

ALASKA LEGISLATURE

1645

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

APPROPRIATION: LAND DEVELOPMENT		\$8,149.60	<\$217.5>	\$7,734.71
Land Development	normalize Pers Svc to other divisions '97 + 1.8%	\$7,382.10	<\$100.0>	\$7,195.20
	travel rollback 10%	\$91.20	<\$9.1>	\$82.10
	contractural 20% rollback	\$534.50	<\$53.4>	\$481.10
	commodities 10% rollback	\$131.80	<\$13.2>	\$118.60
	delete funding vacant PCNs	\$486.90	<\$41.8>	\$214.57
APPROPRIATION: OIL & GAS DEVELOPMENT		\$4,360.70	<\$53.0	\$4,310.70
Oil & Gas Development	normalize Pers Svc	\$3,958.00	<\$20.00>	\$3,938.00
	contractural rollback	\$256.50	<\$30.00>	\$226.50
APPROPRIATION: MINING & WATER DEVELOPMENT		\$5,241.60	<\$60.5>	\$5,181.10
Mining Development	travel rollback 10%	\$107.60	<\$10.6>	\$97.00
Water Development	normalize Pers Svc	\$1,117.20	\$25.0>	\$1,102.80
	contractural rollback	\$110.90	<\$20.0>	\$90.90
	travel rollback	\$19.70	<\$2.0>	\$17.70
	commodities rollback	\$25.80	<\$3.0>	\$25.80
APPROPRIATION: AGRICULTURAL DEVELOPMENT		\$2,828.90	<\$1,205.1>	\$1,623.80
Gov request		\$2,828.90		
less ARLF loan costs	<\$855.1>	\$2,828.90	<855.1>	\$1,973.80
Ag Division unchanged		\$1,973.80		
	move to Land Devel.		<\$50.0	
	delete Asst to Cr mstr, 2 Dev			
	Spec, Nat Res Ofrc	\$300.00	<\$300.0>	\$0.00
APPROPRIATION: FORESTRY DEVELOPMENT		\$9,174.40	<\$170.4>	\$9,004.00
Forestry Dev	Pers Svc rollback	\$6,756.60	<\$100.0>	\$6,656.60
	travel rollback for mmsrshp trvl	\$248.30	<\$16.0>	\$232.30
	commodities rollback	\$575.20	<\$54.4>	\$530.80

APPROPRIATION: GEOLOGIC DEVELOPMENT		\$2,650.80	\$75.00	\$2,725.80
Geologic Developmnt add 1 PCN Geologist IV				
		\$2,650.80	\$75.00	\$2,725.80
APPROPRIATION: RESOURCE DEVELOPMENT				
SPECIAL PROJECTS		\$500.00	\$100.00	\$600.00
Resource Dev Sp Prj no changes				
		\$500.00	0	\$500.00
		\$500.00	0	\$500.00
Seed Potato	ADD; div Ag to provide labor	0	\$100.00	\$100.00
APPROPRIATION: AGRICULTURAL REVOLVING				
LOAN FUND		note #1		\$290.00
ARLF Pers Svcs. 4 PCN				
				\$250.00
				\$18.50
				\$15.00
				\$5.50
				\$1.00
DEPARTMENT OF				
NATURAL RESOURCES				
		\$66,647.50	\$1,337.32	\$65,924.69
Note #1: Funding request of \$855.1 shows in Governor's Request under Div of Agri.				
This amount is deleted, above, restored to the ARLF, and available to be wholly or				
partially appropriated to run the administration of ARLF. \$290.0 needed for that purpose.				
The balance of \$565.1 remains within the cash liquidity of the loan fund.				
3/16/97 10:33				

MEMORANDUM
DEPARTMENT OF NATURAL RESOURCES

State of Alaska
COMMISSIONER'S OFFICE

TO: Annalee McConnell
Director, OMB

DATE: March 20, 1997

FILE NO: 98Impacts.doc

TELEPHONE NO.: 465-2400

FROM: John F. Shively
Commissioner

SUBJECT: Impact Statements
House Finance
Subcommittee

Attached are impact statements for the Department of Natural Resources as a result of the House Finance Subcommittee close-out of our FY96 operating budget.

Please call if you have any questions or need further clarification on any items.

Attachment

cc: DNR Division Directors

FY 98 HFSC - DNR BUDGET CLOSE-OUT IMPACT STATEMENT

Land Development Component - (\$217.9) GF

The Division of Land is the critical path through which almost all resource actions must pass!

A reduction of \$217.9 in the Land Development Component for the Division of Land has drastic and wide ranging impacts not only to the public served, but to the services and revenue generating ability of other DNR Divisions, departments, as well as local governments.

The reduction of \$217.9 will become even more dramatic when considering a \$388.0 vacancy factor in personal services coupled with the \$399.0 cost of implementing the RIP program - items which were taken into consideration in the FY98 Governor's budget. The Division of Land anticipated that additional reductions in services to the public would result when the FY98 budget is implemented, even without additional legislative reductions. The division took advantage of the RIP program to allow more costly personnel to be replaced by cheaper personnel, to give the division a chance to restructure, and to streamline its operations in an effort to reduce processing delays. The combined impact of the HFSC reduction, and the vacancy factor and RIP liability included in the Governor's budget, results in a reduction to the division in excess of \$1,000.0. This translates into a reduction of 15-20 employees added to the more than 70 positions the division has lost since 1992. There will be general and specific impacts as a result:

GENERAL IMPACTS

The largest impacts will be to the oil and gas industry, mining industry, the sagging timber industry, and general public including recreation and tourism. Small and large projects, both public and private, will be stalled. The result will be to delay job creation and commercial projects if DNR Division of Land personnel do not exist and the time delays are significantly longer than the present processing schedule.

The unauthorized use of uplands and tidelands will multiply since the division cannot respond in a timely manner to granting authorizations. The revenue losses from leases, permits, and material sales processing delays will be significant, especially when considering the reoccurring annual fees.

In addition to the general impacts outlined above, a reduction in force will require us to consider the implementation of one or several of the following options:

IMPACT TO SERVICES

1. Elimination of the Northern Region Office located in Fairbanks. The Office will be reduced to an application intake office with limited capability to address land and resources management responsibilities and issues unique to northern operations. Other services will be

curtailed or centralized to Anchorage. Leases, permits, rights-of-way, and material sales applications will be forwarded to Anchorage for processing.

Direct impacts to Northern Region

- Delays in or failure to issue leases/permits for guides and commercial ventures on state land. This will increase unauthorized use on state land and potentially lead to damage of the state's natural resources. Revenues generated by these authorizations would be lost.
- Delays in or failure to issue surface leases/rights-of-way/permits for oil and gas exploration and development. Developments such as Alpine, Badami, and North Star require permits from the Division of Land. Failure to authorize these uses could lead to costly delays in this major Alaskan industry and revenue generator.
- The positions associated with Northern Region tasks have gained years of experience in dealing with the Arctic environment, as well as developed a cooperative working relationship with industry permitting and environmental staff. This experience would be lost through elimination of most of the positions or by loss of individuals choosing not to relocate to Anchorage.
- Lease administration and monitoring and compliance functions would suffer from the loss of expertise. Discontinuity in management of these leases would be harmful to the environment, as well as in the loss of a good working relationship between the division's staff and the lessees. Such discontinuity in the past has led to major and costly (million dollar) contamination cleanups being required, such as the Forward and Child's pads cleanups.
- Cross-country travel permits would be delayed or unauthorized. This increases the potential for damage to Alaska's resources and would delay mineral exploration, oil and gas exploration, and the use of state lands by other developers.
- Material sales would not be issued in a timely manner or would fail to meet deadlines of contractors/industry. Of special merit are million cubic yard sales that would not be conducted for north slope oil and gas development of new fields or expansion of existing ones.
- RS 2477 Project Support and Continued Research would not occur. The Northern Region has housed the research program for the last four years. This staff is junior to other resource officers and would be laid off as a result of a major office reduction. This expertise would be difficult to replace and its loss would seriously hamper the state's ability to assert its rights.
- Field personnel with long-term knowledge of the region would be lost.

- Golden Valley Intertie right-of-way would not be issued timely. This multi-million dollar construction/operation is expected to start construction in 1998. This would be delayed.
- MFS Fiber Optics Right-of-Way from Valdez to Prudhoe Bay would not be issued timely. Delay of this major communications project would be detrimental to the pipeline communication upgrade, as well as potential ripple effects to communities that may be able to tie into this new communication system.
- Delay in authorizing material sales and rights-of-way for DOT/PF construction projects slated for this summer. Several authorizations are pending, including the Dalton Highway upgrades, Elliott Highway upgrades, and associated waysides for travelers.
- Cooperative efforts between the state, federal government, municipalities, and local interests groups would suffer. The region is involved in several programs that are responding to public access needs; of special note are:
 - Nenana River Canyon public access and TRAAK proposals
 - Denali North Access feasibility study
 - Dalton Highway coordination group (a group of citizens, municipal leaders, and agencies)
 - Alaska Trails System participation
 - Other cooperative land use management programs are:
 - Reindeer permits on the Seward Peninsula
 - Alaska Guard training site on the Seward Peninsula.

These cooperative efforts would be hindered without participation of the Division.

2. Elimination of the Southeast Regional Office located in Juneau. The office will be reduced to an intake office with limited capability to address land and resource management responsibilities and issues unique to the Southeast Region. Other services will be curtailed or centralized to Anchorage. Leases, permits, rights-of-way, and material sales applications will be forwarded to Anchorage for processing.

Direct impact to Southeast Region

- Extended delays or no leases/permits issued for the timber industry (private and US Forest Service). Failure to provide timber for the sawmills and creating value added jobs to replace the 500 jobs lost in Ketchikan due to the pulp mill closure. Congress and the USFS have agreed to provide enough timber from federal lands to keep the sawmills operating for the next three years, which retains the 500 remaining jobs after mill closure. The division's reduction will have a negative impact on this situation by being unable to authorize the multiple requests by the USFS.

- Upland lodge operators in the Yakataga area, who have clients booked from the US and Europe for the 1997 summer season, will operate in trespass without any revenue return to the state.
- Material contracts to the City of Petersburg could not be issued for the road construction leading to the Cabin Creek Reservoir. This multi-million dollar city project is essential to meet the high water demands of the fish processing plants during the peak summer season.
- City of Skagway is in immediate need of a landfill site which could be accomplished through a municipal land entitlement. A city RFP is presently being advertised to create an incinerator building on state land. Existing landfill capacity will be reached in 1997 and an approved site is critical by this fall.
- Lack of a tideland authorization to the City and Borough of Sitka for a facility to export water to Korea could result in a multi-million dollar loss of annual revenue to the city.
- Delay of authorization for the proposed Tongass Coast Aquarium in Ketchikan will result in the loss of jobs to help replace those caused by the mill closure.
- No authorizations could be issued to DOT/PF, Alaska Marine Highways, for the Auke Bay ferry terminal expansion, and the nearby 1.5 mile road bypass, both to be out to bid this spring.
- The Goose Creek Phase II Subdivision at Thome Bay would be delayed or shelved. The city is fronting the survey money because DNR's Phase I did not fulfill the demand for commercial land. DNR could be faced with repayment of survey costs to the city. KPC mill closure has added increased interest in additional land to diversify the economy.

3. Elimination or reduction of **Central Office and Southcentral Region** programs.

Central Office

- Eliminate appraisal assistance to other divisions and departments including EVOS work in support of on-going projects.
- Eliminate lease reappraisals. As leases require reappraisal, rentals will remain the same as no reappraisals necessary to establish the fair market rent will be completed.
- Eliminate survey assistance provided in support of activities of other divisions and departments.
- Eliminate all title analysis work done in support of departmental activities.

- Reduce intake and review activities necessary for the state to receive its land entitlement from federal government.
- Reduce support to Attorney General's Office on state's rights issues.
- Eliminate graphics support services, including maintenance and preparation of easement atlases which identify access on state owned lands.
- Eliminate processing of interagency land management transfers to other state agencies, such as DOT/PF.

Impact to Southcentral Region

- Eliminate shorefishery and mariculture/aquatic farming programs.
- Reduce land use permitting activities.
- Reduce land leasing program activities.

Impacts to Alaska Mental Health Trust Lands Management

- Alaska Mental Health Trust (AMHT) lands are managed by the Alaska Department of Natural Resources (DNR) on behalf of the Alaska Mental Health Trust Authority. The Trust Land Office (TLO) within DNR is responsible for all aspects of AMHT land management unless the TLO delegates responsibility to other DNR divisions pursuant to a written agreement.
- Accordingly, the TLO has contracted with the Division of Land (DOL) for assistance in protecting Trust Land values and generating revenues from the Trust surface estate. The DOL currently assists the TLO in the following areas of AMHT land management:
 - Application receipt and adjudication
 - Lease and contract administration
 - Title research and maintenance
 - Field inspections
 - Decision document preparation
 - Public notice
 - regulatory enforcement
 - Entitlement acquisition

Budget reductions projected for the Division of Land for FY 98 will undoubtedly have an impact on TLO management of AMHT lands. Impacts will likely include:

1. Increased costs due to contracting with third parties
2. Reduction in response time to applications
3. Less field presence
4. Postponement of entitlement acquisition

- Additionally, the TLO, like the private sector, relies on the DOL for certain regulatory actions. The effects of a DOL operational fund shortfall will affect the TLO as it will affect the private sector - if the DOL is unable to respond to regulatory actions as before, projects will be delayed.

4. **Public customers** will experience prolonged delays for land authorizations and even greater delays for activities requiring field work, surveys, appraisals, and title work.
5. **Services provided to other state agencies** will be reduced causing delays to resource use such as oil and gas leasing, DOT/PPF road construction, large mining development projects evaluation and authorization, receiving title to state land from the federal government, assistance with timber sales, agriculture contracts, and mental health lands application adjudication.

Impact to Division of Oil and Gas

- The Area-Wide leasing program was established through legislation passed last session. This program accelerates the leasing program and when fully implemented in 1999 it will mean that virtually all available state land on the North Slope, in the Beaufort Sea, and in Cook Inlet will be available for lease on a yearly basis. This program helps Alaska to remain competitive in the international marketplace. The Division of Land does much of the title work for these lands. Since drilling cannot commence until clear title is established, it makes little sense to create a bottleneck in an otherwise very streamlined program.
- If the Special Masters' decision is upheld by the Supreme Court (decision expected this summer), Alaska will come into possession of the lagoonal areas around ANWR. Naturally, we would like to get these lands into our Area-Wide leasing program as soon as possible. First the lands have to be surveyed. Budget cuts contemplated by the House Budget Subcommittee will delay this work.

Impacts to Division of Mining and the Mining Industry

- Conveyances for Potential Large Mines will be delayed a few years. DMWM works with national mining firms to accelerate conveyance to land with significant industry activity. Our goal is to allow large mines to come into production on state, not federal land. These conveyances are dependent on the Title Section within Division of Land. If conveyances slow down, we can expect that land title for some important mineral prospects will be set back by two or more years. This could delay future production where important mineral properties await state conveyance.

- Conveyances for Alaskan Placer Miners delay causes some placer miners to go bankrupt. BLM's recently proposed regulations will require placer miners on federal land to put up a large cash bond. If enacted, the regulations will eliminate the ability for most placer miners to operate on federal land. We expect these miners to quickly plead for state to accelerate Tentative Approval (TA), which would allow them to operate on state rather than federal mining claims. The conveyance work for the many small placer claims requires significant work by the Title Section within Division of Land. This will almost certainly not be possible in light of the proposed cuts.
- Assertion of RS2477: Some of Alaska will Become Off-limits to Development. We assume that budget cuts of this magnitude will slow or stop Division of Land from asserting state management of RS 2477 access routes. These routes can be critical for access to some state and private land. Without them, the land becomes essentially inaccessible for development.
- Material Sales: Delay. To the extent that the proposed cuts delay material sales by Division of Land, the cuts may also delay mining operations that are dependent on the sales for building roads or other facilities. Off-site material sales occur for a number of the larger mines. Both Fort Knox and Usibelli Coal Mines have used state material sites for their development.
- Land Classification: Delay. Large mining projects frequently require off-lease development. Where a land-use plan has not been completed, state law requires a site-specific plan to proceed land classification before the lease can be issued. Lack of staff can delay these activities.
- Mineral Opening Orders: Delay. We expect that the few mineral opening orders that the state processes each year will be significantly delayed.

Impacts to Division of Forestry

- The Division of Land supports the Division of Forestry and the forest industry by providing surveys, title searches, site-specific plans, and rights-of-way for timber sales and permits and leases for log transfer facilities and other development sites. This year for example, sorely needed timber sales to local operations on Wrangell Island would have been delayed without planning support from the Division of Land. Division staff also provided surveys for spruce bark beetle timber salvage sales on the Kenai Peninsula, and work with Forestry staff on access authorizations on a regular basis.

FY 98 HFSC - DNR BUDGET CLOSE-OUT IMPACT STATEMENT

Parks Management Component - (\$183.9) GF Program Receipts

Parks has a highly seasonal operation. Most of its operating budget is devoted to serving the millions of visits to state parks that are concentrated in the summer months. A budget cut of this magnitude will inevitably compromise public access during Alaska's short, intense outdoor recreation season. Staffing will be significantly reduced. Remaining staff will be re-deployed to the most important parks to provide a minimal service level. This will leave some parks with no staff and they will be closed. These closures and staffing reductions will reduce the amount of user fees being collected. Since these fees are returned to the park system to support maintenance and operations, their loss will trigger further staff reductions and park closures, for a total budget reduction of \$315.9 rather than the Finance sub-committee's proposed \$183.9 cut. In addition, the \$100.0 Parks had anticipated returning to the general fund over and above the Governor's requested program receipts authorization will not be generated. When the dust finally settles, a total of 15 staff will be lost, along with 18 units of the state park system.

This proposed reduction will cause Parks to terminate 25% of its summer seasonal work force of "Alaska Conservation Corps" (ACC) employees. ACCers are temporary, non-permanent employees who perform a variety of important jobs: staffing fee collection booths, answering questions, maintaining trails, collecting garbage, cleaning latrines. The impact of this action will be felt by the public through dirty facilities, deferred maintenance, less public information. 14 positions will be eliminated. In selecting ACC positions to cut, an emphasis was placed on retaining those necessary to collect and account for program receipts.

The over-riding goal in focusing staff cuts on temporary employees is to retain the permanent, professional staff. These highly trained park rangers perform law enforcement, supervise volunteers, manage commercial activities, lead naturalist programs, and provide a variety of other demanding services. The state has a considerable investment in their training and retention, which must be protected. Even so, one permanent park ranger position will be eliminated, from a current staffing level of 39. A summary of permanent staff reductions and redeployment (by park unit) is attached.

Under normal circumstances, temporary ACC staff are paired with permanent ranger staff. Once the ACC staff are gone, however, rangers from lower priority park units will be re-assigned to assist the reduced staff at higher priority parks. Lower priority parks will be closed, and public access barred. Some parks will be "passively managed", meaning access will be allowed but there will be no refuse service, restrooms will be closed, and park staff will not visit. The four state parks in Sitka are candidates for transfer to local government. A list of parks to be closed, passively managed, and transferred is attached.

The loss of staff and resulting facility closures actually increases the proposed budget reduction to Parks Management from \$183.9 to \$315.9.

Proposed Finance Sub-committee reduction	\$183.9
Lost fee revenues from closed facilities	132.0
Resulting reduction to Park Management Component	\$315.9

One casualty of these cuts will be the popular annual camping pass. The state cannot responsibly sell annual camping passes and then close parks and drastically reduce services. These passes have been on sale for several months. All purchasers will be contacted and given a full refund. The administrative cost of this refund will alone run several thousand dollars.

The administration's FY98 budget submission included funds to operate 14 newly constructed latrines located along popular highways and travel routes. Ten of these will not be opened. Their doors will be secured shut, and public access will be prevented. A partial list of mothballed sites includes the Kenai River (Pillars), Cooper Landing, Chena River, Seward Highway, and Chilkat Bald Eagle Preserve. In addition, five new facilities will not be opened because of lack of support for operations and volunteers - Kenai River (Pillars), Cooper Landing, Chilkat Bald Eagle Preserve, Aleknagik, and Denali Viewpoint North.

What other impacts will Alaskans and visitors see? Many will find their favorite state parks closed and inaccessible. Facility maintenance will be further deferred. Ranger patrols will be more infrequent. Litter will accumulate. Brochures will be out of print. Naturalist programs will be discontinued. Road maintenance will cease. The predictable response from the public will be resistance to any user fees, increased vandalism, and an overall dissatisfaction with the degraded services.

Looking to future years, additional budget reductions of this magnitude will result in the suspension of the Parks capital improvement program, which is primarily supported by federal grant funds and other, non-general fund sources. Projects currently in development that may not be built include Gulkana River access facilities, South Denali visitor facilities, Eagle Beach access facilities, and Bird Point scenic overlook and access.

Alaskans consistently indicate that outdoor recreation is an extremely important part of their lifestyle. State parks, by making the outdoors accessible, contribute directly to Alaskans' quality of life. The other constituent group of state parks is tourists. Tourists are often lured to Alaska by beautiful photos of its national parks, but they gravitate to its state parks because state parks are road accessible, facility-rich, and user friendly. The long term financial damage to Alaska's tourism industry from this ill-advised budget cut cannot be calculated.

Attachment

FY98 Proposed Park Closures

The 18 state park units listed below will be closed, passively managed or proposed for transfer to other management as a result of the general fund budget reductions in FY'98. To close a unit means to cancel refuse removal service, board up the restrooms, eliminate park staff patrols of the facilities, and to close and lock gates where they exist. Passive management means park access will be allowed but there will be no refuse service, restrooms will be closed and park staff will not patrol the area. Some units will be proposed for transfer to local jurisdictions or managed on a limited basis by non-profit organizations.

Northern Area

Lower Chatanika SRS
Upper Chatanika SRS
Chena River SRS

Management Status

Close campground, passively manage day use
Close campground
Close campground, possible contract option

Mat-Su Area

Big Lake North SRS
Big Lake South SRS
Hatcher Pass/Independence Mine
Kepler-Bradley SRA
King Mountain SRS
Long Lake SRS
Matanuska Glacier SRS
Rocky Lake SRS
Wolf Lake SRS

Close campground and boat launch
Close campground and boat launch
Passive and transfer of Visitor Center
Close day use area
Close campground
Passive
Passive
Close campground
Close campground

Kenai Area

Anchor River SRA
Stariski SRS

Close campgrounds, passively manage day use
Close campground

Southeast

Sitka State Park Units (4)

Transfer to City of Sitka

New park units that will not open:

The Pillars (Kenai River)
Cooper Landing Boat Launch (Sterling Highway)
Alaska Chilkat Bald Eagle Preserve viewing platform/nature trail/parking lot
Lake Aleknagik Boat Launch (Wood-Tikchik State Park)
Denali View North (Parks Highway)

**Summary of Permanent Staff Reductions
Proposed House Finance Subcommittee Cuts (\$185.0)**

FY98 Operating Budget

The following summary identifies the changes that will occur in permanent position allocations as a result of proposed budget reductions:

	Status	Location	Component	Positions Lost/Transfer	
				PERM.	TEMP.
1	Impact on Summer Hire Program				
	ACC Summer Hire Program	Statewide	Park Management	0	-14
2	Elimination of Staff will Occur at the Following Locations				
	Anchor River SRS	Kenai Area	Park Management	-1	
	Hatcher Pass	Mat-Su Area	Park Management	-1	
	ChenaSRS/Chatanikas	Northern Area	Park Management	-1	
	Sitka	Southeast Area	Park Management	-1	
				<u>-4</u>	
3	Reduction of Staff in the Following Locations				
	Haines	Southeast Area	Park Management	-1	
4	Redeployed Staff - To Compensate for loss of ACC Program				
	Chena River SRA	Northern Area	Park Management	1	
	Nancy Lake/Willow	Mat-Su Area	Park Management	1	
	Haines	Southeast Area	Park Management	1	
	Deep Creek/Ninilchik	Kenai Area	Park Management	1	
				<u>4</u>	
	Net Reductions			-1	-14

FY 98 HFSC - DNR BUDGET CLOSE-OUT
IMPACT STATEMENT

Forest Management and Development Component - (\$170.4) GF

Forest Practices -- (150.0) personnel 100.0, travel 16.0, contractual 34.0

- Cut two positions in the Coastal Region, associated travel, and nearly all FPA contractual funding.
- This will eliminate over 40% of the forest practices inspections in the Coastal Region (80-90 inspections/year), including southeast Alaska and the Kenai-Kodiak Area. It will also increase the likelihood of significant problems going undetected in advance and damaging water quality and fish habitat.
- Weakening FPA implementation and enforcement increases the chance that the EPA will not certify the FPA as meeting Clean Water Act standards under section 6217. Without this approval, private timber owners will have to deal with federal standards and federal agency staff on Clean Water Act compliance. The EPA is already reviewing the FPA for compliance with federal standards.
- DOF will not be able to meet statutory deadline for reviewing detailed plans of operation and will cause delays to private timber owners and operators.
- FPA staff also assist in timber sale layout and administration, especially in southeast Alaska. Cutting these positions will decrease the amount of timber we can offer by about 375 MBF, which will reduce revenue to the GF by about \$110.0.

Resource Management -- (20.4) commodities

- Decrease the amount of timber harvested and land reforested in Interior Alaska by 400 MBF/year. This would decrease the amount of revenue to the General Fund by about 26.0 and eliminate 2-4 jobs in the private sector. (Scientific equipment, flagging, fuel, advertising, public comment, printing, cone collection and processing)

FY 98 HFSC - DNR BUDGET CLOSE-OUT IMPACT STATEMENT

State Historic Preservation Program Component - (\$94.0) GF Match

1. A \$94.0 GFM cut to the State Historic Preservation Program component means a loss of \$141.2 CIP federal Historic Preservation Fund matching money. **The total reduction is \$235.2 to the State Historic Preservation Program.**
2. Although the Governor's budget for the State Historic Preservation Program component shows \$1276.4 in the budget document, all but \$291.5 is **authorization to receive non-state funds (primarily federal and interagency receipts).**
3. **Personnel, programs, and services will be eliminated or significantly reduced.** Three positions will be lost. Each position is responsible for several programs, all highly leveraged through partnerships and non-state money. The citizen's board, the Alaska Historical Commission, will not be able to meet. The budget document shows 13 full-time and 3 part-time positions for the OHA. Only 7 full-time positions are supported from the general fund match, and each only at 40% or less.
4. At a time when federal programs are delegating increased authority to states, the OHA will not be able to minimally meet its required tasks and personnel requirements and **will jeopardize its eligibility to receiving matching federal funds.** The state might lose its delegated authority if it cannot perform services and administer the legislated programs. If that happens, Alaskans will have to work with federal agencies in Denver, Colorado or Washington, D.C. and state will lose federal grant of over \$400.0.
5. **The development industry will suffer.** Developers using federal land, funds, or permits, will incur increased costs to research and evaluate historic and archaeological sites prior to submitting a project for review as required by federal law. Project reviews will take longer, or even worse, some reviews will not get done. This will increase the frequency of costly shut downs of projects when historic sites and burials are found. There were 2354 projects reviewed last year.
6. **Federal projects might be delayed or canceled** because agencies must comply with federal laws concerning historic and archaeological resources which require OHA review. These include millions of dollars invested in highway and airport improvements, hazardous and toxic waste clean-ups, HUD housing, village water and sewer improvements, timber sales, major mineral developments, and oil and gas leasing. There were over 2250 federal agency projects last year.
7. **New information will not be entered on the state database of historic and archaeological sites** consulted by developers, local governments, and federal agencies. Again, this will increase the frequency of discovery of unknown sites which will cause costly shut downs. The efficiency of having a centralized inventory serving all state

users will be lost. Annual database updates are provided to 18 federal agencies, 7 local governments, 3 native corporations, 4 oil companies, and 4 state agencies.

8. **The proposed cut will force implementation of high fees for services** including review of development sites for the presence of historic properties and obtaining archaeological permits.
9. **Assistance to local government programs will diminish.** Thirteen local governments have benefited from federal funds made available by the state's participation in the historic preservation program. Successful initiatives accomplished through state-community partnerships will be lost. \$430,140 in grants have been awarded local governments since 1987.
10. **Litigation, to which the state will likely be a party, will likely increase.** Law enforcement, judicial officials, and private citizens will have less access to technical assistance from OHA professionals who have experience dealing with ancient human burials and discoveries of heritage sites. If OHA staff are unavailable to negotiate resolutions, litigation will increase.
11. **Access to historic preservation economic programs will be more difficult.** The accustomed vehicles of communication--a newsletter, telephone consultation, and workshops--will no longer make information available. Qualifying for the Investment Tax Incentive and other federal preservation programs through listing of properties in the National Register of Historic Places will be delayed.
12. **Successful partnerships will be lost.** Among these are Alaska Project Archaeology, a teacher training and curriculum development program; the Gold Rush Centennial Task Force; heritage surveys on federal lands by state personnel; and an effective statewide preservation planning program.
13. **Ability to respond to emergencies will be compromised.** Oil spills, floods, and other disasters impact cultural resources and, even during emergencies, there must be compliance with federal and state preservation laws. Without the involvement of OHA staff knowledgeable of the laws and having scientific expertise, increased litigation could result and historic resources be negatively impacted.
14. **Students will not have the opportunity to get on-the-job exposure to public history and cultural resources management.** The OHA has helped a number of Alaskans get training and experience that has been helpful when applying for graduate schools and in obtaining jobs in cultural resources management. An average of 11 students and 15 volunteers participate each year.
15. **The state geographic names program will be discontinued.** The public will not have a place in the state to go for information on how to name a geographic feature. The Alaska Historical Commission will not be able to meet to review proposals. Working solely with the federal Board of Geographic Names will delay the process and reduce opportunities for careful public review.

FY 98 HFSC - DNR BUDGET CLOSE-OUT IMPACT STATEMENT

Oil & Gas Development Component - (\$50.0) GF

Although our budget reduction is small compared to some others it still results in a large impact to the oil and gas program.

Protecting the state's interest is an essential part of our mission. We use our contractual money to hire experts to help us with (for example) complex unitization agreements. Our "competition" (the industry) has a huge STAFF of experts, yet they still hire more consultants and lawyers to argue their side of the issue. The industry's competitive advantage widens since this budget cut of 12% in contractual services (\$30.0) reduces our ability to hire experts to protect the State's interests. As an example of these needs, four new programs where we will need to utilize outside expertise are:

Alpine Unit. The division will be negotiating with Arco, Anadarko, Union Texas Petroleum and ASRC regarding the terms for the formation of this new unit. Part of this process involves the allocation of oil to the individual leases within the proposed unit. We rely, in part, on outside engineering help to be sure the state's allocation is proper.

Lifting the Export Ban. With the ban on exporting Alaska's oil finally lifted we now must determine the effect of this action on the oil royalty formulas developed as part of the overall royalty settlements. The State must decide whether to "reopen" these agreements, and be prepared to defend itself if one (or several) of the producers choose to reopen. We must also begin to consider the effect of lifting the ban on the State's in-kind oil sales. These are exceedingly complex issues with the potential for large financial impacts to the State. We will be seeking outside expertise for both these issues.

Royalty Valuation. The state spent millions of dollars on experts to assist it in valuing North Slope oil. We are now valuing Cook Inlet oil. Although we certainly do not expect to spend millions, we will need outside help.

Gasline Issues. If a restructuring of the state's royalty terms is considered as part of a financial strategy for future gas sales we will certainly need expert help.

The programs noted above are in addition to consulting needs for our existing leasing, units, royalty and other programs. We will be forced to reduce the level of review and analysis performed by our consultants on one or more of these vital programs which directly impacts the state's financial status.

The (\$20.0) cut to our personal services funding will mean a needless reduction of student intern time to enter royalty data into our OGRA (oil and gas royalty accounting) system. Reducing this cost-effective means of data entry simply means the "real" accountants will spend more time on data entry. Backlogs will inevitably develop. This small cut just throws sand into the gears of our royalty accounting system.

FY 98 HFSC - DNR BUDGET CLOSE-OUT
IMPACT STATEMENT

Water Development Component - (\$50.0) GF Program Receipts

1. Eliminate one part-time hydrologist position in Fairbanks. Position PCN 2052, Juneau has just become vacant due to the resignation of the only ground water hydrologist technical expert in state government. Not filling this position will leave the state vulnerable to litigation on controversial mining or other development projects where ground water is an important element of the government decision on that project. Accordingly, the ground water skill needs to be maintained. The part-time hydrologist position in Fairbanks (PCN 2174) will be eliminated since it is partially covered by skills of a more experienced hydrologist in Anchorage. The net result will be slower service to miners using the Fairbanks office and the loss of the skills associated with EPA decisions about sediment loading from watershed disturbance. It should also be noted that there is no other hydrologist working in State government. The loss of the part-time hydrologist will impact access to hydrologic data used by the public, local governments, and other state agencies. New data collected as part of on going hydrologic projects, water right adjudication process and other sources of data from state, and local governments will not be added to the existing databases and will not be available for use in future development decision making processes as a result of picking up the work of the deleted Fairbanks position by an Anchorage hydrologist.

2. The reduction of \$20.0 in contractual leaves \$6.3 for the entire water development component after DOA is reimbursed for space and telecommunications services. It is likely that we will have to eliminate the Water portion of funding for the 50% shared Water/Land position in Palmer to assure that there are adequate funds to pay for long distance telephone, postage, electricity, repairs, training, and professional publications. This will make the Palmer office an intake only office for Water.

FY 98 HFSC - DNR BUDGET CLOSE-OUT
IMPACT STATEMENT

Agricultural Development Component - (\$865.1) ARLF, (\$50.0) GFPR

Reduction of \$565.1 in ARLF management operations. A separate appropriation for ARLF is not objectionable - however we must assure that the function is adequately funded in order to protect the state's best interest and assure protection of collateral. If we were to simply deal with the administration of \$20 million worth of loans a year the \$290.0 proposed funding may be adequate. However, we have a significant portfolio and variety of loans to administer in addition to our ministerial functions of land management and protection of collateral. In addition we still have work to be done in the legal arena in terms of collecting on our old non-performing loans.

ARLF program activities currently include the following as of 2-28-97:

154	Loans
13	Contracts
9	Notes
15	ARLF Judgments
1	Delta Clearing Loan
6	Pt. MacKenzie Clearing Loans
2	General Fund Judgments
28	Property Leases
5	Short Term Building Rentals

- 1) In addition to handling 150 or more active loans, there is asset management requirement on 28 leases including major infrastructure, facilities like meat and dairy processing, fertilizer and grain storage and numerous producing farms. Personal service requirements will exceed the recommended funding of \$250.0.
- 2) Travel requirement for at least 10 monthly meeting of the 7 member loan board plus loan officer visits to clients spread from Fairbanks to Umnak Island will likely exceed the \$18.5 recommendation.
- 3) Contractual services for asset insurance and taxes alone will exceed the \$15.0 recommendation. In addition we have vehicle costs of \$7.0, Department of Law legal services at \$175.0, plus all the postage, phone, computer data and office machine costs to handle.
- 4) The key unknown in contractual services is repair and maintenance of asset facilities which is mostly weather and vandal related.
- 5) Supply cost for paper, loan document forms, sale brochures, computer disc etc. have historically exceeded \$5.5 recommendation.

Any problems that occur with asset facilities may require a supplemental budget request. The timing may be critical in terms of protection of assets, and the opportunity for approval of supplemental funding only occurs once a year.

Reduction of \$300.0 for general Agriculture activities funded with ARLF. Four positions will be deleted. Reduced industry services include: marketing services; meat grading, produce and grain grading; management assistance to Soil and Water Conservation programs; land management services and disposal programs; asset management of ARLF facilities such as the Meat Plant and Mat Maid facilities; market news information and liaison with institutional purchasing and export marketing contracts.

Reduction of \$50.0 program receipts. Loss will delay hire of Local-71 labor when needed as Plant Material Center project agreements with private entities are entered into, due to the delay in obtaining authorization for these projects on an individual basis from LB&A.

FY 98 HFSC - DNR BUDGET CLOSE-OUT
IMPACT STATEMENT

Fire Suppression Component - (\$43.5) GF

Fire Suppression – travel (1.8), commodities (1.7)

Fire suppression fixed costs are reduced resulting in increased suppression operational costs because of degraded capability. Budgeted fixed costs for FY98 are anticipated to be approximately \$4.6 million. With a normal appropriation level of \$3.6 million, disaster declaration early in the fiscal year with subsequent supplemental funding request will continue to be the norm as in the past 10 years.

- **Fixed costs in travel for pilot training will be cut resulting in reducing the types of aircraft pilots can fly thereby increasing the cost of suppression because availability of lead planes to direct retardant aircraft will be reduced.**
- **Commodities will be reduced by cutting back on bulk fuel for remote fuel caches. This will slow response for helicopters and fixed wing aircraft to fire suppression operations because longer flights for refueling will be necessary. Thus increasing the cost of fire suppression operations.**

FY 98 HFSC - DNR BUDGET CLOSE-OUT
IMPACT STATEMENT

Administrative Service Component - (\$89.5) GF

The Administrative Services group has been reduced to the point where they do not have any other option than to charge the programs delivering services to the public.

A Shared Services Agreement with DMVA was started in FY97 to gain efficiencies at the top after deletion of the Lead Revenue Accountant and Assistant Director position in previous years.

In FY98 an increment was requested of \$68.0 in I/ A receipts (see page 000086) for personal services to pay for the existing staff from federal funding for support of lower 48 fires. DOA is delegating more of their core services to the agencies and this group has to maintain the personnel files, issues paychecks, pay the vendors, and bill and collect the agencies revenues. Reducing staff and support cost is not an option.

If this reduction remains in effect we will have to allocate it to the operating divisions who in turn will reduce delivery of services to the public.

Technical issue:

Rep. Kelly's staff did not take in consideration that the increase in personal services is a result of I/A receipts. If they did choose to reduce this increase they should reduce \$59.8 in I/A receipts.

FY 98 HFSC - DNR BUDGET CLOSE-OUT
IMPACT STATEMENT

Mining Development Component - (\$10.6) GF

First priority for travel in the mining development component is to assure that mining operations are being conducted in a manner consistent with the approved plan of operations, approved reclamation plan, and for technical assistance to small miners. In-state travel associated with mining development generally involves charter aircraft and these costs are increasing. We anticipate the overall travel in this activity to increase in direct relation to the increase in mining activity throughout Alaska. Travel to international and national meetings by technical experts in permitting and location/leasing requirements that assist in marketing the mineral potentials on state and native lands will be deleted.

FY 98 HFSC - DNR BUDGET CLOSE-OUT
IMPACT STATEMENT

Commissioner's Office Component - (\$7.4) GF

The Commissioner's Office contractual services have been underfunded when compared to FY96 actuals. This budget is managed very prudently but with the broad responsibilities and variety of issues facing this agency additional expenditures at times are needed, if the funding in this budget is insufficient the divisions will have to assist in paying the bills.

Note:

An additional financial impact to all of DNR's divisions is likely to result if there is a reduction in the Department of Administration's budget for "core services". We cannot quantify the dollar amount or the programmatic impacts at this time, but any reduction taken in DOA core services will more than likely be allocated out to other state agencies. This will result in further reductions in our operating programs.

PUBLIC
SAFETY

Agency Totals - FY98 Operating Budget

Agency: Department of Public Safety

	<u>FY96 Act</u>	<u>FY97 Auth</u>	<u>Gov Amd</u>	<u>House</u>	<u>Gov Amd to House</u>	
Totals for Agency	95,147.5	96,593.3	93,244.0	92,175.9	-1,068.1	-1.1%
<u>Objects of Expenditure:</u>						
Personal Services	58,353.3	60,380.5	54,564.8	54,564.8	0.0	0.0%
Travel	3,231.8	3,581.2	3,713.2	3,713.2	0.0	0.0%
Contractual	18,976.9	20,759.0	20,722.2	20,532.2	-190.0	-0.9%
Commodities	3,374.0	2,604.0	2,600.2	2,600.2	0.0	0.0%
Equipment	2,479.4	366.9	465.1	465.1	0.0	0.0%
Lands/Buildings	17.0	0.0	0.0	0.0	0.0	0.0%
Grants, Claims	8,721.1	8,846.7	11,178.5	11,118.5	-60.0	-0.5%
Miscellaneous	0.0	55.0	0.0	-818.1	-818.1	0.0%
<u>Funding Sources:</u>						
1002 Fed Rcpts	4,829.7	5,736.5	9,043.6	9,043.6	0.0	0.0%
1003 G/F Match	898.9	646.6	554.0	554.0	0.0	0.0%
1004 Gen Fund	77,035.2	78,354.4	76,123.9	75,285.6	-838.3	-1.1%
1005 GF/Prgm	6,406.0	6,036.8	921.2	921.2	-0.0	-0.0%
1007 I/A Rcpts	3,542.9	2,811.7	2,508.1	2,508.1	-0.0	-0.0%
1024 Fish/Game		325.0	885.0	885.0	0.0	0.0%
1050 PFD Fund	1,973.7	1,634.9	2,126.5	2,126.5	0.0	0.0%
1091 GF/Desig	461.1	1,047.4	1,081.7	851.9	-229.8	-21.2%
<u>Positions:</u>						
Perm Full Time	871.0	869.0	733.0	733.0	0.0	0.0%
Perm Part Time	49.0	46.0	32.0	32.0	0.0	0.0%
Non-Perm	2.0	1.0	1.0	1.0	0.0	0.0%

Component Summary - FY98 Operating Budget

Agency: Department of Public Safety

Page	Budget Component	FY96 Act	FY97Auth	Gov Amd	House	Gov Amd to House	
Fish and Wildlife Protection							
1	Enforcement/Investigative Svcs	10,560.0	10,888.6	11,254.7	11,254.7	-0.0	-0.0%
2	Director's Office	239.8	229.0	245.6	245.6	-0.0	-0.0%
3	Aircraft Section	1,917.9	1,427.0	1,645.4	1,645.4	0.0	0.0%
4	Marine Enforcement	2,537.1	2,544.9	2,735.4	2,735.4	0.0	0.0%
	Dalton Highway Protection				92.8	92.8	%
	* BRU Total	15,254.8	15,089.5	15,881.1	15,973.9	92.8	0.6%
Dalton Highway Protection							
5	Dalton Highway Protection	90.0	91.3	92.8	0.0	-92.8	-100.0%
	* BRU Total	90.0	91.3	92.8	0.0	-92.8	-100.0%
Fire Prevention							
6	Fire Prevention Operations	1,514.3	1,453.4	1,475.3	1,475.3	0.0	0.0%
7	Fire Service Training	629.2	475.1	510.7	410.7	-100.0	-19.6%
	* BRU Total	2,143.5	1,928.5	1,986.0	1,886.0	-100.0	-5.0%
Highway Safety Planning Agency							
8	Hwy Safety Planning Operations	189.4	229.1	197.9	197.9	-0.0	-0.0%
9	Federal Grants	1,628.4	832.8	1,128.8	1,128.8	-0.0	-0.0%
	* BRU Total	1,817.8	1,061.9	1,326.7	1,326.7	-0.0	-0.0%
Motor Vehicles							
10	Driver Services	1,306.5	1,460.2	0.0	-0.0	-0.0	0.0%
11	Field Services	6,335.4	6,156.6	-0.0	0.0	0.0	0.0%
12	Administration	789.3	940.9	-0.0	-0.0	-0.0	0.0%
	* BRU Total	8,431.2	8,557.7	-0.0	0.0	0.0	0.0%
Alaska State Troopers							
13	Director's Office	651.2	632.8	659.5	659.5	-0.0	-0.0%
14	Prisoner Transportation	1,291.8	1,293.5	1,226.7	1,226.7	0.0	0.0%
15	Search and Rescue	280.7	283.1	283.1	283.1	0.0	0.0%
16	Rural Trooper Housing	402.2	409.6	418.2	418.2	0.0	0.0%
17	Narcotics Task Force	2,252.6	2,518.9	3,036.2	3,036.2	-0.0	-0.0%
18	Detachments	31,584.8	31,581.6	32,160.4	32,160.4	-0.0	-0.0%

Component Summary - FY98 Operating Budget

Agency: Department of Public Safety

Page	Budget Component	FY96 Act	FY97Auth	Gov Amd	House	Gov Amd to House	
Alaska State Troopers							
19	Criminal Investigations Bureau	3,404.8	3,491.9	3,422.1	3,422.1	0.0	0.0%
20	Judicial Services-Anchorage	1,756.6	1,939.8	1,987.3	1,987.3	0.0	0.0%
21	Special Projects	496.8	815.9	1,077.1	1,077.1	0.0	0.0%
22	Commercial Vehicle Enforcement	473.0	497.5	131.6	131.6	0.0	0.0%
	* BRU Total	42,594.5	43,464.6	44,402.2	44,402.2	-0.0	-0.0%
Village Public Safety Officer Program							
23	Contracts	4,965.5	4,965.5	5,265.5	5,015.5	-250.0	-4.7%
24	Support	1,649.7	1,716.8	1,736.5	1,736.5	0.0	0.0%
25	Administration	255.0	273.9	278.3	278.3	0.0	0.0%
	* BRU Total	6,870.2	6,956.2	7,260.3	7,030.3	-250.0	-3.4%
Alaska Police Standards Council							
26	Ak Police Standards Council	241.6	744.4	748.9	619.1	-129.8	-17.3%
	* BRU Total	241.6	744.4	748.9	619.1	-129.8	-17.3%
Violent Crimes Compensation Board							
27	Violent Crimes Comp Board	956.4	1,182.5	1,320.8	1,152.5	-168.3	-12.7%
	* BRU Total	956.4	1,182.5	1,320.8	1,152.5	-168.3	-12.7%
Council on Domestic Violence and Sexual Assault							
28	Domestic Viol/Sexual Assault Battersers Intervention Program	6,650.2	7,413.0	9,344.6	8,964.6	-380.0	-4.1%
	* BRU Total	6,650.2	7,413.0	9,344.6	9,024.6	-320.0	-3.4%
Statewide Support							
29	Commissioner's Office	675.2	690.3	700.5	700.5	0.0	0.0%
30	Training Academy	1,252.9	1,309.5	1,320.4	1,220.4	-100.0	-7.6%
31	Administrative Services	1,818.8	1,834.9	1,809.4	1,809.4	-0.0	-0.0%
32	Civil Air Patrol	503.1	503.1	503.1	503.1	0.0	0.0%
33	Laboratory Services	1,996.2	2,020.4	2,089.2	2,089.2	0.0	0.0%
34	APSIN	2,377.6	1,895.4	1,886.7	1,886.7	-0.0	-0.0%
35	Alaska Criminal Records and ID	1,473.5	1,850.1	2,551.3	2,551.3	-0.0	-0.0%
	* BRU Total	10,097.3	10,103.7	10,860.6	10,760.6	-100.0	-0.9%

Component Summary - FY98 Operating Budget

Agency: Department of Public Safety

<u>Page</u>	<u>Budget Component</u>	<u>FY96 Act</u>	<u>FY97Auth</u>	<u>Gov Amd</u>	<u>House</u>	<u>Gov Amd to House</u>	
	*** Total Agency Expenditure	95,147.5	96,593.3	93,244.0	92,175.9	-1,068.1	-1.1%
	Federal Funds	4,829.7	5,736.5	9,043.6	9,043.6	-0.0	-0.0%
	General Funds	84,801.2	86,085.2	78,680.8	77,612.7	-1,068.1	-1.4%
	Other Funds	5,516.6	4,771.6	5,519.6	5,519.6	0.0	0.0%

Component Summary - FY98 Operating Budget

General Funds and CBR

Agency: Department of Public Safety

Page	Budget Component	FY96 Act	FY97Auth	Gov Amd	House	Gov Amd to House	
Fish and Wildlife Protection							
1	Enforcement/Investigative Svcs	10,500.9	10,568.1	10,593.9	10,593.9	0.0	0.0%
2	Director's Office	239.8	229.0	245.6	245.6	0.0	0.0%
3	Aircraft Section	1,436.5	1,362.0	1,443.0	1,443.0	0.0	0.0%
4	Marine Enforcement	2,537.1	2,544.9	2,584.3	2,584.3	0.0	0.0%
	Dalton Highway Protection				92.8	92.8	%
	* BRU Total	14,714.3	14,704.0	14,866.8	14,959.6	92.8	0.6%
Dalton Highway Protection							
5	Dalton Highway Protection	90.0	91.3	92.8	0.0	-92.8	-100.0%
	* BRU Total	90.0	91.3	92.8	0.0	-92.8	-100.0%
Fire Prevention							
6	Fire Prevention Operations	1,467.3	1,423.4	1,445.3	1,445.3	-0.0	-0.0%
7	Fire Service Training	496.9	448.4	483.6	383.6	-100.0	-20.7%
	* BRU Total	1,964.2	1,871.8	1,928.9	1,828.9	-100.0	-5.2%
Highway Safety Planning Agency							
8	Hwy Safety Planning Operations	75.0	75.6	77.0	77.0	-0.0	-0.0%
	* BRU Total	75.0	75.6	77.0	77.0	-0.0	-0.0%
Motor Vehicles							
10	Driver Services	1,283.1	1,352.2	0.0	0.0	0.0	0.0%
11	Field Services	6,185.4	5,947.8	0.0	0.0	0.0	0.0%
12	Administration	785.5	940.9	-0.0	0.0	0.0	0.0%
	* BRU Total	8,254.0	8,240.9	0.0	0.0	0.0	0.0%
Alaska State Troopers							
13	Director's Office	651.2	632.8	659.5	659.5	0.0	0.0%
14	Prisoner Transportation	1,291.8	1,293.5	1,226.7	1,226.7	0.0	0.0%
15	Search and Rescue	280.7	283.1	283.1	283.1	0.0	0.0%
16	Rural Trooper Housing	394.7	402.4	403.6	403.6	-0.0	-0.0%
17	Narcotics Task Force	728.7	443.1	447.1	447.1	0.0	0.0%
18	Detachments	31,235.5	31,531.8	31,990.3	31,990.3	0.0	0.0%
19	Criminal Investigations Bureau	3,314.8	3,385.4	3,313.9	3,313.9	0.0	0.0%

Component Summary - FY98 Operating Budget

General Funds and CBR

Agency: Department of Public Safety

Page	Budget Component	FY96 Act	FY97Auth	Gov Amd	House	Gov Amd to House	
Alaska State Troopers							
20	Judicial Services-Anchorage	1,708.8	1,870.8	1,916.8	1,916.8	0.0	0.0%
22	Commercial Vehicle Enforcement	151.5	155.6	0.0	0.0	-0.0	0.0%
	* BRU Total	39,757.7	39,998.5	40,241.0	40,241.0	0.0	0.0%
Village Public Safety Officer Program							
23	Contracts	4,965.5	4,965.5	5,265.5	5,015.5	-250.0	-4.7%
24	Support	1,649.7	1,716.8	1,736.5	1,736.5	0.0	0.0%
25	Administration	255.0	273.9	278.3	278.3	0.0	0.0%
	* BRU Total	6,870.2	6,956.2	7,280.3	7,030.3	-250.0	-3.4%
Alaska Police Standards Council							
26	Ak Police Standards Council	241.6	744.4	748.9	619.1	-129.8	-17.3%
	* BRU Total	241.6	744.4	748.9	619.1	-129.8	-17.3%
Violent Crimes Compensation Board							
27	Violent Crimes Comp Board	92.1	380.1	380.1	211.8	-168.3	-44.3%
	* BRU Total	92.1	380.1	380.1	211.8	-168.3	-44.3%
Council on Domestic Violence and Sexual Assault							
28	Domestic Viol/Sexual Assault Battersers Intervention Program	4,586.3	4,752.3	4,932.1	4,552.1	-380.0	-7.7%
	* BRU Total	4,586.3	4,752.3	4,932.1	4,612.1	-320.0	-6.5%
Statewide Support							
29	Commissioner's Office	675.2	690.3	700.5	700.5	0.0	0.0%
30	Training Academy	868.7	885.1	895.4	795.4	-100.0	-11.2%
31	Administrative Services	1,818.8	1,780.9	1,707.8	1,707.8	0.0	0.0%
32	Civil Air Patrol	503.1	503.1	503.1	503.1	0.0	0.0%
33	Laboratory Services	1,971.7	1,984.3	2,013.0	2,013.0	0.0	0.0%
34	APSIN	1,054.5	1,130.7	997.5	997.5	0.0	0.0%
35	Alaska Criminal Records and ID	1,263.8	1,295.7	1,315.6	1,315.6	-0.0	-0.0%
	* BRU Total	8,155.8	8,270.1	8,132.9	8,032.9	-100.0	-1.2%
	*** Total Agency Expenditure	84,801.2	86,085.2	78,680.8	77,612.7	-1,068.1	-1.4%

One Way Comparison - FY98 Operating Budget

from Gov Amd to House

Agency: Department of Public Safety

Trans Type	Total Exp	Personal Services	Travel	Contractual	Commodities	Equipment	Lands/ Buildings	Grants	Misc	PFT	PPT	Tmp
<u>Fish and Wildlife Protection</u>												
<u>Dalton Highway Protection</u>												
Dalton Highway Protection	Inc	92.8	92.8	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0
1004 Gen Fund		92.8										
		92.8	92.8	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0
*** BRU Total ***		92.8	92.8	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0
<u>Dalton Highway Protection</u>												
<u>Dalton Highway Protection</u>												
Dalton Highway Protection	Dec	-92.8	-92.8	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
1004 Gen Fund		-92.8										
		-92.8	-92.8	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
*** BRU Total ***		-92.8	-92.8	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
<u>Fire Prevention</u>												
<u>Fire Service Training</u>												
Fire Service Training	Dec	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0	0.0	0.0	0.0
1091 GF/Desig		-100.0										
		-100.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0	0.0	0.0	0.0
*** BRU Total ***		-100.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0	0.0	0.0	0.0
<u>Village Public Safety Officer Program</u>												
<u>Contracts</u>												
Reduce Increment	Dec	-250.0	0.0	0.0	-250.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 Gen Fund		-250.0										
		-250.0	0.0	0.0	-250.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
*** BRU Total ***		-250.0	0.0	0.0	-250.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Alaska Police Standards Council</u>												
<u>Alaska Police Standards Council</u>												
Reduce general fund/designated	Dec	-129.8	0.0	0.0	0.0	0.0	0.0	0.0	-129.8	0.0	0.0	0.0
1091 GF/Desig		-129.8										
		-129.8	0.0	0.0	0.0	0.0	0.0	0.0	-129.8	0.0	0.0	0.0
*** BRU Total ***		-129.8	0.0	0.0	0.0	0.0	0.0	0.0	-129.8	0.0	0.0	0.0

One Way Comparison - FY98 Operating Budget

from Gov Amd to House

Agency: Department of Public Safety

	Trans Type	Total Exp	Personal Services	Travel	Contractual	Commodities	Equipment	Lands/ Buildings	Grants	Misc	PFT	PPT	Tmp
<u>Violent Crimes Compensation Board</u>													
Violent Crimes Compensation Board													
Reduce GF for Felon PFDs	Dec	-168.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-168.3	0.0	0.0	0.0
1004 Gen Fund		-168.3											
		-168.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-168.3	0.0	0.0	0.0
*** BRU Total ***		-168.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-168.3	0.0	0.0	0.0
<u>Council on Domestic Violence and Sexual Assault</u>													
Council on Domestic Violence and Sexual Assault													
Reduce GF for Felon PFD	Dec	-320.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-320.0	0.0	0.0	0.0
1004 Gen Fund		-320.0											
Batterers Intervention Program	TrOut	-60.0	0.0	0.0	0.0	0.0	0.0	0.0	-60.0	0.0	0.0	0.0	0.0
1004 Gen Fund		-60.0											
		-380.0	0.0	0.0	0.0	0.0	0.0	0.0	-60.0	-320.0	0.0	0.0	0.0
Batterers Intervention Program	TrIn	60.0	0.0	0.0	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 Gen Fund		60.0											
		60.0	0.0	0.0	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
*** BRU Total ***		-320.0	0.0	0.0	60.0	0.0	0.0	0.0	-60.0	-320.0	0.0	0.0	0.0
<u>Statewide Support</u>													
Training Academy													
GF Reduction	Dec	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0	0.0	0.0	0.0
1004 Gen Fund		-100.0											
		-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0	0.0	0.0	0.0
*** BRU Total ***		-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0	0.0	0.0	0.0
***** Agency Total *****		-1,068.1	0.0	0.0	-190.0	0.0	0.0	0.0	-60.0	-818.1	0.0	0.0	0.0

Alaska State Legislature

Interim:

145 Main Street Loop #223
Kenai, Alaska 99611
(907) 283-7095
(907) 283-3075 (fax)
(907) 262-7574 (h)

Session:

State Capitol
Juneau, Alaska 99801
(907) 465-2693
(fax) (907) 465-3835

Representative Gary L. Davis

Department of Public Safety
House Finance Budget subcommittee close-out

.....

The Governor's FY98 GF request for the Department of Public Safety was \$79,087,400. This figure does not include the Division of Motor Vehicles which was transferred from the Department of Public Safety to the Department of Administration by Executive Order 99. The subcommittee is recommending a GF budget of \$78,019,300 for a reduction from the Governor's request of \$1,068,100.

Subcommittee recommendations from requested FY98 budget:

1. Fish & Wildlife Protection
Move the Dalton Highway Protection BRU into a component within Fish & Wildlife Protection.
2. Fire Prevention
Reduce Fire Training by 100.0 GF.
3. Alaska State Troopers
Transfer Commercial Vehicle Enforcement to Department of Transportation (Executive Order 98).
4. Village Public Safety Officer Program
Allow 50.0 increment.
5. Alaska Police Standards Council
Reduce GF Designated by 129.8.
6. Violent Crimes Compensation Board
Reduce GF by 168.3 and replace with PFD monies in the same amount.
7. Council on Domestic Violence and Sexual Assault
Reduce GF by 320.0 and replace with PFD monies in the same amount. Add a new "Batterers Intervention Program" and fund with 60.0 from CDVSA.
8. Statewide Support
Reduce the Training Academy GF by 100.0.
9. Motor Vehicles was transferred to the Department of Administration by EO 99.

Representing House District 8
Soldotna, Sterling, Funny River, Cooper Landing, Hope, Moose Pass, Seward

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Representing House District 8
Soldotna, Sterling, Funny River, Cooper Landing, Hope, Moose Pass, Seward

Intent Language

The subcommittee has not made these recommendations without concern for the impacts they will have on the public's safety. Subcommittee members specifically addressed concern for the regional assignment of the Fish and Wildlife Enforcement Officers in Bristol Bay.

It is the intent of this subcommittee to recommend the department review options to look at the Bristol Bay fishery and the problems associated with fishing activity and understaffed enforcement.

Public Safety FY98 Operating Budget				
FINAL				
Wed. 3/19/97 1:49 PM				
	FY97 Auth	Gov	House	Savings
Fish & Wildlife Protection				
Enforcement/Invest. Svcs	10,568.1	10,593.9	10,593.9	-
Director's Office	229.0	245.6	245.6	-
Aircraft Section	1,362.0	1,443.0	1,443.0	-
Dalton Highway Protection	91.3	92.8	92.8	-
Marine Enforcement	2,544.9	2,584.3	2,584.3	-
*BRU Total	14,795.3	14,959.6	14,959.6	-
Fire Prevention				
Fire Prevention Operations	1,423.4	1,445.3	1,445.3	-
Fire Service Training	448.4	483.6	383.6	100.0
*BRU Total	1,871.8	1,928.9	1,828.9	100.0
Highway Safety Plan Agency				
Hwy Safety Planning Operations	75.6	77.0	77.0	-
*BRU Total	75.6	77.0	77.0	-
Alaska State Troopers				
Director's Office	632.8	659.5	659.5	-
Prison Transport	1,293.5	1,226.7	1,226.7	-
Search. & Rescue	283.1	283.1	283.1	-
Rural Trooper Housing	402.4	403.6	403.6	-
Narcotics Task Force	443.1	447.1	447.1	-
Detachments	31,531.8	31,997.9	31,997.9	-
Criminal Investigations Bureau	3,385.4	3,313.9	3,313.9	-
Judicial Svcs-Anchorage	1,870.8	1,916.8	1,916.8	-
Commercial Vehicle Enforcement	155.6	157.7	157.7	-
*BRU Total	39,998.5	40,406.3	40,406.3	-
VPSO Program				
Contracts	4,965.5	5,265.5	5,015.5	250.0
Support	1,716.8	1,736.5	1,736.5	-
Administration	273.9	278.3	278.3	-
*BRU Totals	6,956.2	7,280.3	7,030.3	250.0
AK Police Standards Council				
AK Police Standards Council	744.4	748.9	619.1	129.8
*BRU Total	744.4	748.9	619.1	129.8
Violent Crimes Compen. Bd				
Violent Crimes Comp Board	380.1	380.1	211.8	168.3
*BRU Total	380.1	380.1	211.8	168.3
CDVSA				
Domestic Viol/Sexual Assault	4,752.3	4,932.1	4,552.1	380.0

Batterers Intervention Programs			60.0	(60.0)
*BRU Total	4,752.3	4,932.1	4,612.1	320.0
Statewide Support				
Commissioner's Office	690.3	700.5	700.5	-
Training Academy	885.1	895.4	795.4	100.0
Administrative Services	1,780.9	1,803.1	1,803.1	-
Civil Air Patrol	503.1	503.1	503.1	-
Laboratory Services	1,984.3	2,013.0	2,013.0	-
APSN	1,130.7	1,143.5	1,143.5	-
AK Criminal Records & ID	1,295.7	1,315.6	1,315.6	-
*BRU Total	8,270.1	8,374.2	8,274.2	100.0
***Total Agency Expenditure	77,844.3	79,087.4	78,019.3	1,068.1
Gov - House	1,068.1			

**Department of Public Safety
House Subcommittee
Close-out Summary**

Division of Fish and Wildlife Protection - Made the Dalton Highway Protection BRU a component within the FWP BRU, no impact.

Fire Prevention/Fire Service Training - Cut \$100.0 in designated program receipts. This action leaves \$47.2 in interagency and GF/PGM to provide limited training. If demand for training continues, an FY 98 revised program may be considered.

Village Public Safety Officer/Contracts - Cut \$250.0 of \$300.0 GF increment. Remaining \$50.0 will permit the filling of one or two vacant VPSO positions depending upon date of hire.

Alaska Police Standards Council - Cut \$129.8 in designated program receipts. If revenues exceed authorization and critical training needs remain, the council may need to consider a revised program in FY 98.

Violent Crimes Compensation Board - Cut \$168.3 in General Funds on the basis of offsetting the Governor's PFD based budget amendment in a like amount. Effect is to hold the Council at FY 97 funding level.

Council on Domestic Violence and Sexual Assault - Cut \$320.0 in GF on the basis of offsetting the Governor's PFD based budget amendment in a like amount.

Reallocated \$60.0 in GF to a new "Batterers Intervention Program" component within CDVSA BRU to ensure continuation of these programs.

Statewide Support BRU/Public Safety Academy - Cut \$100.0 in GF. Impact will mean the loss of funding for one Academy instructor. To the extent required, and to avoid additional overtime, AST and FWP will assign personnel to provide instruction deleted by this cut.

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Department of Education
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**Department of Public Safety
House Subcommittee
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REVENUE

REVENUE

Revenue

Agency Totals - FY98 Operating Budget

Agency: Department of Revenue

	FY96 Act	FY97Auth	Gov Amd	House	Gov Amd to House	
Totals for Agency	107,944.2	117,578.3	131,027.8	129,030.5	-1,997.3	-1.5%

Objects of Expenditure:

Personal Services	42,711.2	44,789.5	46,648.9	45,286.8	-1,362.1	-2.9%
Travel	1,332.4	1,893.0	1,844.8	1,943.6	98.8	5.4%
Contractual	59,396.7	67,436.2	79,246.2	78,601.2	-645.0	-0.8%
Commodities	1,714.7	1,568.9	1,742.2	1,728.1	-14.1	-0.8%
Equipment	1,500.2	958.7	930.7	855.8	-74.9	-8.0%
Lands/Buildings	753.6	232.0	0.0	0.0	0.0	0.0%
Grants, Claims	535.4	700.0	615.0	615.0	0.0	0.0%
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0%

Funding Sources:

1001 CBR Fund	378.2			500.0	500.0	%
1002 Fed Rcpts	24,994.8	27,872.7	28,742.2	28,033.5	-708.7	-2.5%
1003 G/F Match	1,860.7	2,043.1	1,963.4	1,818.0	-145.4	-7.4%
1004 Gen Fund	8,396.4	8,417.5	8,523.2	7,689.0	-834.2	-9.8%
1005 GF/Prgm	1,769.1	1,702.2	1,792.9	1,292.9	-500.0	-27.9%
1007 I/A Rcpts	2,660.4	2,791.9	2,837.9	2,937.9	100.0	3.5%
1011 Educ Trust	12.9	16.6	17.6	17.6	0.0	0.0%
1016 Fed Incent	2,917.3	3,182.8	3,571.7	3,571.7	0.0	0.0%
1017 Ben Sys	97.4	75.4	3,205.3	3,205.3	0.0	0.0%
1022 Corp Rcpts	40,860.5	41,639.8	43,286.1	-0.0	-43,286.1	-100.0%
1027 Int Airprt		24.6	31.2	31.2	0.0	0.0%
1029 P/E Retire	10,906.2	14,241.3	19,219.4	19,219.4	0.0	0.0%
1034 Teach Ret	6,583.6	8,228.0	10,423.5	10,423.5	0.0	0.0%
1042 Jud Retire	77.9	103.4	156.2	156.2	0.0	0.0%
1045 Nat Guard	21.4	16.4	44.0	44.0	0.0	0.0%
1046 Stdnt Loan		20.9	22.4	22.4	0.0	0.0%
1048 Univ Rcpt	43.9	30.2	35.0	-0.0	-35.0	-100.0%
1050 PFD Fund	4,490.9	4,931.4	4,873.9	4,780.9	-93.0	-1.9%
1053 Invst Loss	12.7	16.4	17.5	17.5	-0.0	-0.0%
1061 CIP Rcpts	1,027.9	1,274.2	1,259.2	1,259.2	0.0	0.0%
1066 Pub School	86.2	56.7	78.5	78.5	0.0	0.0%
1092 MHTAAR	745.8				0.0	0.0%
1094 MHT Admin		892.8	892.8	841.8	-51.0	-5.7%
1098 ChildTrErn			33.9	33.9	0.0	0.0%
1103 AHFC Rcpts				12,820.0	12,820.0	%
1104 MBB Rcpts				464.9	464.9	%
1105 PFund Rcpt				29,771.2	29,771.2	%

Agency Totals - FY96 Operating Budget

Agency: Department of Revenue

	<u>FY96 Act</u>	<u>FY97Auth</u>	<u>Gov Amd</u>	<u>House</u>	<u>Gov Amd to House</u>	
Positions:						
Perm Full Time	776.0	791.0	793.0	775.0	-18.0	-2.3%
Perm Part Time	42.0	34.0	38.0	32.0	-6.0	-15.8%
Non-Perm	71.0	75.0	71.0	71.0	0.0	0.0%

Component Summary - FY98 Operating Budget

Agency: Department of Revenue

Page	Budget Component	FY96 Act	FY97Auth	Gov Amd	House	Gov Amd to House	
Child Support Enforcement							
1	Child Support Enforcement	14,272.3	15,661.0	16,440.1	15,818.0	-622.1	-3.8%
	* BRU Total	14,272.3	15,661.0	16,440.1	15,818.0	-622.1	-3.8%
Alcohol Beverage Control Board							
2	Alcohol Beverage Control Board	678.1	644.4	653.5	653.5	-0.0	-0.0%
	* BRU Total	678.1	644.4	653.5	653.5	-0.0	-0.0%
Municipal Bond Bank Authority							
3	Municipal Bond Bank Authority	398.7	561.3	563.9	464.9	-99.0	-17.6%
	* BRU Total	398.7	561.3	563.9	464.9	-99.0	-17.6%
Permanent Fund Corporation							
4	Permanent Fund Corporation	28,837.1	29,108.7	29,902.2	29,771.2	-131.0	-0.4%
	* BRU Total	28,837.1	29,108.7	29,902.2	29,771.2	-131.0	-0.4%
Alaska Housing Finance Corporation							
5	Operations	11,527.1	11,691.1	12,208.1	12,208.1	-0.0	-0.0%
6	Rural Housing	2,386.5	2,827.8	3,220.2	3,220.2	0.0	0.0%
7	Public Housing	14,242.7	16,298.6	16,652.1	16,420.1	-232.0	-1.4%
	* BRU Total	28,156.3	30,817.5	32,080.4	31,848.4	-232.0	-0.7%
Alaska Mental Health Trust Authority							
8	Mental Health Trust Authority	745.8	892.8	892.8	841.8	-51.0	-5.7%
	* BRU Total	745.8	892.8	892.8	841.8	-51.0	-5.7%
Revenue Operations							
9	Income and Excise Audit	3,501.7	3,447.7	3,499.6	3,463.6	-36.0	-1.0%
10	Oil and Gas Audit	3,360.1	3,090.4	3,016.6	2,818.4	-198.2	-6.6%
11	Treasury Management	2,726.3	2,772.3	3,040.2	3,005.2	-35.0	-1.2%
12	Gaming	1,002.4	899.9	913.3	413.3	-500.0	-54.7%
13	Alaska State Pension Investment Bd	17,686.5	22,664.5	33,048.4	33,048.4	-0.0	-0.0%
	* BRU Total	28,277.0	32,874.8	43,518.1	42,748.9	-769.2	-1.8%
Administration and Support							
14	Commissioner's Office	906.0	874.3	883.5	883.5	-0.0	-0.0%

Component Summary - FY98 Operating Budget

Agency: Department of Revenue

<u>Page</u>	<u>Budget Component</u>	<u>FY96 Act</u>	<u>FY97Auth</u>	<u>Gov Amd</u>	<u>House</u>	<u>Gov Amd to House</u>	
	Administration and Support						
15	Administrative Services	1,098.6	1,170.3	1,183.3	1,183.3	0.0	0.0%
	* BRU Total	2,004.6	2,044.6	2,066.8	2,066.8	0.0	0.0%
	Permanent Fund Dividend						
16	Permanent Fund Dividend	4,574.3	4,973.2	4,910.0	4,817.0	-93.0	-1.9%
	* BRU Total	4,574.3	4,973.2	4,910.0	4,817.0	-93.0	-1.9%
	*** Total Agency Expenditure	107,944.2	117,578.3	131,027.8	129,030.5	-1,997.3	-1.5%
	Federal Funds	24,994.8	27,872.7	28,742.2	28,033.5	-708.7	-2.5%
	General Funds	12,026.2	12,162.8	12,279.5	10,799.5	-1,479.6	-12.0%
	Other Funds	70,923.2	77,542.8	90,006.1	90,197.1	191.0	0.2%

Component Summary - FY98 Operating Budget

General Funds and CBR

Agency: Department of Revenue

Page	Budget Component	FY96 Act	FY97Auth	Gov Amd	House	Gov Amd to House	
Child Support Enforcement							
1	Child Support Enforcement	1,900.4	2,083.1	2,069.2	1,923.8	-145.4	-7.0%
	* BRU Total	1,900.4	2,083.1	2,069.2	1,923.8	-145.4	-7.0%
Alcohol Beverage Control Board							
2	Alcohol Beverage Control Board	643.4	644.4	653.5	653.5	0.0	0.0%
	* BRU Total	643.4	644.4	653.5	653.5	0.0	0.0%
Revenue Operations							
9	Income and Excise Audit	3,501.7	3,447.7	3,499.6	3,463.6	-36.0	-1.0%
10	Oil and Gas Audit	3,360.1	3,090.4	3,016.6	2,818.4	-198.2	-6.6%
11	Treasury Management	1,142.6	1,116.2	1,241.3	1,241.3	0.0	0.0%
12	Gaming	1,002.4	899.9	913.3	413.3	-500.0	-54.7%
	* BRU Total	9,006.8	8,554.2	8,670.8	7,936.6	-734.2	-8.5%
Administration and Support							
14	Commissioner's Office	481.9	424.3	425.3	425.3	-0.0	-0.0%
15	Administrative Services	371.9	456.8	460.7	360.7	-100.0	-21.7%
	* BRU Total	853.8	881.1	886.0	786.0	-100.0	-11.3%
	*** Total Agency Expenditure	12,404.4	12,162.8	12,279.5	11,299.9	-979.6	-8.0%

One Way Comparison - FY98 Operating Budget

from Gov Amd to House

Agency: Department of Revenue

Trans Type	Total Exp	Personal Services	Travel	Contractual	Commodities	Equipment	Lands/ Buildings	Grants	Misc	PFF	PPT	Tmp
Child Support Enforcement												
Child Support Enforcement												
Eliminate vacant positions	Dec	-324.1	-324.1	0.0	0.0	0.0	0.0	0.0	0.0	-7.0	0.0	0.0
1002 Fed Rcpts		-278.7										
1003 G/F Match		-45.4										
Reduce costs through business efficiencies	Dec	-298.0	0.0	0.0	-298.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1002 Fed Rcpts		-193.0										
1003 G/F Match		-100.0										
		-622.1	-324.1	0.0	-298.0	0.0	0.0	0.0	0.0	-7.0	0.0	0.0
*** BRU Total ***		-622.1	-324.1	0.0	-298.0	0.0	0.0	0.0	0.0	-7.0	0.0	0.0
Municipal Bond Bank Authority												
Municipal Bond Bank Authority												
Convert to agency-specific corp receipts	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1022 Corp Rcpts		-563.9										
1104 MBB Rcpts		563.9										
Delete Executive Director position	Dec	-99.0	-99.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
1104 MBB Rcpts		-99.0										
		-99.0	-99.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
*** BRU Total ***		-99.0	-99.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
Permanent Fund Corporation												
Permanent Fund Corporation												
Convert to agency-specific corp receipts	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1022 Corp Rcpts		-29,902.2										
1105 PFund Rcpt		29,902.2										
Deny Assistant Position	Dec	-45.0	-45.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
1105 PFund Rcpt		-45.0										
Deny Travel Increment	Dec	-15.0	0.0	-15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1105 PFund Rcpt		-15.0										
Deny Equipment Increment	Dec	-71.0	0.0	0.0	0.0	-71.0	0.0	0.0	0.0	0.0	0.0	0.0
1105 PFund Rcpt		-71.0										
		-131.0	-45.0	-15.0	0.0	-71.0	0.0	0.0	0.0	-1.0	0.0	0.0
*** BRU Total ***		-131.0	-45.0	-15.0	0.0	-71.0	0.0	0.0	0.0	-1.0	0.0	0.0
Alaska Housing Finance Corporation												
Alaska Housing Finance Corporation Operations												
Convert to agency-specific corp receipts	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1022 Corp Rcpts		-10,415.4										
1103 AHFC Rcpts		10,415.4										

One Way Comparison - FY98 Operating Budget

from Gov Amd to House

Agency: Department of Revenue

	Trans Type	Total Exp	Personal Services	Travel	Contractual	Commodities	Equipment	Lands/ Buildings	Grants	Misc	PFT	PPT	Tmp
Alaska Housing Finance Corporation													
Alaska Housing Finance Corporation Operations													
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rural Housing													
Convert to agency-specific corp receipts	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1022 Corp Rcpts		-2,166.0											
1103 AHFC Rcpts		2,166.0											
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Housing													
Convert to agency-specific corp receipts	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1022 Corp Rcpts		-238.6											
1103 AHFC Rcpts		238.6											
Disallow Line Item Transfer of \$232.0	Dec	-232.0	-92.8	123.8	-257.0	-6.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Lands/Build													
1002 Fed Rcpts		-232.0											
		-232.0	-92.8	123.8	-257.0	-6.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
*** BRU Total ***		-232.0	-92.8	123.8	-257.0	-6.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Alaska Mental Health Trust Authority													
Alaska Mental Health Trust Authority													
Deny increments (LIT)	Dec	-51.0	-41.0	0.0	-5.0	-5.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
1094 MHT Admin		-51.0											
		-51.0	-41.0	0.0	-5.0	-5.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
*** BRU Total ***		-51.0	-41.0	0.0	-5.0	-5.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0
Revenue Operations													
Income and Excise Audit													
Refill APV at APIII level and eliminate	Dec	-36.0	-36.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
PPT position in acct													
1004 Gen Fund		-36.0											
		-36.0	-36.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0
Oil and Gas Audit													
Delete five PPT positions that are	Dec	-198.2	-198.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5.0	0.0
scheduled to RIP													
1004 Gen Fund		-198.2											
		-198.2	-198.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5.0	0.0

One Way Comparison - FY98 Operating Budget

from Gov Amd to House

Agency: Department of Revenue

	Trans Type	Total Exp	Personal Services	Travel	Contractual	Commodities	Equipment	Lands/ Buildings	Grants	Misc	PFT	PPT	Tmp
Revenue Operations													
Treasury Management													
Transfer CBRF Management Fees to CBRFund	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1001 CBR Fund		500.0											
1004 Gen Fund		-500.0											
University Lands Trust	ATrOut	-35.0	0.0	0.0	-35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1048 Univ Rcpl		-35.0											
		-35.0	0.0	0.0	-35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gaming													
Decrease in GF/Program Receipts	Dec	-500.0	-433.0	-10.0	-50.0	-3.0	-4.0	0.0	0.0	0.0	-6.0	0.0	0.0
1005 GF/Prgm		-500.0											
		-500.0	-433.0	-10.0	-50.0	-3.0	-4.0	0.0	0.0	0.0	-6.0	0.0	0.0
*** BRU Total ***		-769.2	-667.2	-10.0	-85.0	-3.0	-4.0	0.0	0.0	0.0	-6.0	-6.0	0.0
Administration and Support													
Administrative Services													
Decrease from GF for Cost Study Chargeback	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 Gen Fund		-100.0											
1007 I/A Rcpts		100.0											
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
*** BRU Total ***		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent Fund Dividend													
Delete two PFD Spec I positions	Dec	-93.0	-93.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.0	0.0	0.0
1050 PFD Fund		-93.0											
		-93.0	-93.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.0	0.0	0.0
*** BRU Total ***		-93.0	-93.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.0	0.0	0.0
***** Agency Total *****		-1,997.3	-1,362.1	98.8	-645.0	-14.1	-74.9	0.0	0.0	0.0	-18.0	-6.0	0.0

REPRESENTATIVE
TERRY MARTIN
VICE-CHAIRMAN
BUDGET & AUDIT COMMITTEE
MEMBER
HOUSE FINANCE COMMITTEE

Alaska State Legislature



MAY 15 - JAN 15 258-8169
716 W. 4TH, SUITE 650
ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783
STATE CAPITOL
JUNEAU, AK 99801-1182

March 14, 1997

TO: Rep. Mark Hanley, Co-Chair
House Finance Committee

FROM: Rep. Terry Martin, Chair
Department of Revenue Sub-Committee

RE: Final Budget Closeouts

Attached are the House Finance Sub-Committee final recommendations for the Department of Revenue.

The amendments were voted upon at our close-out meeting, held on Thursday, March 13, taking into consideration the allocation caps set by the House Finance Committee. The Sub-Committee members consisted of Rep. Ethan Berkowitz, Rep. Ben Grussendorf, Rep. Pete Kott, and Rep. Al Vezey.

cc: Sen. Bert Sharp, Chair, Senate DOR Sub-Committee
Laurie Perkins, Admin. Services Director, DOR



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March 17, 1997

TO: Rep. Mark Hanley, Co-Chair
House Finance Committee

FROM: Rep. Terry Martin, Chair *TMM*
Department of Revenue Sub-Committee

RE: Revisions to Closeout Memorandum

The following summary of Department of Revenue Final Closeout Amendments includes some minor revisions. The revisions clarify that, in cases of funding sources changes for the Treasury and Admin. Services divisions, the reduction in General Funds results in an increase in "other" funds. The line illustrating total agency reductions now reflects the Federal and other fund figures, as well as General Funds and the total.

Also attached are tables outlining those positions in CSED and Oil and Gas Audit which sub-committee amendments propose to delete. It should be noted that, in the case of CSED, another scenario, suggested by the Division, would decrease a larger amount of General Funding; however, the scenario suggested by the division director would eliminate services provided by customer service, and positions which are not currently vacant.



**HOUSE FINANCE SUB COMMITTEE
DEPARTMENT OF REVENUE
FINAL CLOSEOUT AMENDMENTS
FY 98 BUDGET
(REVISED 3/17/97)**

(Numbers reflect thousands decreased)

	GF	Fed	Other	TOTAL
1. Child Support Enforcement (pg 31, line 32)				

Eliminate positions	45.4	278.7		324.1
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*The 1998 Capital request of \$1.2 million for Automated Work flow is intended to free more time for improved customer service. Several of the positions have been vacant for a number of months, and two for a year. *Note: Additional GF funds can be eliminated by following CSED director-suggested scenario, for \$99.9 GF/\$193.8 Fed*

IN FAVOR: 3	OPPOSED: 2	APPROVED
-------------	------------	-----------------

Reduce costs through budget efficiencies	100.0	198.0		298.0
---	-------	-------	--	-------

Whereas case load over the past ten years has nearly doubled, size of staff has risen more than 200%, and budget expenditures have grown by 400%. The Sub Committee requests that the division bring spending in line with staff and case load through more efficiency. In addition, the division is requested to seek further federal incentives by increased efficiencies .

IN FAVOR: 3	OPPOSED: 2	APPROVED
-------------	------------	-----------------

2. Municipal Bond Bank Authority (pg 31. line 34)

a. Delete Executive Director position.			99.0	99.0
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The position has been vacant for several months with no effect on division.

IN FAVOR: 3 OPPOSED: 2
APPROVED

3. Permanent Fund Corporation (pg. 31, line 35)

a. Deny Increment for Assistant Position			45.0	
b. Deny Travel increment			15.0	
c. Deny Equipment increment			71.0	131.0

The Sub Committee intends for spending to remain more level and in line with other state organizations.

IN FAVOR: 3 OPPOSED: 2
APPROVED

4. Alaska Housing Finance -- Operations (pg. 31, line 38)

	GF	Fed	Other	TOTAL
a. Bring personal services to 7% vacancy factor.		47.8	217.9	0
<i>The Sub Committee wishes to implement more level spending practices</i>				
IN FAVOR: 2 OPPOSED: 3				
DISAPPROVED				

b. Deny partial increment for Fixed Costs		165.8		0
<i>This portion of the fixed costs increment was for personal services and travel, which should not be considered fixed costs.</i>				
IN FAVOR: 2 OPPOSED: 3				
DISAPPROVED				

Alaska Housing Finance -- Public Housing (pg. 32, line 5)

	GF	Fed	Other	TOTAL
c. Disallow line item transfer of Lands/Building		232.0		232.0
<i>These monies were left from the ASHA merger and are intened for land and building improvments, such as are include in the 1988 Capital Request.</i>				
IN FAVOR: 3 OPPOSED: 2				
APPROVED				
TOTAL				<u>232.0</u>

5. Alaska Mental Health Trust Authority (HB76, page 6, line 17)

GF Fed Other TOTAL

a. Deny increment for Admin. position			51.0	51.0
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The Sub Committee proposes that position duties be absorbed by greater efficiencies.

IN FAVOR: 3 OPPOSED: 2
APPROVED

6. Income and Excise Audit (pg 32, line 7)

a. Refill APV position at APIV level and eliminate RRT position in accounting			36.0	36.0
--	--	--	------	------

These changes made per suggestion from division; duties will still be performed.

IN FAVOR: 3 OPPOSED: 2
APPROVED

7. Oil and Gas Audit (page 32, line 8)

Delete by 7/1 five RRT positions scheduled to RTR			198.2	198.2
---	--	--	-------	-------

Figures take into consideration the employer costs and 1% administrative costs.

IN FAVOR: 3 OPPOSED: 2
APPROVED

GF Fed Other TOTAL

8. Treasury Management (page 32, line 9)

a. Transfer management fees to CBRF	500.0	+500.0	0.0
<i>Funding change to properly allocate cost of investing CBRF.</i>			
APPROVED BY UNANIMOUS CONSENT			

b. Transfer of Hwy. Lands to UA		35.0	35.0
<i>Predicated on passage of SB84, which transfers land management to UA budget</i>			
APPROVED BY UNANIMOUS CONSENT			

9. Charitable Gaming (page 32, line 10)

a. Decrease GF/Program Receipts	500.0		500.0
<i>Predicated on passage of HB84, which changes formula to gross rather than net receipts. This legislation will substantially decrease the workload of the division.</i>			
IN FAVOR: 3 OPPOSED: 2			
APPROVED			

GF Fed Other TOTAL

10. Administrative Services (Page 32, line 15)

a.	Change funding from GF to IA	100.0	+100.0	0.0
<i>This creates accounting for cost allocation study chargebacks to other divisions.</i>				
IN FAVOR: 3 OPPOSED: 2				
APPROVED				

11. Permanent Fund Dividend (Page 32, line 16)

a.	Delete two PFD Spec I positions		93.0	93.0
<i>With the passage of HB32 during the 19th Alaska State Legislature, fewer appeals will be made to the division, resulting in the need for fewer specialists.</i>				
IN FAVOR: 3 OPPOSED: 2				
APPROVED				

GF Fed Other TOTAL

AGENCY TOTALS		1,479.6	708.7	(191.0)	1,997.3
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AGENCY POSITIONS	FY97 AUTH	GOV	SUB COM	REDUCED
Perm Full-Time	791.0	793.0	781.0	(12)
Perm Part Time	34.0	38.0	32.0	(6)
Non-Perm	75.0	71.0	71.0	0

Position Reduction Scenario

Child Support Enforcement Division

Position vacancies as of 3/13/97 and possible vacancy reduction scenario

Vacancy Date	PCN	Position Title	Range/Step	Total Costs	GF Amount
10/16/96	7015	Child Supt Enforcement Officer I	13/BC	\$44,791	\$6,270.0
2/10/97	7056	Child Supt Enforcement Officer I	13/CD	\$46,842	\$6,557.0
12/27/96	7068	Administrative Clerk II	8/CD	\$35,779	\$5,009.0
9/4/96	7097	Analyst Programmer IV	19/BC	\$65,111	\$9,115.0
6/26/95	7115	Administrative Clerk III	10/BC	\$38,200	\$5,348.0
2/1/97	7132	Child Supt Enforcement Officer I	13/BC	\$45,478	\$6,366.0
2/3/97	7143	Child Supt Enforcement Officer I	13/BC	\$47,069	\$6,589.0
2/10/97	7162	Child Supt Enforcement Officer I	13/DE	\$47,413	\$6,637.0
2/10/97	7174	Child Supt Enforcement Officer I	13/CD	\$46,842	\$6,557.0
			TOTAL	\$417,325	\$58,448
		Cost reduction projection	TOTAL	\$324,067	\$45,366

Cost reduction based on the four positions that have been vacant for an extended period of time plus an average cost for three of the other vacancies

Oil and Gas Audit Division

Possible vacancy reduction scenario with the implementation of RIP effective July 1, 1997

PCN	Position Title	Range/Step	Total Costs GF Amount	R&B Calc. Employer Cost +1%	DOR Estimated Employer Cost
3013	Revenue Auditor III	18/J - 8 mos	\$47,392	-\$36,023	-\$45,000
3074	Revenue Auditor IV	20/J - 8 mos	\$53,633	-\$41,381	-\$45,000
8034	Opr Research Analyst I	21/K - 8 mos	\$59,129	-\$43,850	-\$45,000
8035	Revenue Auditor IV	20/E - 8 mos	\$52,103	-\$27,560	-\$45,000
8046	Revenue Auditor V	22/J - 8 mos	\$60,972	-\$40,522	-\$45,000
		TOTAL	\$273,229	-\$189,336	-\$225,000
		Employer Cost Contribution can be paid over a three year period.	\$273,229	-\$63,112	-\$75,000
		Estimated savings from RIP 7/1/97	TOTAL	\$210,117	\$198,229

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Alaska State Legislature

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ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783
STATE CAPITOL
JUNEAU, AK 99801-1182



March 19, 1997

TO: Rep. Mark Hanley, Co-Chair
House Finance Committee

FROM: Rep. Terry Martin, Chair *T.M.M.*
Department of Revenue Sub-Committee

RE: Intent Language for Agency

The following is intent language approved by the Department of Revenue Sub-Committee at our final budget closeout meeting.

I. Child Support Enforcement Division

It is the intent of the Sub-Committee that the Child Support Enforcement Division (CSED) pursue contracting out certain legal services, namely the investigation into criminal child support evasion, to the private sector.

It is the feeling of the Sub-Committee that such cases may be more aggressively pursued by private attorneys, and thus achieve more fruitful results on behalf of custodial parents, children and the State. The cost of the private attorneys should then be charged to the evader (obligor), along with the support owed.

The Sub-Committee further intends that such allocating of costs necessary to obtain delinquent support payments may lead the way toward a plan to include some or all of other administrative costs in support payment amounts.



II. Alaska Housing Finance Corp.

It is the intent of the Sub-Committee that future operating budgets of the Alaska Housing and Finance Corporation be more reflective of internal accounting practices. We understand that the three component budget resulted from the merger of several agencies in 1992, and does not, in some cases, allow for the accurate expression of cost allocation occurring between the components. For example, when costs are shared between Operations and another program, this is not clearly reflected in the three component budget.

It is the desire of the Sub-Committee that methods be suggested whereby the State's form of budget reporting and AHFC's accounting practices may be more easily reconciled.

III. Pending Legislation -- HB 72

The Sub-Committee intends that the Agency look for potential efficiencies created with the possible passing of HB 72, which would repeal the need for out of state corporations to file bond reports. It is foreseen that the passage of the legislation would yield substantial savings in either the Treasury or Income and Excise Audit divisions.

MEMORANDUM

STATE OF ALASKA
DEPARTMENT OF REVENUE
OFFICE OF THE COMMISSIONER

TO: Annalee McConnell
Director
Office of Management & Budget

DATE: March 19, 1997

FILE:

FROM: Wilson Gordon
Commissioner

TELEPHONE: (907) 465-2300

SUBJECT: Subcommittee's proposed budget
reductions

The following is our response to the House Finance Subcommittee's proposed budget reductions in the Department of Revenue. In general, we want to emphasize that most of the proposed cuts will have a debilitating effect on our ability to collect revenue. It takes people to collect revenues for the State; when funding for those people is cut, a corresponding cut in revenues is a natural consequence. **For every \$100,000 cut in our tax or child support enforcement divisions, the State can expect to lose \$500,000 in revenues which we will no longer have the resources to collect.**

We are responding to the proposed cuts for our line agencies. We are also attaching a response from the Alaska Mental Health Trust Authority; agency responses from the Alaska Permanent Fund Corporation and the Alaska Housing Finance Corporation will be provided directly to your office.

Child Support Enforcement - \$622.1 \$145.4 GF; \$476.7 Fed

The most important point to be made about CSED's proposed budget reduction is that by reducing general funding by \$145,400, we will **not** receive \$476,700 to which we are entitled through matching federal funds. Another important point is that by reducing general fund appropriations by \$145,400, we are also **reducing revenue** which would be returned to the general fund by an amount far greater than \$145,400, because we will not have the resources required to make those collections.

Representative Martin presented a report which noted nine vacant positions in CSED. The subcommittee voted to eliminate seven of the nine positions. However, if this reduction is upheld, we will eliminate other positions in the customer service section rather than those proposed by the subcommittee because the positions proposed cut by the subcommittee are critical to CSED's mission - collecting child support obligations. While elimination of seven positions in customer service may not directly affect collections, it will adversely affect our ability to obtain information in a timely manner and to meet federal requirements. This inability to meet federal requirements could jeopardize federal funding for both the child support program and the Temporary Assistance to Needy Families program.

At least one of the vacancies noted in Representative Martin's report occurred because of the division's vacancy factor. As part of the budget calculations, CSED has included a vacancy factor of 5.25% in its budget projection. This means that, at any one time, CSED must have approximately eleven vacant positions in order to stay within its budget.

Of the vacancies noted in Rep. Martin's report, five of the nine positions were vacant less than 45 days, the average time required to hire for a position. Of the remaining four positions, three have been vacant less than six months. Pending offers have been made on several of these positions. The analyst programmer vacancy resulted from the selected person backing out two days prior to the promised starting date. The entire hiring process had to be repeated. So, although the positions were indeed vacant on the day of the subcommittee meeting, the positions are vital to the mission of CSED, and most will be filled imminently.

If the House Finance Subcommittee recommendation is upheld, we will eliminate seven of our twelve customer service positions. People calling in to our office will no longer speak directly to a person; they will get a recorded message. The 800 phone number will be eliminated, requiring long distance callers to pay long distance fees and reach a recorded message. This has resulted in customer complaints in the past which will undoubtedly recur when the 800 number is discontinued.

The subcommittee cited a 400% budget growth as a reason to reduce CSED's budget. While budget expenditures have grown 400% over the last ten years, the general fund expenditures have increased less than 100%. This indicates that CSED has funded these increases through additional federal incentives earned. In addition, AFDC reimbursements collected by CSED have increased approximately 170%. Total collections have increased approximately 145%. As child support law and regulations have become more complex, the costs of providing these services have also increased. For example, our RSA with the Department of Law has increased approximately \$900,000 in the last five years. The mandated requirements to correspond with our clients have increased postage and phone expenses by \$800,000 per year. The increased computer processing required to meet federal time frames has increased the RSA with Department of Administration by \$300,000 per year.

During the last ten years, the child support enforcement requirements mandated by the federal government have increased dramatically. Congress views child support enforcement as the critical corollary to reducing welfare programs. There have been three significant new federal laws passed in the last ten years: the 1988 Family Support Act, the 1993 Omnibus Budget Reconciliation Act, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. These new laws have placed increased requirements on the states to provide timely child support services or to suffer the loss of federal funding. In order to do this, people have been hired and budget increases have been required. We have also spent funds trying to address better customer relations, in part at the prompting of the Alaska Legislature.

Income and Excise Audit -\$36.0 GF

Cutting this division's budget by \$36,000 delays reporting and analyzing the results from quarterly and annual tax filings. **This will be detrimental to our ability to collect revenues timely.**

Oil and Gas Audit -\$198.2 GF

The subcommittee accelerated the retirement deadline date in the Department of Revenue's RIP plan from March 1, 1998 to July 1, 1997. The employees scheduled to RIP have been told that they will RIP sometime around the end of 1997; by accelerating the schedule, several employees may opt not to RIP at all.

The workload of the division is such that a December/January RIP is the optimum time to schedule the departure of these employees. An earlier departure may result in **not being able to collect revenues** which we would have otherwise collected.

Treasury Management -\$35.0 GF

SB 84, which moves the management of the University of Alaska Trust Fund from Revenue to the University, passed the Senate with accompanying fiscal notes. It was moved out of the House Finance Committee with the same fiscal notes. The fiscal note from Treasury already reflects a reduction in the University of Alaska receipts in the amount of \$35,000. The proposed direct reduction would, in effect, double up the fiscal impact.

Gaming -\$500.0 GF

Since the proposed budget reduction in Gaming is based on reduced work requirements resulting from legislation changes, that legislation should address the anticipated budget reductions in Gaming through a fiscal note. Representative Martin's proposed legislation would result in a fiscal note reflecting budget reductions much less than \$500,000, particularly during the first year of implementation when new systems and operating procedures will be developed and implemented. This budget cut is more than half of the division's entire budget; if it is made without an accompanying legislation change, this division will not be able to carry out its current statutory mandate.

Administration and Support -\$100.0 GF; +\$100.0 Interagency Receipts

The subcommittee recommended reallocating costs of the Administrative Services Division to user divisions by reducing general funds \$100,000 and increasing interagency funds \$100,000. We are currently completing a cost allocation study which indicates that non-GF agencies in the Department of Revenue have already been charged more than they should have been charged for the Administrative Services Division's allocated costs.

The subcommittee's recommendation to arbitrarily increase the charges to those agencies is counterproductive and certainly contradicts the preliminary findings of the study. Instead of trying to fairly allocate the costs of this component (which is the purpose of the current study) we will be doing just the opposite.

The agencies which will receive those additional charges (Alaska Housing Finance Corporation, Alaska Permanent Fund Corporation, Child Support Enforcement Division, and Permanent Fund Dividend Division) have received substantial proposed cuts by the subcommittee; this additional "hit" to their budgets will deepen the impacts stated in this memo.

Permanent Fund Dividend Division - \$93.0 (Program Receipts)

The subcommittee recommended that two PFD specialist positions be deleted from the budget. The rationale for the reduction was that HB 32, which was passed by the 19th Legislature, reduces the number of appeals coming into the division because people are deterred by the \$25 appeal fee. While the number of appeals may decrease somewhat as a result of the legislation, we have no evidence yet that it will do so, since the 1997 dividend is the first to which it applies. However, we do know that HB 32 set strict time limits for how rapidly the division must review appeals. The temporary employees added to the appeals section to reduce the backlog in appeals are deleted in the FY98 budget. The division has worked very, very hard to reduce that backlog, and has done so. The department believes that the current staffing level of six appeals officers is the correct level for the caseload and the additional time requirements.

**Alaska Mental Health
Trust Authority**

final
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MEMORANDUM**DATE:** March 17, 1997**TO:** Wilson Condon, Commissioner
Department of Revenue**FROM:** Jeff Jessee, Executive Director
Alaska Mental Health Trust Authority**SUBJECT:** Impact of Proposed Budget Cut to the Alaska Mental Health Trust
Authority's Administrative Budget (DOR)

On 3/13/97, the House Finance Revenue Sub-Committee reduced the Alaska Mental Health Trust Authority (AMHTA) Administrative Budget for Personal Services, \$41.0, Contractual Services, \$5.0 and Commodities, \$5.0, for a total reduction to the Alaska Mental Health Trust Authority's Administrative Budget of \$51.0.

First of all, it should be noted that our initial changes to the FY98 Adjusted Base for the Trust Authority's Administrative Budget were transfers within the Adjusted Base to absorb the added personnel costs and that, in addition, we reduced our overall budget with a decrement to contractual services for \$6.7 from the FY98 Adjusted Base. Secondly, AMHTA currently has 5 professional staff positions to administer and monitor over \$10,000,000 of Mental Health Trust Authority Authorized Receipts (MHTAAR) projects funded each fiscal year. The staff also must assist with the recommendations and maintenance of over \$115,000,000 General Fund/Mental Health program funding, as well as monitor the management of the \$240 million Trust Fund managed by the Alaska Permanent Fund Corporation and one million acres of land managed by the Department of Natural Resources.

Personal Services

The Alaska Mental Health Trust Authority, during FY97, had a Nonpermanent Long-term Normal Administrative Clerk III position. In FY98, AMHTA requested that the position become a Full-time Permanent Administrative Clerk III. AMHTA is not requesting any additional incremental funding for the position but requesting a transfer of funds within the adjusted base, as well as taking a decrement from the submitted OMB FY98 Adjusted Base. Our funding comes directly from the Mental Health Trust Settlement Income Account and any unspent funds are returned to that

3/17/97

fund, which encourages more accurate and frugal budgeting, so we have restructured and streamlined our administrative structure and process with this position.

AMHTA currently has 5 professional staff positions authorized and 7 Governor appointed Trustees. The new position would be responsible for the administrative support staff needs of those positions and Trustees. The Duties of this Full-Time Permanent Administrative Clerk III position would be responsible for the following tasks:

- Greeting Public
- Answering phones
- Processing daily in and out going mail
- Responds to high volume of requests for information from beneficiaries, state agencies and the legislature
- Processing Multi-page faxes utilizing a fax machine and/or computer fax program to large groups on a daily or weekly basis
- Production Typing of Program Reports, Excel/Accounting Spreadsheets, Word Processing on a variety of documents
- Compiling, Copying, and Assembling large mail outs
- Financial coding of invoices for staff approval
- Processing of Travel Authorizations for staff and trustees
- Making Travel Arrangements for staff and trustees
- Scheduling Teleconferences and Meetings for staff and Trustees
- Ordering approved Supplies and Equipment
- Verifying and utilizing AKSAS (State Accounting System) on financial documents
- Compiling, Copying and Assembling Trustee Packets and Meeting materials
- Compiling, organizing and data entry of large mailing lists to be accessible by all staff through the various software programs.

If this position request is denied, the Trust Authority programs would be severely impaired and the Trust Authority would have inadequate administrative support. The direct result of the denial of the position would cause fiscal and programmatic delays to the Comprehensive Integrated Mental Health Programs supported by the Mental Health Trust Settlement Income. The Alaska Mental Health Board, Governor's Council on Disabilities and Special Education, Advisory Board on Alcoholism and Drug Abuse, Alaska Commission on Aging, Department of Health and Social Services, Department of Administration, Department of Corrections, Department of Education, Department of Law, Department of Natural Resources, University of Alaska and Alaska Court System are agencies that would experience a direct impact in the services provided by the Alaska Mental Health Trust Authority without the administrative support. Without the administrative support position all functions of

3/17/97

the Trust Authority would be delayed and the current professional staff would have to carry the administrative support functions for 7 Trustees along with their regular duties. This raises an additional concern related to the ability of these other staff to meet the fiduciary obligations placed on AMHTA.

This position is very critical to assist with the day-to-day operations of the Trust Authority. In addition, it should be noted that Division of Administrative Services, Department of Revenue (DOR), is currently discussing reduction in services to all Divisions and will be assessing the feasibility of cost allocation to each division and/or mandating some fiscal duties to each individual Division. AMHTA will not be able to handle these duties without clerical support and will not be able to assist with any additional funding to cover any increases to the Interagency receipts for these duties.

Contractual Services

In FY97, AMHTA will have experienced its first full year of operation and funding. In the FY98 Administrative Budget, AMHTA strives to be very frugal and cost conscious with all line items in the Administrative Budget to achieve the best results for its beneficiaries. In FY98 AMHTA reduced the Contractual Services to absorb the cost of the Administrative Clerk III. The Contractual Services reduction would directly result in reductions to our interagency transfers. However, it should be noted that Division of Administrative Services, DOR, is currently discussing reduction in services to all Divisions and will be assessing the feasibility of cost allocation to each division. AMHTA will not be able to handle any additional funding to cover any increases to the interagency receipts.

Commodities

In FY97, AMHTA will have experienced its first full year of operation and funding. FY98 adjustments to commodities were made to reflect our anticipated actual expenditures. In the FY98 Administrative Budget, AMHTA strives to be very frugal and cost conscious with all line items in the Administrative Budget to achieve the best results for its beneficiaries. A reduction to our Commodities line item will result in transfers from other line items to meet our commodity needs.



Alaska Permanent Fund Corporation

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MEMORANDUM

DATE: March 18, 1997

TO: Representative Mark Hanley, Co-Chair
House Finance Committee

FROM: Byron I. Mallott *[Signature]*
Executive Director

SUBJECT: **FY98 Operating Budget
Subcommittee Recommendations**

The House Finance Subcommittee for the Department of Revenue FY98 operating budget has recommended the following cuts to the APFC request:

1. *Delete one Central Services Assistant position.*

Impact: It is not in the best financial interest of the Permanent Fund for investment professionals to have their attention diverted from the increasingly complex task of investing Permanent Fund assets. If the request for a Central Services Assistant is denied, the professional investment/finance staff will be forced to continue performing routine administrative tasks which could be performed more efficiently and cost effectively by a lower level position. These functions include: investment records management and transaction processing, financial report distribution, due diligence travel authorization and associated expense reimbursement, and assistance with special investment research projects. This position was approved by the Board of Trustees and is considered a high priority of the APFC. The position is entirely funded by APFC corporate receipts, not general fund.

2. *Delete travel increment of \$14,900.*

Impact: If the travel increment is not approved, the budget will not fully provide for the increased costs associated with board travel due to the

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March 18, 1997

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increase in the number/length of meetings, or meet the increase in due diligence required for the real estate portfolio due to the movement toward increased 100% ownership of properties as authorized by the 1994 legislature. APFC travel is funded entirely by APFC corporate receipts, not general fund.

3. *Delete equipment increment of \$70,800.*

Impact: The FY98 operating budget request for equipment includes costs associated with furniture and seating for the new videoconferencing center and board room that was approved by the 1996 Legislature, equipment for the Central Services Assistant position, and replacement of computer equipment that cannot support current investment technology (also recommended by the State TAC). Without this funding, the APFC will not be able to furnish the board room, provide basic equipment for the new position, and keep pace with improvements to its investment software. Timely, accurate financial information is absolutely critical to maintain the competitive position of the Permanent Fund in world investment markets. If it cannot stay current with investment technology, the APFC will fall behind the level of investment management information required for the continued, profitable management of Alaska's multi-billion investment fund. APFC equipment is funded entirely by APFC corporate receipts, not general fund.

Overall investment program impact

The APFC continues to undertake a disciplined budget development process that has been responsive to the fiscal circumstance of the State of Alaska as witnessed by the fact that both the FY97 and proposed FY98 operating budget totals are below the FY96 operating budget level authorized by the Legislature. The APFC's internal strategic plan also mandates that the FY99 operating budget not exceed the FY96 authorization. Therefore the APFC operating budget as proposed by the Corporation has been very carefully and responsibly developed to meet the almost exponentially increasing investment management needs of a rapidly growing asset base that now exceeds \$20 billion.

The operating budget eliminations proposed above by the House Finance Revenue Subcommittee will negatively impact the ability of the APFC to maintain the excellent investment program that becomes increasingly more sophisticated and management intensive. The APFC makes every effort to respond to and add value from a worldwide investment marketplace that does not reward institutions whose

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stewards do not have the foresight to responsibly provide the resources required to remain competitive.

These are not mere words; the costs associated with not maintaining appropriate technology, human resource capability and investment sophistication in a rapidly evolving global market place can and will be counted in the tens if not hundreds of millions of dollars with a portfolio this size.

Mr. Chairman, I obviously am not suggesting that the APFC budget be treated differently and of course, we respect as well as expect your thorough review and ultimate judgment. I am sincerely requesting the opportunity to more fully explain and discuss the near and longer term consequences to the Fund of any such budget eliminations.

cc: APFC Trustees



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MEMORANDUM

March 18, 1997

TO: Annalee McConnell, Director
Office of Management & Budget

FROM: Daniel R. Fauske, CEO/Executive Director
Alaska Housing Finance Corporation

SUBJECT: Impacts of House Operating Budget Cuts

The House Finance Subcommittee proposes to cut \$232,000 in federal funding for the Alaska Housing Finance Corporation FY98 operating budget. All of these cuts are proposed for AHFC's Public Housing Division, which serves approximately 4,450 families, senior citizens and disabled citizens throughout the state.

These cuts are somewhat confusing to explain since the subcommittee adopted this reduction by disallowing a line-item adjustment that was done as part of the calculation of the FY98 Adjusted Base level. During FY98 budget preparations, AHFC adjusted budget line-items to more accurately reflect the true costs under each line. This adjustment was a net zero (shown below), and did not change the total federal funding budgeted by the corporation.

Total Net Expenditures	Personal Services	Travel	Contractual	Commodities	Equipment	Land/Build	Grants	Misc
0.0	92.8	(123.8)	257.0	6.1	(0.1)	(232.0)	0.0	0.0

The House Subcommittee allowed the reduction for Land/Buildings, and then disallowed all other line item changes -- resulting in a net reduction of \$232,000 in federal receipt authority.

This reduction will negatively impact AHFC's ability to obtain federal funding that is available and necessary for public housing responsibilities of the corporation. During the upcoming fiscal year, AHFC will assume responsibility for new operating costs of public housing units coming on-line:

- The Cedar Park project in Juneau consists of 50 units under the Low Rent Program that will re-open in October. Utility costs for this project are funded from the contractual services line-item, as well as other contractual maintenance costs such as minor repairs, janitorial services, and snow removal.
- The Adelaide project in Anchorage is providing 70 units under the Section 8 Single Room Occupancy Program. Personal service costs will be incurred in administering the Section 8 certificates for HUD.

"Housing For All Alaskans"

- Under the Section 8 Opt-Out Program, 120 certificates in Juneau for private sector housing units are scheduled to be available. These certificates will come from two private sector projects that are opting out of a direct contract with HUD. AHFC will keep these certificates in Juneau by administering these certificates. Additional personal services costs will be incurred in keeping HUD from potentially withdrawing these certificates from Juneau.

In order for AHFC to capitalize on all available federal funding for these costs, I would like to request consideration for adopting this zero-net change line-item adjustment. This will assist the corporation in more accurately reflecting operating costs, and allow us to appropriately use federal money provided for these functions.

Alaska Housing Finance Corporation receives federal funds from contractual obligations to the U.S. Department of Housing and Urban Development (HUD) to provide for the administration, operations, and maintenance of federal housing programs. For example, AHFC collects 30% of a tenant's income as rent under HUD's Conventional Low Rent Program. While HUD requires these rents to be applied back towards the cost of the program, these rents do not provide sufficient revenues to fully operate the Low Rent Program. Therefore, HUD provides additional funds based on an Allowable Expense Level (AEL) minus the tenant rents and any other miscellaneous income related to this program.

Because of reduced federal funding, HUD's level of subsidy has declined. The current FY97 fiscal year is funded at 89%, down from the FY96 level of 96%. Any funds not used by a state housing authority would be pooled and redistributed until 100% is reached nationwide or until the unused funds are diminished.

In terms of AHFC's ability to effectively and efficiently manage these programs, HUD has rated the corporation with a perfect score of 100%. This rating was accomplished under HUD's Public Housing Management Assessment Program (PHMAP), and placed AHFC in the top 1% of all state housing authorities. This rating shows marked improvements from the low ratings from HUD five years ago, and is reflective of determined efforts by AHFC employees. Maintaining these high marks from HUD is a top priority for the corporation in its efforts to work cooperatively with federal agencies and to effectively manage public housing programs.

Again, in order to maintain our high ratings with HUD and to be able to maximize federal dollars available for these programs, it is my hope that this net-zero line-item adjustment will be approved as it was originally submitted.

TRANSPORTATION

TRANSPORTATION

Agency Totals - FY98 Operating Budget

Agency: Department of Transportation/Public Facilities

	<u>FY96 Act</u>	<u>FY97Auth</u>	<u>Gov Amd</u>	<u>House</u>	<u>Gov Amd to House</u>	
Totals for Agency	333,508.2	339,612.0	343,997.9	339,916.6	-4,081.3	-1.2%

Objects of Expenditure:

Personal Services	207,297.7	207,003.3	213,874.6	211,339.8	-2,534.8	-1.2%
Travel	2,704.2	2,690.7	2,892.1	2,726.7	-165.4	-5.7%
Contractual	61,175.4	66,999.5	64,436.5	64,165.1	-271.4	-0.4%
Commodities	31,941.7	33,851.4	33,582.3	33,556.2	-26.1	-0.1%
Equipment	2,120.0	633.9	588.3	570.0	-18.3	-3.1%
Lands/Buildings	6.0	0.0	0.0	0.0	0.0	0.0%
Grants, Claims	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous	28,263.2	28,433.2	28,624.1	27,558.8	-1,065.3	-3.7%

Funding Sources:

1002 Fed Rcpts	628.1	940.1	1,340.7	1,296.6	-44.1	-3.3%
1003 G/F Match	74.5	75.2	180.6	180.6	0.0	0.0%
1004 Gen Fund	126,354.5	124,445.6	126,210.5	123,967.4	-2,243.1	-1.8%
1005 GF/Prgm	3,358.1	3,114.4	1,671.3	356.8	-1,314.5	-78.7%
1007 I/A Rcpts	17,486.1	4,514.8	4,764.0	4,764.0	0.0	0.0%
1026 Hwy Capitt	20,693.4	22,547.3	22,749.8	22,749.8	0.0	0.0%
1027 Int Airprt	36,823.1	39,402.2	40,542.8	40,542.8	-0.0	-0.0%
1061 CIP Rcpts	59,267.8	65,205.9	66,281.8	66,281.8	0.0	0.0%
1076 Marine Hwy	68,822.6	78,822.7	76,378.6	75,938.3	-440.3	-0.6%
1091 GF/Desig		543.8	3,877.8	3,838.5	-39.3	-1.0%

Positions:

Perm Full Time	2,691.0	2,704.0	2,766.0	2,721.0	-45.0	-1.6%
Perm Part Time	773.0	702.0	695.0	688.0	-7.0	-1.0%
Non-Perm	0.0	0.0	3.0	3.0	0.0	0.0%

Component Summary - FY98 Operating Budget

Agency: Department of Transportation/Public Facilities

Page	Budget Component	FY96 Act	FY97 Auth	Gov Amd	House	Gov Amd to House	
Statewide Programs							
1	Commissioner's Office	808.1	803.5	801.6	616.9	-184.7	-23.0%
2	Unallocated Reduction			-100.0	-100.0	0.0	0.0%
	* BRU Total	808.1	803.5	701.6	516.9	-184.7	-26.3%
DBE/External Equal Employment							
3	Disadvantaged Business En/EEO	606.0	691.1	702.4	702.4	-0.0	-0.0%
4	DBE Payroll Suspense	556.8				0.0	0.0%
	* BRU Total	1,162.8	691.1	702.4	702.4	-0.0	-0.0%
Statewide Internal Review							
5	Statewide Internal Review	699.5	791.5	802.1	802.1	0.0	0.0%
6	Internal Review Payroll Suspen	644.8				0.0	0.0%
	* BRU Total	1,344.3	791.5	802.1	802.1	0.0	0.0%
Statewide Administrative Services							
7	Statewide Admin Services	1,970.6	2,087.7	2,114.7	2,114.7	-0.0	-0.0%
8	Statewide Information Systems	1,784.0	1,838.7	1,912.2	1,912.2	-0.0	-0.0%
9	Statewide State Equipmnt Fleet	1,003.8	928.6	942.7	942.7	0.0	0.0%
	* BRU Total	4,758.4	4,855.0	4,969.6	4,969.6	-0.0	-0.0%
Statewide Planning							
10	Statewide Planning	1,949.0	2,105.6	2,390.6	2,390.6	0.0	0.0%
11	Planning Payroll Suspense	1,750.8				0.0	0.0%
	* BRU Total	3,699.8	2,105.6	2,390.6	2,390.6	0.0	0.0%
State Aviation, Leasing and Airport Administration							
12	Statewide Aviation	609.7	674.0	683.2	683.2	0.0	0.0%
13	Aviation Planning Payroll Susp	293.2				0.0	0.0%
	* BRU Total	902.9	674.0	683.2	683.2	0.0	0.0%
Technology Transfer Program							
14	Technology Transfer Program	226.2	231.5	0.0	-0.0	-0.0	0.0%
15	Tech Transfer Payroll Suspense	216.4				0.0	0.0%
	* BRU Total	442.6	231.5	0.0	-0.0	-0.0	0.0%