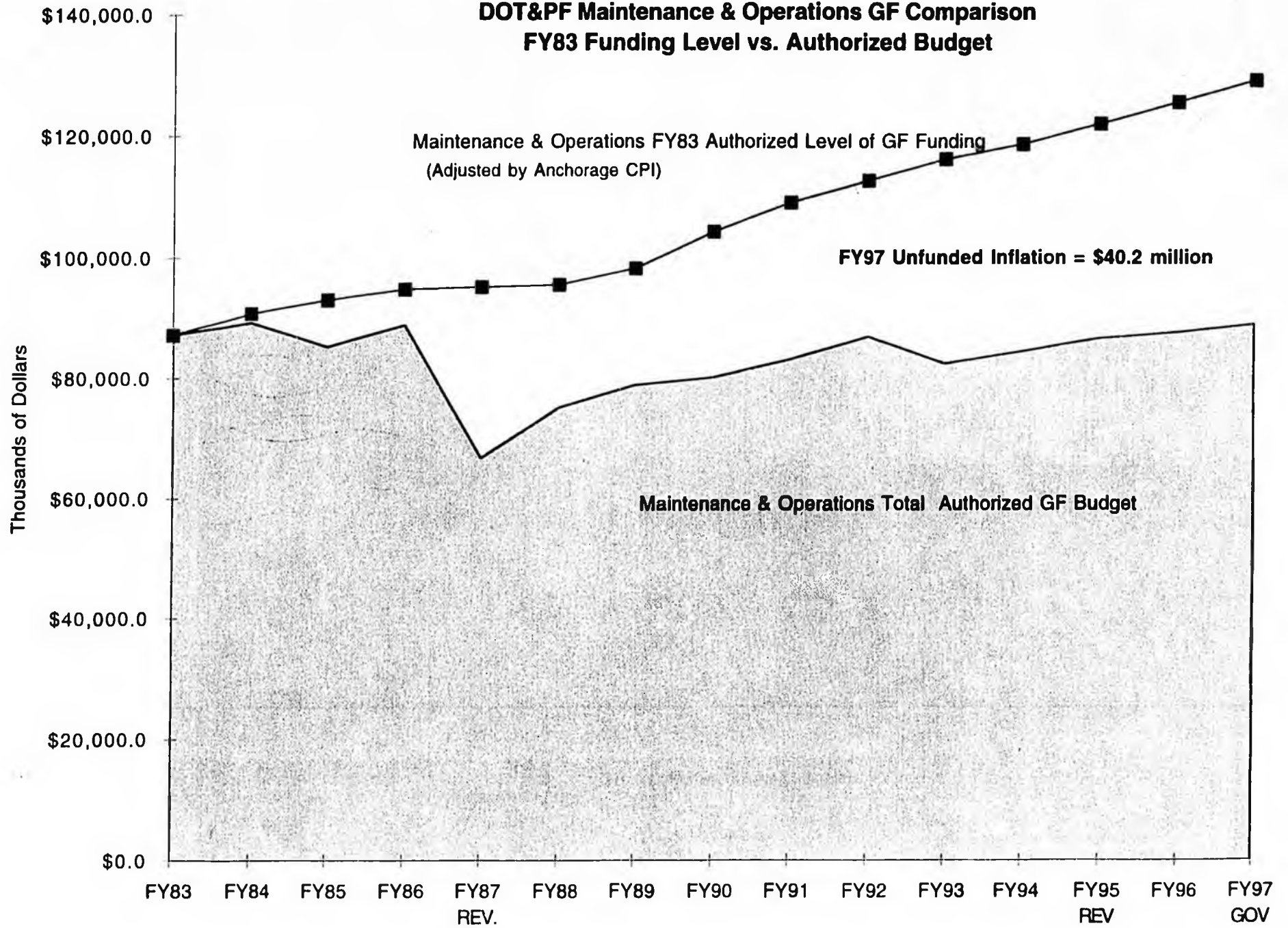


Department of Transportation & Public Facilities
FY97 Governor's Operating Budget
Maintenance and Operations General Funds

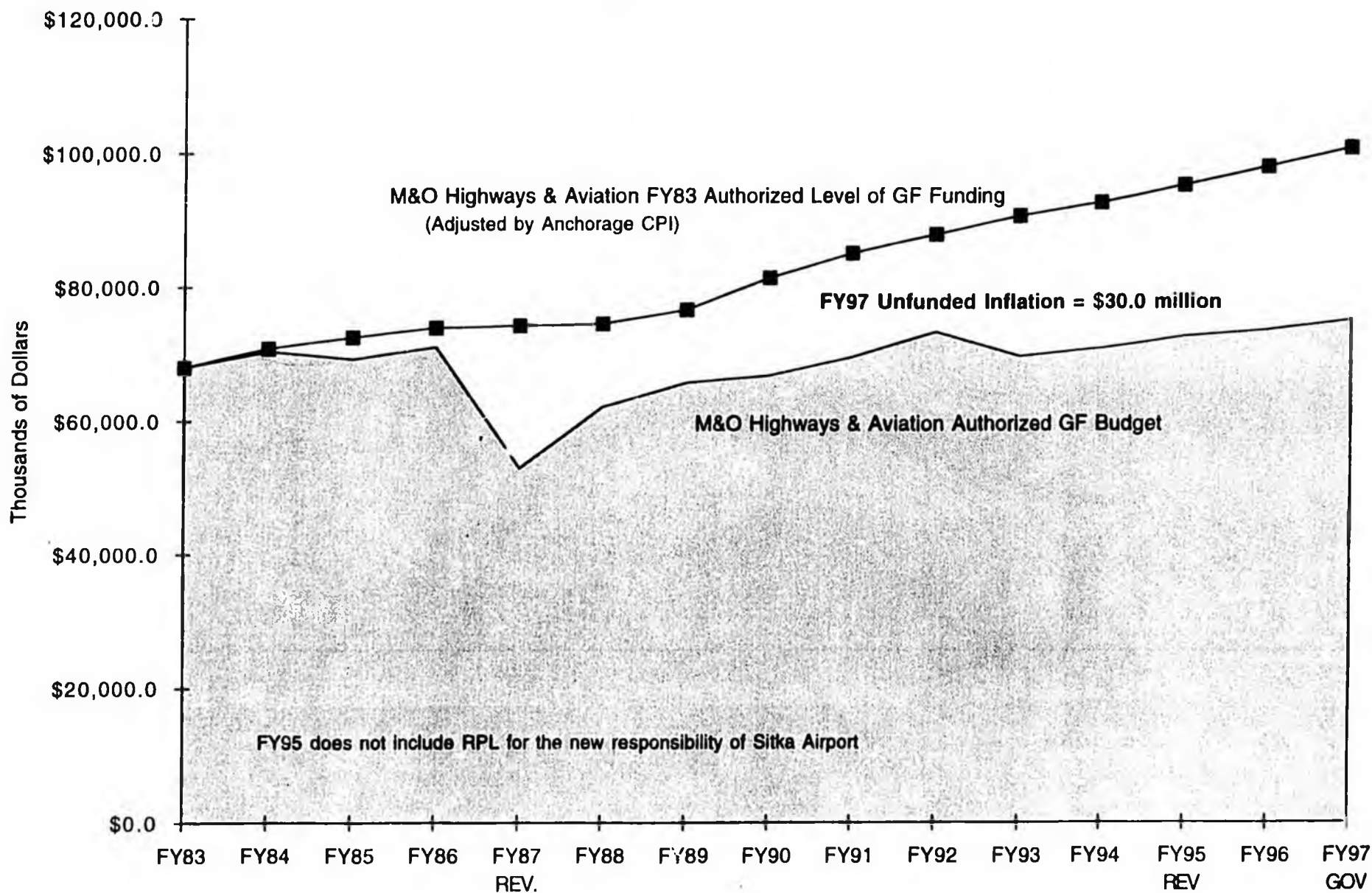


DOT&PF Total Maintenance and Operations GF Budget = \$88.9 million

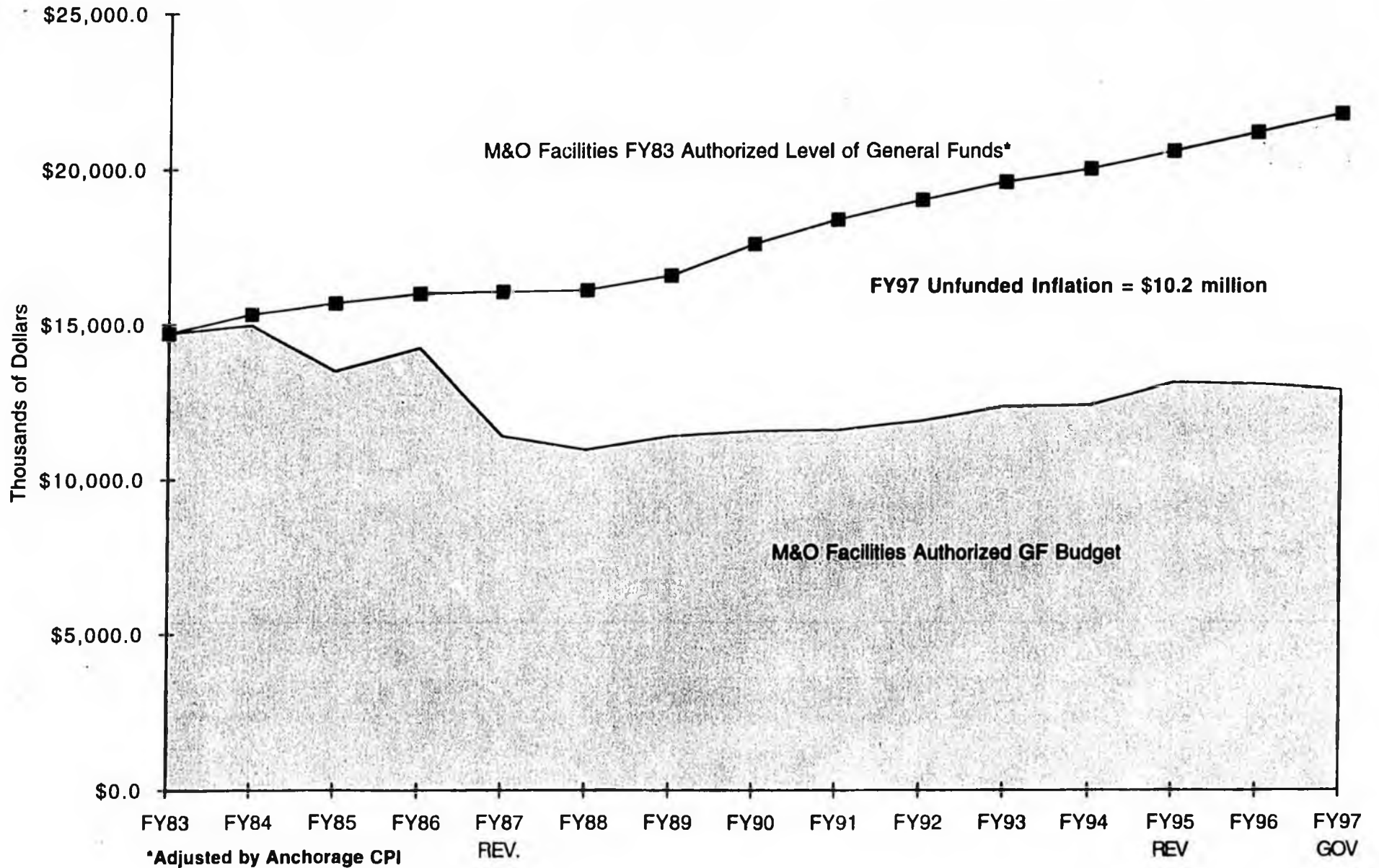
**DOT&PF Maintenance & Operations GF Comparison
FY83 Funding Level vs. Authorized Budget**



DOT&PF Highways & Aviation Maintenance GF Comparison FY83 Funding Level vs. Authorized Budget



**DOT&PF Facilities Maintenance GF Comparison
FY83 Funding Level vs. Authorized Budget**



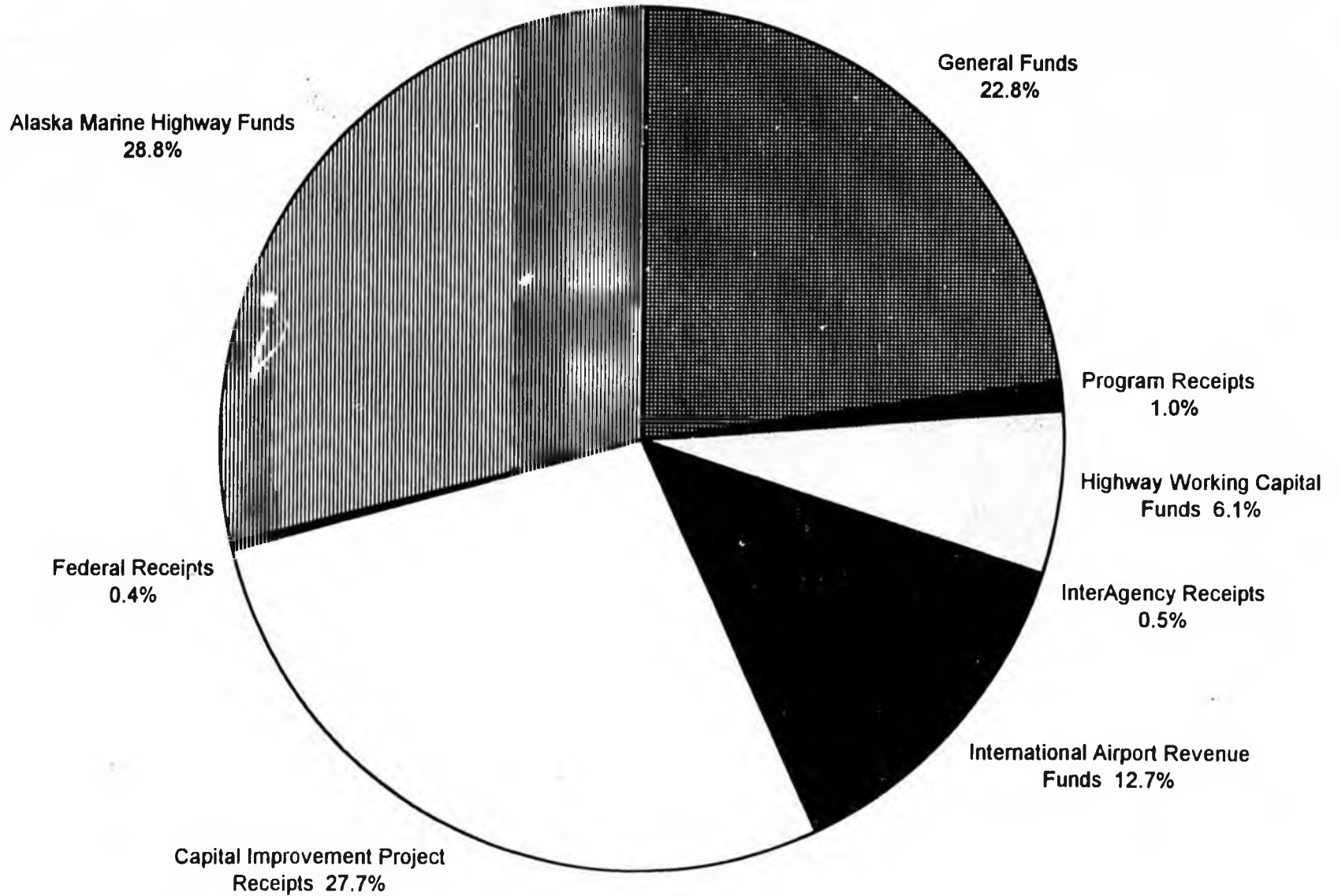
*Adjusted by Anchorage CPI

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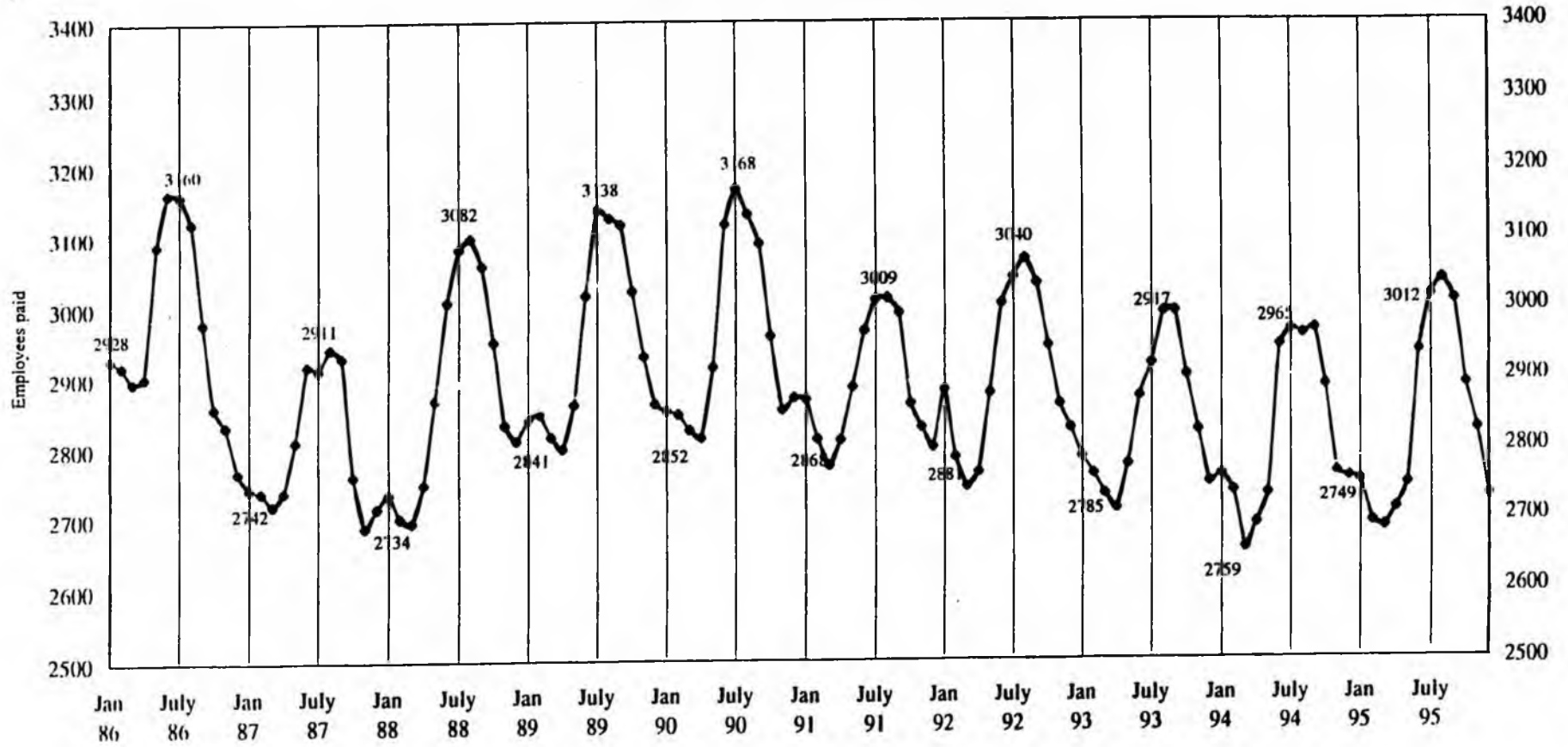
GOV

**FY96 DOT&PF FAID POSITIONS
FUNDING SOURCE DISTRIBUTION
(Average of 2878 Position Equivalents)**



ACTIVE, PAID DOT&PF EMPLOYEES

January 1986 through December 1995



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Prepared by
Carol Shelp 12/95