

ALASKA LEGISLATURE

1663

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

Senate Bill 83/House Bill 113
FY 97 SUPPLEMENTAL APPROPRIATIONS
(In Thousands)

3/18/97

handout 5
C.S.

	DEPT.	BRU/ COMPONENT	DESCRIPTION	Hse Sec #	CS for House Bill 113(Fin)						Governor's Request					Total Funds	
					Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	Gov's Sec #	Federal	GF	GF/ Prgm	GF/ Match		Other
1	DOA	Leasing	Leasing and facilities costs (revised)	1 (a)		23.6			309.8	333.4	1 (a)		993.7				993.7
2	DOA	Office of Public Advocacy	Operating costs (revised)	1 (b)		210.5				210.5	1 (b)		247.8				247.8
3	DOA	Public Defender	Operating costs	1 (c)		268.9				268.9	1 (c)		268.9				268.9
4	DOA	EPORS	New retirees	1 (d)		65.6				65.6	(d)		65.6				65.6
5	DOA	Leasing	ABBA, Inc. v. State (Vintage Park settlement payment)	1 (e)		243.3				243.3	1 (e)		243.3				243.3
6	DOA	Leasing	Claims relating to the DEC laboratory	1 (f)		104.0				104.0	1 (f)		104.0				104.0
7	CED	AK Science and Technology (AST) Foundation	Transfer funding from the AK science & tech foundation endowment earnings reserve to the AST Fund for the Kodiak launch complex under AS 37.17.090(k)(1)	2 (a)							New (a)						
8	CED	AK Aerospace Development Corp.	Capital project - to AK Aerospace Development Corporation for Kodiak launch complex. Funding includes \$5 million transferred in (a)	2 (b)	18,000.0				10,000.0	28,000.0	New (b)	18,000.0				10,000.0	28,000.0
9	CFD	Exec Admin & Dev/ Commissioner's Ofc	Implement the coordinated response to the Southeast Alaska pulp mill closure for fiscal year ending 1997	3		60.0				60.0			60.0				60.0
10	CRA	Rural Energy Program - Energy Operations/PCE	Power Cost Equalization (PCE) and rural electric capitalization fund (AS 42.45.100)	4 (a)		1,500.0				1,500.0	New (a)		1,500.0				1,500.0
11	CRA	Rural Energy Program - Energy Operations/PCE	Power Cost Equalization (PCE)	4 (b)				1,500.0		1,500.0	New (b)				1,500.0		1,500.0
12	CRA	Child Assistance/ Head Start	RPL 21-7-0165 One-time federal receipts for Partners for Quality Care & Education Project	4 (c)	50.0					50.0	New	50.0					50.0
13	DMV	Disaster Relief Fund	General Fund appropriation to capitalize the fund	5		415.0				415.0	3		1,000.0				1,000.0
14	DOE	Teaching & Learning Support/ Special & Suppl Svcs	RPL 05-7-0626 New and carryforward funds for Title I and Migrant Education programs	6 (u)	3,750.0					3,750.0	New	3,750.0					3,750.0

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15	DOE	Voc Rehab/Client Services	RPL 05-7-0680 New and carryforward funds for client services programs	6	(b)	600.0					600.0	New	600.0				600.0
16	DOE	Voc Rehab/ Administration	RPL 05-7-0681 New and carryforward for administration and oversight of direct services	6	(c)	150.0					150.0	New	150.0				150.0
17	DOE	Teaching & Learning Support	RPL 05-7-0700 Carryforward funds for the School to Work program	6	(d)	1,080.0					1,080.0	New	1,080.0				1,080.0
18	DOE	AK State Library/Library Operations	RPL 05-7-0738 Computer and software upgrades	6	(e)						30.0	New			30.0		30.0
19	DOE	Mt. Edgecumb Boarding School	RPL 05-7-0748 Summer programs in FY97	6	(f)						22.0	New			22.0		22.0
20	DOC	Fairbanks Correctional Center	Capital project - Replace boiler system	7	(a)		632.0				632.0	4 (a)		632.0			632.0
21	DMV	Disaster Planning & Control	Capital project - Radio equipment	7	(b)		100.0				100.0	4 (d)		100.0			100.0
22	DNR	Parks Management	Capital project - Emergency repairs to Perseverance Trail	7	(c)		120.0				120.0	4 (e)		200.0			200.0
23	DFG	Wildlife Conservation	RPL 11-7-0234 New and carryforward federal funds for projects.	8		430.0					430.0	New	430.0				430.0
24	HSS	Adult Public Assistance	Estimated FY97 costs	9	(a)		939.0				939.0	5 (a)		939.0			939.0
25	HSS	Med Assist / Indian Health Services (IHS)	Increased IHS Medicaid reimbursement rates	9	(b)	10,000.0					10,000.0	5 (b)	10,000.0				10,000.0
26	HSS	Family and Youth Services/ Foster Care	Costs for children in state custody (revised)	9	(c)		750.0				750.0	5 (c)		750.0			750.0
27	HSS	Family and Youth Services/ McLaughlin Youth Center	Increased costs caused by youth facility population increases	9	(d)		685.0				685.0	5 (d)		685.0			685.0

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				Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	Gov's Sec #	Federal	GF	GF/ Prgm	GF/ Match		Other
28	HSS	State Health Services	RPL 06-7-0196 Indoor Radon Monitoring grant - \$78.0 & Tuberculosis Control & Elimination	9 (e)	99.3					99.3	New	99.3				99.3
	LAW	Oil & Gas Litigation	Source of funds: \$3,160.0 State Corporate Receipts, \$16,840.0 CRRF. Retrospective to July 1, 1996. Extended to June 30, 1997.	10 (a)							6 (a)					
29	LAW	Legal Services Operations	Judgments and claims (revised)	10 (b)		236.3		16.0	252.3	6 (b)		236.3			16.0	252.3
30	DMV	Disaster Planning & Control	Emergency alert system - with a lapse date extension to June 30, 1998.	11 (a)		121.9			121.9	7 (a)		220.0				220.0
31	DMV	Disaster, Planning & Control	Appropriate general fund program receipts to the Disaster Relief Fund to allow for the receipt & payment of insurance premiums	11 (b)			17.2		17.2	New (b)			17.2		17.2	34.4
32	DMV	Disaster, Planning & Control	Appropriate from the Disaster Relief Fund p'ment of premium p'ments for flood	11 (c)				17.2	17.2							
33	DOA	Admin Services	Misc claims, state date warrants (revised from \$27.3)	12		33.4			33.4	8		33.4				33.4
34	DOC	Admin Services	Misc claims, state date warrants (revised from \$8.3)	12		9.3			9.3	8		9.3				9.3
35	DFG	Admin Services	Misc claims, state date warrants	12		1.3			1.3	New		1.3				1.3
36	HSS	Admin Services	Misc claims, state date warrants	12		22.2			22.2	8		22.2				22.2
37	LAW	Admin Services	Misc claims, state date warrants	12		0.5			0.5	New		0.5				0.5
38	DPS	Admin Services	Misc claims, state date warrants	12		4.3			4.3	8		4.3				4.3
39	DOT	Admin Services	Misc claims, state date warrants	12		0.9			0.9	8		0.9				0.9
40	DNR	Fire Suppression	Funding for fixed costs and fire suppression activities from January - June 1997.	13 (a)		3,788.3			3,788.3	9 (a)		3,788.3				3,788.3
41	DNR	Resource Dev/Land Development	Refunds owed by the veterans' land discount program (AS 38.05.940)	13 (b)		280.0			280.0	9 (b)		300.0				300.0

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					Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	Gov's Sec #	Federal	GF	GF/ Prgm	GF/ Match		Other
43	DNR	Resource Dev/Land Development	Costs of administering the refunds owed by the veterans' land discount program	13	(c)		20.0				20.0						
44	DNR	Resource Dev./and Development	Removal of existing buildings and other associated facilities at the Old Eagle School site	13	(d)		100.0				100.0	9	(c)		100.0		100.0
45	DPS	Village Public Safety Officer/Contracts	Section 30, ch. 117, SLA '96, pg 43 ln 32 and allocated on line 34 (VPSO, Contracts \$4 965.5 GF). Extend lapse to June 30, 1998	14	(a)							10					
46	DPS	Council on Domestic Violence and Sexual Assault	RPI. 12-7-0124 Implement federal Domestic Violence Prevention & Victim Protection Act of 1996	14	(b)	205.5					205.5	New		205.5			205.5
47	DOA	Various	Ratify overexpenditures: \$47.8	15								11					
48	DOL	Various	Ratify overexpenditures: \$25.2	15								11					
49	HISS	Various	Ratify overexpenditures: \$259.4	15								11					
50	DNR	Various	Ratify overexpenditures: \$458.3	15								11					
51	DMV	Various	Ratify overexpenditures: \$41.9	15								New					
52	DOR	Treasury Management	Investment management fees for the CBRF Payment of permanent fund dividends House includes extended lapse date to June 30, 1998.	16	(a)		25.0				25.0	12	(a)		31.0		31.0
53	DOR	Permanent Fund Dividend	Investment management fees for the CBRF Payment of permanent fund dividends House includes extended lapse date to June 30, 1998.	16	(b)				3,350.0		3,350.0	12	(c)				3,350.0
54	DOT	Alaska Marine Highway Stabilization Fund	Increased fuel costs	17	(a)		130.0				130.0	13			391.4		391.4
55	DOT	Office of the Commissioner	Capital project - to implement the Copper River consent decree.	17	(b)		444.5				444.5	New			444.5		444.5
56	CTS	Trial Courts	State welfare reform legislation (revised from \$44.5 initial projection)	18	(a)		32.2				32.2	14			32.2		32.2
57	CTS	Commission on Judicial Conduct	Increased operating costs and mandatory salary increases	18	(b)		30.4				30.4				23.0		23.0

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				Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	Gov's Sec #	Federal	GF	GF/ Prgm	GF/ Match		Other		
58	DOC	Office of the Commissioner									2					2,300.0	2,300.0	
59	HSS	Family and Youth Services/ Central Office									4	(b)				1,247.4	1,247.4	
60	HSS	Community Health/EMS Services									4	(c)				200.0	200.0	
61	LAW	Civil									6	(c)				485.0	485.0	
62	LAW	CSSB 74 (Fin) Am 11 contains \$1.0 million for this purpose									6	(c)				(485.0)	(485.0)	
63	LAW	Civil Division/ Medicaid Provider Fraud									New					(29.3)	29.3	
64	DOR	Treasury Management									12	(b)						
65	DFG	Com Fish Mgmt & Dev/Fisheries Mgmt									New							
66	HSS	Institutions & Admin									New					200.0	200.0	
67	CED	Measurement Standards									New					4.3	4.3	
68	DPS	Training Academy									3/1/97						2,104.4	2,104.4

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				Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds		Federal	GF	GF/ Prgm	GF/ Match	Other		
69	DPS	Training Academy															
70		Capital project - Training academy. Repeal/rcapprop. Statewide Deferred Building. Sec 10, ch. 4, FSSLA 94, pg 12, In 24 \$60.0 GF															
71				<u>34,364.8</u>	<u>11,397.4</u>	<u>69.2</u>		<u>15,193.0</u>	<u>61,024.4</u>		<u>34,364.8</u>	<u>17,175.3</u>	<u>244.2</u>	<u>29.3</u>	<u>16,987.6</u>	<u>68,801.2</u>	
72	AGENCY SUMMARY			Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds		Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	
73	DOA	Administration			949.3			309.8	1,259.1			1,956.7				1,956.7	
74	CFD	Commerce and Economic Development		18,000.0	60.0			10,000.0	28,060.0		18,000.0	60.0	4.3		10,000.0	28,064.3	
75	CRA	Community and Regional Affairs		50.0	1,500.0			1,500.0	3,050.0		50.0	1,500.0			1,500.0	3,050.0	
76	DOC	Corrections			641.3				641.3			2,941.3				2,941.3	
77	DOE	Education		5,580.0		52.0			5,632.0		5,580.0		52.0			5,632.0	
78	DFG	Fish and Game		430.0	1.3				431.3		430.0	1.3				431.3	
79	HSS	Health and Social Services		10,099.3	2,396.2				12,495.5		10,099.3	3,843.6	200.0			14,142.9	
80	LAW	Law			236.8			16.0	252.8			236.8	(29.3)	29.3	16.0	252.8	
81	DMV	Military and Veterans Affairs			636.9	17.2		17.2	671.3			1,320.0	17.2		17.2	1,354.4	
82	DNR	Natural Resources			4,308.3				4,308.3			4,388.3				4,388.3	
83	DPS	Public Safety		205.5	4.3				209.8		205.5	4.3			2,104.4	2,314.2	
84	DOR	Revenue			25.0			3,350.0	3,375.0			31.0			3,350.0	3,381.0	
85	DOT	Transportation and Public Facilities			575.4				575.4			836.8				836.8	
86	CTS	Courts			62.6				62.6			55.2				55.2	
87		Total		<u>34,364.8</u>	<u>11,397.4</u>	<u>69.2</u>		<u>15,193.0</u>	<u>61,024.4</u>		<u>34,364.8</u>	<u>17,175.3</u>	<u>244.2</u>	<u>29.3</u>	<u>16,987.6</u>	<u>68,801.2</u>	
88																	
89	GF				11,397.4				11,397.4			17,175.3				17,175.3	
90	GF/Program Receipts					69.2			69.2				244.2			244.2	
91	GF Match													29.3		29.3	
92	CSSB 74 (Fin) Am H (Venetic case - approved by the Governor).				1,000.0				1,000.0			1,000.0				1,000.0	
93								GF Total	<u>12,466.6</u>						GF Total	<u>18,448.8</u>	
94																	

FY97 Supplemental Requests HB 113

Amended	Section	Department	Gov's Request as amended			
			Component	GF	Other	Notes
3/7/97	1 (a)	Administration	Leasing	993.7		Legislature was informed supplemental would be needed when FY97 budget was reduced
3/7/97	1 (b)	Administration	OPA	247.8		Legislature was informed supplemental would be needed when FY97 budget was reduced
	1 (c)	Administration	Public Defender	268.9		Legislature was informed supplemental would be needed when FY97 budget was reduced
	1 (d)	Administration	Elected Public Officials Retire. Sys	65.6		New retirees (Cowper, Anderson, Sackett) and 5% increase in health premiums
	1 (e)	Administration	Leasing	243.3		Costs relating to Juneau One Stop (Vintage Park) settlement
	1 (f)	Administration	Leasing	104.0		DEC Lab claims defense
	2	Corrections	Clery fines	2,300.0		Estimated thru FY 97. To capital account for expansion of beds
	3	Mil & Vets Affairs	Disaster Relief	1,000.0		Funding to be available for future disasters (per legislative intent)
	4 (a)	Corrections	Fairbanks Correctional Center	632.0		Emergency replacement of boiler for heating system
	4 (b)	Health & Soc Svcs	McLaughlin/Fbx Youth Center	1,247.4		Perimeter fence; have had security breaches
	4 (c)	Health & Soc Svcs	Emergency Communication Equip	200.0		Replace badly outdated equipment
	4 (d)	Mil & Vets Affairs	Radio Equipment	100.0		Comply with FCC requirements
	4 (e)	Natural Resources	Perseverance Trail	200.0		Emergency reconstruction work
	5 (a)	Health & Soc Svcs	Adult Public Assistance	939.0		Client load has followed projections provided to legislature last spring
	5 (b)	Health & Soc Svcs	Indian Health Service		10,000.0	Fed Rcpts for unanticipated increase in claims for IHS beneficiaries
3/7/97	5 (c)	Health & Soc Svcs	Foster Care	750.0		Exceptional client costs; 200.0 underfunded from spring projections
	5 (d)	Health & Soc Svcs	McLaughlin Youth Center	685.0		More adjudication and short term detention; higher staffing levels/client costs
3/5/97	6 (a)	Law WITHDRAWN	Oil & gas audits & legal proceeding	0.0	0.0	Extend lapse date of FY97 appropriation
2/27/97	6 (b)	Law	Civil	236.4	15.9	Judgements & claims
	6 (c)	Law	Statehood Defense	485.0		Outside counsel and other costs of Venetie appeal
	7 (a)	Mil & Vets Affairs	Emergency Alert System	220.0		Federal requirement to be operational by Jan 1, 1997. Requested by Gov but not funded for FY97
3/5/97 3/7/95	7 (b)	Mil & Vets Affairs	Flood insurance program	17.2		Program receipts passed through to nation flood insurance program
2/27/97	8	Administration	Misc claims & stale-dated warrants	33.4		Pay old bills and warrants
3/7/97	8	Corrections	Miscellaneous claims	9.3		Pay old bills and warrants
	8	Health & Soc Svcs	Miscellaneous claims	22.2		Pay old bills
2/27/97	8	Fish & Game	Miscellaneous claims	1.3		Pay old bills
2/27/97	8	Law	Miscellaneous claims	0.5		Pay old bills
	8	Public Safety	Miscellaneous claims	4.3		Pay old bills
	8	Transportation & PF	Miscellaneous claims	0.9		Pay old bills
	9 (a)	Natural Resources	Fire Suppression	3,788.3		Fixed costs & expected suppression costs, Jan-June, '97 (per legislative intent)
	9 (b)	Natural Resources	Veterans Land Discount	300.0		Based upon Ombudsman investigation and finding
	9 (c)	Natural Resources	Old Eagle School Site	100.0		To remove (raze) buildings from site prior to remediation

FY97 Supplemental Requests HB 113

Gov's Request as amended						
Amended	Section	Department	Component	GF	Other	Notes
	10	Public Safety	VPSO Program	0.0		Extend lapse date for VPSO contracts funding
	11	Ratifications	DOA, DOL, DHSS, DNR	0.0		AKSAS clean-up - no cash expenditure taking place
	12 (a)	Revenue	Treasury Mgt	31.0		Equity investment fees for new Constitutional Budget Reserve asset allocation
3/7/97	13 (a)	Transportation & PF	Marine Highway System	391.4		Increased fuel costs due to higher prices
3/5/97	13 (b)	Transportation & PF		444.5		Copper River Highway Consent Decree
2/27/97	New	Fish & Game	Comm Fish			Lapse date extension for ongoing litigation
2/27/97	New	Community & Reg Aff	Power Cost Equalization	1,500.0		Fuel price increases
3/5/97	New	Commerce & Econ Dev.		60.0		Coordinated response to SE AK mill closure
3/7/97	New	Commerce & Econ D	Science & Tech		5,000.0	From endowment earnings to ASTF so can be granted to AADC (below)
3/7/97	New	Commerce & Econ D	Ak Aerospace Development Corp		28,000.0	Kodiak Launch Complex. Includes the 5,000.0 from ASTF above
3/5/97	16					
3/7/95						
3/7/97	18					
			EXECUTIVE BRANCH TOTAL	17,622.4	43,015.9	
	14	Courts	Trial Courts	32.2		Unfunded impacts of SB 98 (Welfare Reform) (fiscal note was dropped last session)
		BILL TOTALS		17,654.6	43,015.9	Double counts 5,000.0 ASTF funds

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-4660
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March 11, 1997

The Honorable Drue Pearce
The Honorable Bert Sharp
The Honorable Mark Hanley
The Honorable Gene Therriault
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

As you continue your review of the Governor's supplemental appropriations bill please consider the amendments below. The first amendment is a technical addition to complete the power cost equalization supplemental. The second new section will make an additional deposit to the permanent fund dividend fund. As I discussed with Senator Pearce and Representative Hanley last Friday, this new appropriation is needed because of the substantial progress the Department of Revenue has made in clearing up the backlog of permanent fund dividends applications under appeal or awaiting more information before approval.

The construction of a women's dormitory and a shooting range for the Training Academy was a high priority for the Department of Public Safety which could not be accommodated in the FY 98 capital budget. However, in partnership with the City and Borough of Sitka, we have worked out a plan using FY 97 AHFC corporate receipts (which were within the \$53 million available but not committed last spring) plus a \$300,000 contribution from Sitka and a DPS reappropriation.

Add new sections:

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS Add a new subsection (b) to the power cost equalization fund appropriation (requested in my letter of February 27):

The sum of \$1,500,000 is appropriated from the power cost equalization and rural electric capitalization fund (AS 42.45.100) to the Department of Community and Regional Affairs, power cost equalization program for the purposes of that program for the fiscal year ending June 30, 1997.

Sec. 12. (DEPARTMENT OF REVENUE) Add a new subsection:

(c) The sum of \$3,350,000 is appropriated from the earnings reserve account (AS 37.13.145) to the dividend fund (AS 43.23.045) for the payment of permanent fund dividends.

Sec. __. DEPARTMENT OF PUBLIC SAFETY TRAINING ACADEMY (a) The sum of \$2,104,400 is appropriated from the fiscal year 1997 corporate receipts of the Alaska Housing Finance Corporation to the Department of Public Safety, Training Academy for construction of a women's addition, building improvements, and construction of a shooting range.

(b) The sum of \$60,000 is appropriated from the general fund to the Department of Public Safety, Training Academy for construction of a women's addition, building improvements, and construction of a shooting range.

(c) Section. 10, ch. 4, FSSLA 1994, Page 12, line 24 is amended to read:

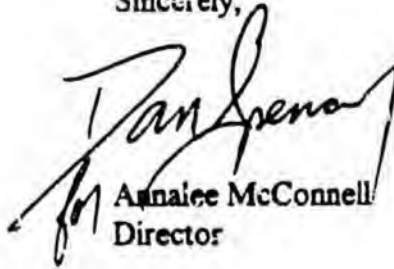
	Allocations	Appropriation Items	General Fund	Other Funds
Statewide Deferred Building		<u>440,000</u>	<u>440,000</u>	
Maintenance (ED 99)		[500,000]	[500,000]	

Amend the following section:

Sec. 16. Amend the references to CAPITAL PROJECTS to include subsections (a) and (b) of the new Training Academy section described above.

Back-up materials for the permanent fund dividend amendment is attached, and back-up information on the Training Academy will be provided tomorrow. If you have any questions, please call me or our chief budget analyst, Dan Spencer.

Sincerely,



for AnnaLee McConnell
Director

Attachments

cc Mike Greany, Legislative Finance

MEMORANDUM

STATE OF ALASKA
DEPARTMENT OF REVENUE
OFFICE OF THE COMMISSIONER

to: Annalee McConnell, Director
Office of Management and Budget
Office of the Governor

DATE: March 11, 1997

FILE:

FROM: Wilson L. Gordon
Commissioner

TELEPHONE: (907) 465-2300

SUBJECT: Supplemental Appropriation

The Permanent Fund Dividend Division has approved more dividend applications for payment than was anticipated last September. Further, we have reduced the backlogs of pending applications more rapidly than we thought possible. For example, one year ago there were more than five thousand applications in appeals. There are now about 700. As a result, the permanent fund dividend fund is currently depleted. By this memorandum, I request that you add to the Governor's supplemental appropriations bill a request for an additional \$3.35 million dollars for the Permanent Fund Dividend Fund, to be used to pay dividends for the remainder of this fiscal year. The Earnings Reserve Account would be the appropriate funding source for the request.

Let me explain in more detail the reasons that the fund has been depleted. First, each year, when we calculate the amount for the current year's dividend, we count not only those applications that have already been qualified for payment, but estimate the number of still-pending applications that we think will be paid. We do this by assigning a percentage to each category of pending dividend applications (those in review, those in appeals, and those needing further information), thereby estimating the likely number that will be paid in each category. Last year, there were a comparatively large number (25,497) of pending applications when we calculated the dividend amount; we estimated that 12,555 of these would be paid. At the 1996 dividend amount of \$1130.67, these individuals would be paid \$14.2 million. There were also a comparatively small number of applications pending from prior years; we estimated (again, projecting the likely outcome) that we would need \$985,316 to pay these. Our estimates of the likely outcomes of these pending applications appear to have been low. As a result, the calculation for the 1996 dividend was slightly high.

One of the reasons that these estimates were low is that we have been making a number of changes that make the program less of an obstacle course, and have been endeavoring to assist Alaskans with their applications. For example, the prior administration adopted a rule under which, when an applicant was asked to submit supporting information (like rent receipts or airline tickets) the applicant was denied if the information was not submitted promptly. Now, an applicant has much more time to submit the information and, even on appeal, can qualify if the information shows that the applicant is eligible. Thus, we only deny folks if they don't qualify, not because they didn't meet an arbitrary deadline for back-up information.

The second factor relates to the speed with which we have been reviewing applications. Because of the backlog of existing cases, each year we begin the year with (1) an inventory of pending cases and (2) a roll-over from the previous year's dividend fund. The dividend division has worked very hard this year to reduce the backlog of cases pending in appeals

and review, and to process the 1996 dividend applications as quickly possible. We have exceeded our expectations. The division is now more caught up than it has been in a good many years. The result of this quick work is that we are much further along in actually paying current year dividends than we have been in previous years. This year, because of the quick work in the division, the cushion of applications carrying over into the next year has substantially disappeared.

Unfortunately, it did not come to the attention of the Commissioner's Office that the speed of the resolution of cases was out pacing the available funds until we were actually out of money in the fund. The division normally runs warrants each Tuesday night for the applications that have been cleared for payment the past week. This last week, we were notified that the March 4 run would result in an over expenditure of approximately \$330,000 in that appropriation. In order to protect both the applicants who were entitled to the dividends, and the banks at which they would be presented, we took immediate action to assure that those warrants would not be returned for insufficient funds. We changed the coding from the permanent fund dividend fund appropriation to the permanent fund dividend division operating budget. This was our only option at the time to protect both the Alaskans and the banks. As Representative Hanley was quoted in recent press coverage, "If these guys are owed their money, then they should get it."

As the dividend payment appropriation is replenished by credits created through the cancellation of warrants or the Division's collection efforts, we will transfer these charges against the operating budget back against the dividend payment appropriation. When the supplemental appropriation request is enacted and the funds have been added to the dividend payment appropriation, all residual charges against the dividend operating budget will be reversed and the normal payment stream will resume.

We have reviewed our inventory of currently pending applications, and estimate that we will qualify an additional 2665 applicants for payment between now and the end of the fiscal year. With available funding, we will continue to pay these applicants the dividend amount of \$1131, or \$3,014,115. Thus, our total request is for \$3.35 million.

We are currently taking steps to ensure that this type of over expenditure does not happen again. Ever since the state began using AKSAS, batch interface files like those for paying dividends have a "hard coded" approval. This means that no on-line balance verification and certification is required for the transaction to go forward. This differs from the process that is used for normal operating expenditures, in which a certifying officer makes an actual verification of funds. This historic practice is not adequate. We need an internal control that requires a visual check of the fund balance. Effective immediately, we are requiring that the director review the appropriation status *each* time a batch interface file is produced that expends part of that fund. We will devise a reporting system that ensures that a timely appropriation status check is made.

In the meantime, we will issue no further warrants until Legislative action is taken on the supplemental request. We will notify applicants who become qualified that the fund has been depleted, and that payment of their dividend must await action on our supplemental request. No action is required at this time by the staff of the Permanent Fund Corporation or its Board of Trustees.

cc: Nanci Jones
Laurie Perkins

FY97 Supplemental Requests HB 113

Amended	Section	Department	Component	Gov's Request as amended		Notes
				GF	Other	
3/7/97	1 (a)	Administration	Leasing	893.7		Legislature was informed supplemental would be needed when FY97 budget was reduced
3/7/97	1 (b)	Administration	OPA	247.8		Legislature was informed supplemental would be needed when FY97 budget was reduced
	1 (c)	Administration	Public Defender	268.9		Legislature was informed supplemental would be needed when FY97 budget was reduced
	1 (d)	Administration	Elected Public Officials Retire. Sys	65.6		New retirees (Cowper, Anderson, Sackett) and 5% increase in health premiums
	1 (e)	Administration	Leasing	243.3		Costs relating to Juneau One Stop (Vintage Park) settlement
	1 (f)	Administration	Leasing	104.0		DEC Lab claims defense
	2	Corrections	Clearly fines	2,300.0		Estimated thru FY 97. To capital account for expansion of beds
	3	Mil & Vets Affairs	Disaster Relief	1,000.0		Funding to be available for future disasters (per legislative intent)
	4 (a)	Corrections	Fairbanks Correctional Center	632.0		Emergency replacement of boiler for heating system
	4 (b)	Health & Soc Svcs	McLaughlin/Fbx Youth Center	1,247.4		Perimeter fence; have had security breaches
	4 (c)	Health & Soc Svcs	Emergency Communication Equip	200.0		Replace badly outdated equipment
	4 (d)	Mil & Vets Affairs	Radio Equipment	100.0		Comply with FCC requirements
	4 (e)	Natural Resources	Perseverance Trail	200.0		Emergency reconstruction work
	5 (a)	Health & Soc Svcs	Adult Public Assistance	939.0		Client load has followed projections provided to legislature last spring
	5 (b)	Health & Soc Svcs	Indian Health Service		10,000.0	Fed Rcpts for unanticipated increase in claims for IHS beneficiaries
3/7/97	5 (c)	Health & Soc Svcs	Foster Care	750.0		Exceptional client costs; 200.0 underfunded from spring projections
	5 (d)	Health & Soc Svcs	McLaughlin Youth Center	685.0		More adjudication and short term detention; higher staffing levels/client costs
3/5/97	6 (a)	Law WITHDRAWN	Oil & gas audits & legal proceeding	0.0	0.0	Extend lapse date of FY97 appropriation
2/27/97	6 (b)	Law	Civil	236.4	15.9	Judgements & claims
	6 (c)	Law	Statehood Defense	485.0		Outside counsel and other cos's of Venetie appeal
	7 (a)	Mil & Vets Affairs	Emergency Alert System	220.0		Federal requirement to be operational by Jan 1, 1997. Requested by Gov but not funded for FY97
3/5/97 3/7/95	7 (b)	Mil & Vets Affairs	Flood insurance program	17.2		Program receipts passed through to nation flood insurance program
2/27/97	8	Administration	Misc claims & stale-dated warrants	33.4		Pay old bills and warrants
3/7/97	8	Corrections	Miscellaneous claims	9.3		Pay old bills and warrants
	8	Health & Soc Svcs	Miscellaneous claims	22.2		Pay old bills
2/27/97	8	Fish & Game	Miscellaneous claims	1.3		Pay old bills
2/27/97	8	Law	Miscellaneous claims	0.5		Pay old bills
	8	Public Safety	Miscellaneous claims	4.3		Pay old bills
	8	Transportation & PF	Miscellaneous claims	0.9		Pay old bills
	9 (a)	Natural Resources	Fire Suppression	3,788.3		Fixed costs & expected suppression costs, Jan-June, '97 (per legislative intent)
	9 (b)	Natural Resources	Veterans Land Discount	300.0		Based upon Ombudsman investigation and finding
	9 (c)	Natural Resources	Old Eagle School Site	100.0		To remove (raze) buildings from site prior to remediation

FY97 Supplemental Requests HB 113

Amended	Section	Department	Component	Gov's Request as amended		Notes
				GF	Other	
	10	Public Safety	VPSO Program	0.0		Extend lapse date for VPSO contracts funding
	11	Ratifications	DJA, DOL, DHSS, DNR	0.0		AKSAS clean-up - no cash expenditure taking place
	12 (a)	Revenue	Treasury Mgt	31.0		Equity investment fees for new Constitutional Budget Reserve asset allocation
	(b)	Revenue	Treasury Mgt			Sets out purpose of 12(a)
3/11/97	New (c)	Revenue	Permanent fund dividends		3,350.0	From earnings reserve to dividend fund for additional dividends from backlog
3/7/97	13 (a)	Transportation & PF	Marine Highway System	391.4		Increased fuel costs due to higher prices
3/5/97	13 (b)	Transportation & PF		444.5		Copper River Highway Consent Decree
2/27/97	New	Fish & Game	Comm Fish			Lapse date extension for ongoing litigation
2/27/97	New	Community & Reg Aff	Power Cost Equalization	1,500.0		to PCE fund Fuel price increases
3/11/97	New	Community & Reg Aff	Power Cost Equalization		1,500.0	From PCE fund to PCE program
3/5/97	New	Commerce & Econ Dev.		60.0		Coordinated response to SE AK mill closure
3/7/97	New	Commerce & Econ D	Science & Tech		5,000.0	From endowment earnings to ASTF so can be granted to AADC (below)
3/7/97	New	Commerce & Econ D	Ak Aerospace Development Corp		28,000.0	Kodiak Launch Complex. Includes the 5,000.0 from ASTF above
3/11/97	New (a)	Public Safety	Training Academy		2,104.4	FY97 AHFC corporate receipts for women's addition, building improvements, & a shooting range for the academy
3/11/97	New (b)	Public Safety	Training Academy	60.0		
3/11/97	New (c)	Public Safety	SLA 94 capital project to DPS	-60.0		Deletes unobligated funding to cover cost of (b) above
3/5/97	16		Specifies capital projects			
3/7/95						
3/11/97						
3/7/97	18		Retroactive effective date			
			EXECUTIVE BRANCH TOTAL	17,622.4	49,970.3	
	14	Courts	Trial Courts	32.2		Unfunded impacts of SB 98 (Welfare Reform) (fiscal note was dropped last session)
		BILL TOTALS		17,654.6	49,970.3	Double counts 5,000.0 ASTF funds

1

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE DAVIES

TO: HB 113

Page3, lines 21 - 25:

Delete all material.

Renumber bill sections accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE DAVIES

TO: HB 113

1 Page 3, lines 10 - 18:

2 Delete all material and insert:

3 " * Sec. 6. (a) The appropriation made by sec. 26(a), ch. 94, SLA 1995, including amounts
4 encumbered but not obligated or expended, is repealed.

5 (b) An amount equal to the amounts that were repealed under (a) of this section is
6 appropriated from the general fund to the Department of Law for costs relating to legal
7 proceedings and audit activity involving oil and gas revenue due or paid to the state or state
8 title to oil and gas land."

9 Reletter the following subsections accordingly.

10 Page 6, line 14:

11 Delete "6(c)"

12 Insert "6(d)"

13 Page 6, line 16:

14 Delete all material.

15 Renumber the following bill section accordingly.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF BUDGET REVIEW

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-2178
FAX: (907) 465-2090

March 7, 1997

The Honorable Drue Pearce
The Honorable Bert Sharp
The Honorable Mark Hanley
The Honorable Gene Therriault
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

As you continue your review of the Governor's supplemental appropriations bill please consider the following amendments.

Add a new section:

Sec. __ ALASKA AEROSPACE DEVELOPMENT CORPORATION (a) The sum of \$5,000,000 is appropriated from the Alaska science and technology foundation endowment earnings reserve to the Alaska Science and Technology Foundation to award as a grant to the Alaska Aerospace Development Corporation for the Kodiak launch complex under AS 37.17.090(k)(1).

(b) The sum of \$28,000,000 is appropriated from the following funding sources to the Alaska Aerospace Development Corporation revolving fund for construction of the Kodiak Launch Complex:

Federal Receipts	\$18,000,000
Alaska Science and Technology Foundation Grant	5,000,000
Corporate Receipts	5,000,000

Amend the following sections:

Sec. 1. (DEPARTMENT OF ADMINISTRATION) Reduce the leasing and facilities amount in section 1(a) to \$993,700 and the office of public advocacy amount in section 1(b) to \$247,800.

Sec. 5. (DEPARTMENT OF HEALTH AND SOCIAL SERVICES) Reduce the foster care program amount in section 5(c) to \$750,000 as a result of updated projections of funding needs.

Sec. 6. (DEPARTMENT OF LAW) Replace section 6(b) on judgments and claims with the language below to bring the requirement for all judgments and claims current as of today.

The sum of \$252,339 is appropriated to the Department of Law to pay judgments and claims against the state for the fiscal year ending June 30, 1997 from the following funding sources:

General fund	\$236,395
Public employees retirement fund	12,766
Teachers retirement system fund	3,178

Technical corrections:

Sec. 7(b) (*which was proposed in my letter of March 5*) The sum of \$17,200 is appropriated from general fund program receipts to the disaster relief fund (AS 26.23.300) to allow for the receipt of flood insurance premiums from Southcentral flood victims and subsequent payment of those premiums to the [FEDERAL EMERGENCY MANAGEMENT AGENCY UNDER THE TERMS OF A]national flood insurance pilot program authorized specifically for victims of the Southcentral flood.

Sec. 8 (MISCELLANEOUS CLAIMS) Amend the Department of Corrections amount:
 Corrections [8,330] 9,275

Sec. 13. (DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES) Insert the word "fund" after "Alaska marine highway system" to be consistent with the existing appropriation.

Sec. 16. Amend the references to CAPITAL PROJECTS to include subsections (a) and (b) of the new Alaska Aerospace Development Corporation section described above.

Sec. 18. (RETROACTIVE EFFECTIVE DATE) Delete reference to Sec. 6(a) and insert a reference to subsection (a) of the new Alaska Aerospace Development Corporation section described above.

Without this change, the ASTF board of directors would have to take action after the effective date of the supplemental to re-approve the \$5,000,000 grant to AADC for the Kodiak launch facility which was conditioned on AADC securing the federal receipts noted in subsection (b).

Revised Programs (RPLs)

Several of the revised programs (RPLs) which we submitted for the Legislative Budget and Audit Committee's February 27 meeting were not voted on at that time. Some of these have significant timing problems — in fact, timing is the reason why the RPL process has been used for years instead of waiting for supplemental bills which often do not pass until late in the session. For instance, we have received more than \$5 million of federal funds which the Department of Education should be allowed to pass through to school districts. Federal receipt authority for Fish and Game will enable them to begin preparing now for some marine mammal and other projects scheduled to begin this spring.

As a consequence of the recent LB&A meeting, it is not clear what criteria the committee will be using to decide whether or not to consider RPLs, especially during the session. I am concerned about the risk of

having worthwhile projects delayed or not funded while the Finance and LB&A committees work out a process for deciding whether federal and program receipts changes should be handled as a supplemental request or an RPL.

The following sections translate the still-pending RPLs into supplemental appropriations. However, if the supplemental bill is not going to be sent to the governor before the end of the month, I would strongly urge that these items be taken up in a March LB&A meeting rather than hold up the projects.

RPL 05-7-0626 Sec. __. The sum of \$3,750,000 is appropriated from federal receipts to the Department of Education, division of teaching and learning support for Title I and Migrant Education programs for the fiscal year ending June 30, 1997.

RPL 05-7-0680 Sec. __. The sum of \$600,000 is appropriated from federal receipts to the Department of Education, division of vocational rehabilitation, for costs of client services programs for the fiscal year ending June 30, 1997.

RPL 05-7-0681 Sec. __. The sum of \$150,000 is appropriated from federal receipts to the Department of Education, division of vocational rehabilitation, for vocational rehabilitation administration costs for the fiscal year ending June 30, 1997.

RPL 05-7-0700 Sec. __. The sum of \$1,080,000 is appropriated from federal receipts to the Department of Education, division of teaching and learning support for the school to work programs for the fiscal year ending June 30, 1997.

RPL 05-7-0738 Sec. __. The sum of \$30,000 is appropriated from general fund program receipts to the Department of Education, division of libraries, archives, and museums programs for computer and software upgrades for the fiscal year ending June 30, 1997.

RPL 05-7-0748 Sec. __. The sum of \$22,000 is appropriated from general fund program receipts to the Department of Education, Mt. Edgecumbe Boarding School for summer programs for the fiscal year ending June 30, 1997.

RPL 06-7-0144 Sec. __. The sum of \$200,000 is appropriated from general fund program receipts to the Department of Health and Social Services, Alaska Psychiatric Institute for program costs for the fiscal year ending June 30, 1997.

RPL 06-7-0196 Sec. __. The sum of \$99,300 is appropriated from federal receipts to the Department of Health and Social Services, division of public health for operating costs for the fiscal year ending June 30, 1997.

RPL 08-7-0163 Sec. __. The sum of \$4,300 is appropriated from general fund designated program receipts to the Department of Commerce and Economic Development, division of measurement standards

RPL 08-7-0163 Sec. __. The sum of \$4,300 is appropriated from general fund designated program receipts to the Department of Commerce and Economic Development, division of measurement standards for travel costs related to activities of the National Conference of Weights and Measures for the fiscal year ending June 30, 1997.

RPL 11-7-0234 Sec. __. The sum of \$430,000 is appropriated from federal receipts to the Department of Fish and Game, division of wildlife conservation to provide services required by federal grant awards for the fiscal year ending June 30, 1997.

RPL 12-7-0124 Sec. __. The sum of \$205,494 is appropriated from federal receipts to the Department of Public Safety, council on domestic violence and sexual assault, for costs related to implementation of the Domestic Violence Prevention and Victim Protection Act of 1996 for the fiscal year ending June 30, 1997.

RPL 21-7-0165 Sec. __. The sum of \$50,000 is appropriated from federal receipts to the Department of Community and Regional Affairs, division of community and rural development for costs of the Head Start program for the fiscal year ending June 30, 1997.

Back-up materials for these amendments are attached. If you have any questions, please call me or our chief budget analyst, Dan Spencer.

Sincerely,



Annalee McConnell
Director

Attachments

cc: Senator Randy Phillips, Chair, Legislative Budget and Audit Committee
Mike Greany, Legislative Finance

MEMORANDUM

State of Alaska

Department of Administration
Division of Administrative Services

To: Jeff Hoover
Division of Budget Review

Date: March 7, 1997

From: Sharon Norton
Director

Phone: 465-5655

Subject: Supplemental
Amendments

We are reducing the amounts for two FY97 supplemental requests. The two requests are for the Office of Public Advocacy (OPA) and the Leasing and Facilities program.

OPA staff recalculated their FY97 projections and determined that the supplemental need for FY97 is reduced by \$69.7 from what was earlier projected. The revised supplemental number for OPA is \$247.8

In the case of the Leasing and Facilities reduction, the original supplemental request included funding for tenant improvement costs for a Department of Corrections Lease in Kenai. Original cost projections for the project totaled \$25.0. DOT/PF estimates for project cost now total \$90.0. We have determined that the project does not make sense in the \$90.0 range and have canceled plans to proceed. The revised supplemental number for Leases is \$993,700.

If you have any questions or need additional information, please call.

cc Mark Boyer
Alison Elgee
Dugan Petty
Brant McGee
Eric Swanson

MEMORANDUM

State of Alaska


OFFICE OF
MANAGEMENT & BUDGET

TO: Annalee McConnell, Director
Office of Management and Budget

DATE: 03/06/97

MAR 06 1997

TELEPHONE NO: 465-2505

FROM: Guy Bell, Director 
Division of Administrative Services
Department of Commerce and
Economic Development

SUBJECT: FY 97 Supplemental:
Kodiak Launch Complex

The Department of Commerce and Economic Development requests inclusion of a \$28 million capital appropriation for the Kodiak Launch Complex (KLC) in the 1997 supplemental appropriations bill. In addition, we request the deletion of the proposed capital appropriation for the Kodiak Launch Complex from SB 107/HB 172, the Governor's FY 98 capital appropriations bill. This request is being made because expenditure authority is required by the Alaska Aerospace Development Corporation (AADC) this fiscal year to keep the project on schedule.

The \$28 million capital request represents \$5 million from the Alaska Science and Technology Foundation authorized in SLA 1995, Chapter 76, \$18 million in federal funds, and an amount not to exceed \$5 million in corporate receipts. The corporate receipts will be comprised of any funds specifically received for the purpose of developing the KLC as well as any interest earnings on the funds, for a total authorization of \$28 million. These funds will be deposited into the AADC revolving fund. Pursuant to AS 14.40.841, the AADC revolving fund was established to consist of "appropriations made to the fund by the legislature, and rents, fees, or other money or assets transferred to the revolving fund by the corporation." Further, AADC received an Attorney General's Opinion in March of 1995 which concluded that interest earnings on the revolving fund may be retained by AADC and expended subject to legislative appropriation.

Under AS 37.17.090(k), the Alaska Science and Technology Foundation (ASTF) may, subject to appropriation, make a grant of up to \$5,000,000 to the AADC for the Kodiak Launch Complex. The Attorney General's Office has informed us that this statutory provision requires specific legislative appropriation authority before the grant can be made. We request the following language be added to the supplemental appropriations bill to give ASTF specific grant authority for this project, and to give AADC the authority to expend these receipts, federal receipts and corporate receipts on the Kodiak Launch Complex.

Sec. ____ (a). The sum of \$5,000,000 is appropriated from the Alaska science and technology foundation endowment earnings reserve to the Alaska Science and Technology Foundation to award as a grant to the Alaska Aerospace Development Corporation for the Kodiak launch complex under AS 37.17.090(k)(1).

(b). The sum of \$28,000,000 is appropriated from the following funding sources to the Alaska Aerospace Development Corporation revolving fund for the construction of the Kodiak Launch Complex:

Federal Receipts	\$18,000,000
Alaska Science and Technology Foundation Grant	5,000,000
Corporate Receipts	5,000,000

In addition, we request that the current section 18 of the supplemental bill be amended as follows:

Sec. 18 Sections 6 (a) and ____ (a) of this Act are retroactive to July 1, 1996.*

* The Department of Law recommends a retroactive date to July 1, 1996, for the appropriation to ASTF under (a), so that the ASTF board of directors' recent action approving the \$5,000,000 grant to AADC for the Kodiak launch facility (which was conditioned on AADC securing the federal receipts noted in subsection (b)) will not have to be re-approved after the supplemental appropriations bill takes effect.

Approval of this supplemental appropriation is necessary to ensure that construction of the project stays on schedule. A complete description of this capital project is included in the attached capital project summary.

Project Title: Kodiak Launch Complex
 Category: Development
 Project Type: Construction, Completion
 Prog. Priority: 1 of 1
 Adv Priority: AP/AL: AP
 Location: Kodiak
 Election District: 6
 Completion Date (mmyr): 6/99

FUNDING	FY98 Capital Request	Annual State Operating / Maintenance	FY98 New State PFT	CAPITAL REQUESTS					Total Req. FY98-FY03
				FY99	FY00	FY01	FY02	FY03	
1002 Federal Receipts	18,000.0								18,000.0
1003 General Fund Match									0.0
1004 General Fund									0.0
1005 GF Program Receipt									0.0
1022 State Corp. Receipt	5,000.0								5,000.0
1025 Sci/Tech Receipts	5,000.0								5,000.0
									0.0
TOTAL:	28,000.0	0.0	0	0.0	0.0	0.0	0.0	0.0	28,000.0

BRIEF PROJECT SUMMARY:
 The Alaska Aerospace Development Corporation (AADC) is a public corporation created by the Alaska State Legislature to develop aerospace related economic and technical opportunities within the State of Alaska. AADC is working with private corporations, government agencies, and universities to develop a comprehensive low earth orbit launch complex. The Kodiak Launch Complex (KLC) will be located on Narrow Cape, Kodiak Island, on 3100 acres of state-owned land and serve as a dual-use launch facility able to capture customers from both the private and government sectors. AADC's pursuit of this project has brought international recognition to Alaska as a premier location for polar, low-earth orbit satellite launches.

DETAIL PROJECT DESCRIPTION AND JUSTIFICATION:
Summary:
 The capital project funds requested are for \$28 million to complete the Kodiak Launch Complex (KLC) at Narrow Cape, Kodiak Island. The KLC will be the first commercial spaceport in the US and will provide facilities needed to support a rocket launch complex capable of launching up to 8,000 pound payloads (satellites) into low earth polar orbit. The facilities consist of a Launch Control and Management Center, Payload Processing Facility, Integration and Processing Facility, an Integrated Spacecraft Assembly and Transfer Facility, and a Launch Pad.

Development of the Project:
 The Alaska Aerospace Development Corporation (AADC) has completed the design of the KLC and has obtained all state and federal permits necessary to begin construction. Additionally, the project has met requirements under the National Environmental Protection Act by receiving a Finding Of No Significant Impact for the Environmental Assessment of the KLC. (continued)

Does capital project:	Yes	No
1) Meet state constitutional or statutory responsibility?	x	
2) Address life, health or safety issue?		x
3) Reduce state operating costs?		x
4) Leverage private sector or local funds?	x	
5) Create ongoing private sector jobs?	x	
6) Facilitate transfer of responsibility to local or private sector?	x	

**CAPITAL PROJECTS
 DESCRIPTION**
 FORM CP1
 Revised 7/9/96

Page 1 of 3
 Revised Date:

FY 98 - FY03

AGENCY: Commerce and Economic Development

PROJECT TITLE: Kodiak Launch Complex

DETAIL PROJECT DESCRIPTION AND JUSTIFICATION:

Development of the Project: (continued)

With the completion of the Environmental Assessment, AADC has initiated the site operators licensing process for the KLC with the Office of the Associate Administrator for Commercial Space Transportation. Finally, qualified contractors have been identified through a Solicitation for Statements of Qualifications for Phase 1 and Phase 2 construction of the KLC.

Financing and Contributions:

The project has leveraged federal and private funds to finance nearly all early development efforts for the KLC. AADC secured \$1.85 million in federal grant funds and nearly \$360,000 in private industry matching funds, cash contributions and contracts. AADC has also received direct in-kind technical assistance and business advice from the aerospace industry. AADC was recently awarded a spaceport grant from NASA in the amount of \$831,250 for the primary purpose of developing a mission control system for the KLC. Additionally, the Universities Space Research Association has notified AADC of funding in the amount of \$5 million for the construction of the Payload Processing Facility (reference RPL 09-7-0091).

The \$28 million capital request represents \$5 million from the Alaska Science and Technology Foundation authorized in SLA 1995, Chapter 76, \$18 million in federal funds, and an amount not to exceed \$5 million in corporate receipts. The corporate receipts will be comprised of any funds specifically received for the purpose of developing the KLC as well as any interest earnings on the funds, for a total authorization of \$28 million. These funds will be deposited into the AADC revolving fund. Pursuant to AS 14.40.841, the AADC revolving fund was established to consist of "appropriations made to the fund by the legislature, and rents, fees, or other money or assets transferred to the revolving fund by the corporation." Further, AADC received an Attorney General's Opinion in March of 1995 which concluded that interest earnings on the revolving fund may be retained by AADC and expended subject to legislative appropriation.

Economic Impacts:

The socioeconomic impacts of the construction and operation of the KLC extend well beyond the usage fees paid by the rocket launch companies. The KLC will make significant contributions to the Kodiak economy and maintain a year-round demand for housing, food, recreation and other services. Operation of the KLC will also establish a consistent demand for industrial and technical services in the city and throughout the state. The KLC will also provide substantial income to Alaska-based airlines, shipping and transportation companies. A typical KLC rocket launch campaign will require the regional and local business support for up to two hundred technicians and scientists and their associated industrial needs for approximately sixty days. In addition to launch fees, annual cash infusion may result from the following: tug and barge shipping of rocket motors and equipment vans; in-state personal air transportation (does not include travel to Alaska); lodging, food and other personal services; on-island transportation; i.e., rocket motor and van movement, rental cars, and contract bus services; local telecommunications services; local industrial services; i.e., electrical, mechanic, electronic, plumbing, heating, etc.; local purchase of industrial commodities; and local service contracts for security, maintenance, solid waste disposal, etc.

The Institute of Social and Economic Research of the University of Alaska Anchorage completed an Economic Impact Study of the Kodiak Launch Complex regarding construction and operations. Economic impacts of the construction phase are estimated to total \$10.8 million for the state. The

**CAPITAL PROJECTS
DESCRIPTION**

FORM CP1
Revised 7/8/96

Page 2 of 3

Revised Date:

FY 98 - FY03

AGENCY: Commerce and Economic Development

PROJECT TITLE: Kodiak Launch Complex

DETAIL PROJECT DESCRIPTION AND JUSTIFICATION:

total effect on the state for operation of the facility based on three, six and nine launches per year is estimated at \$4.3, \$9.2 and \$12.9 million, respectively.

Educational Benefit:

The educational benefit of the Kodiak Launch Complex is incalculable. Having access to some of the brightest engineers and scientists in the world to address elementary and high school students, to participate in business seminars, and to act as visiting university professors will be a significant bonus. Also, with the construction of a successful spaceport, Alaska will be recognized as a part of the high technology community and will be better positioned for further technology based industry development.

Commitments:

AADC has received, in writing, a commitment from the Atmospheric Interceptor Technology program for two launches from the KLC. Furthermore, a Flight Test Working Group (FTWG), which is formed after a program is funded and firm launches are being planned, has been developed. AADC is a Charter member of the FTWG and the KLC is listed as the launch site for two launches, the first of which is scheduled for July 1998. The US Congress funded the JAV/SAT satellite to be launched from the KLC and is scheduled for late 1998. In the recently passed FY97 Department of Defense appropriations, there are an additional four launches funded. The US Air Force has been holding the issuance of a Request For Proposal until AADC begins construction.

**CAPITAL PROJECTS
DESCRIPTION**

FORM CP1
Revised 7/2/95

Page 3 of 3

Revised Date:

FY 98 - FY03

AGENCY: Commerce and Economic Development

MEMORANDUM

State of Alaska
Department of Law

TO: Annalee McConnell, Director
Office of Management & Budget

DATE: March 6, 1997

FILE NO.:

TEL. NO.: 465-3672

SUBJECT: FY 97 Supplemental
Request Addendum

FROM: Fred Fisher, Director *Fred Fisher*
Administrative Services Division
Department of Law

The Department of Law hereby requests supplemental appropriations for the following items.

1. Additional FY 97 Judgments & Claims - The attached schedule, now totaling \$252,337.26 reflects additional items totaling \$1,282.57. Additionally the bill should reflect the following fund sources and amounts:

236394.38 General Funds
12765.73 PERS
3177.15 TRS

Thank you for your consideration of these requests. Please contact me should you have questions or need additional information.

cc: Reading File

Attachments

Department of Law

FY97 Judgments - General Funds

Case #	Case Name	Description	Date	Amount	Interest	Total	Cumulative Total
1	Pope & Katcher Cowper v. Knowles	CBRF litigation	9/19/96	\$4,331.25	\$358.78	\$4,690.03	
2	Kenai Peninsula Borough School District v. State of Alaska	Unemployment Insurance eligibility re: former KPB employee	10/3/96	\$1,230.60	\$96.91	\$1,327.51	
3	Gruenberg & Clover - O Callaghan v. Coghill	Election case concerning form of state primary	5/29/96	\$28,248.66	\$3,271.00	\$31,519.66	
4	Alaska Legal Services Corp. Venetie v. State	Recognition of tribal court adoption decrees	6/6/96	\$11,773.32	\$1,335.80	\$13,109.12	
5	Robinson, Beiswenger, & Ehrhardt Pullen & United Fishermen v. Ulmer & Fairness in Salmon Harvest, Inc.	Challenging the Lt. Gov's certification of the F.I.S.H. Initiative for placement on 11/96 general election ballot	8/26/96	\$1,239.02	\$111.31	\$1,350.33	
6	Valerie Therrien McCosker for T.H. v. State, DOR	Appeal of PFD	10/17/96	\$1,313.43	\$98.07	\$1,411.50	
7	Jermain, Dunnagen & Owens Alaska Public Employees Assoc, Dan Lawn v. State	Re: pipeline oversight position	12/27/96	\$1,000.00	\$53.96	\$1,053.96	
8	Pope & Katcher Capital Info Group v. State	Deliberative Process/Exec Privilege re: certain proposals & memoranda	10/4/96	\$20,000.00	\$1,569.18	\$21,569.18	
9	Chrissitan Bataille, Esq. Arthur Caisie v. State	Age discrimination complaints	12/31/96	\$2,000.00	\$105.58	\$2,105.58	
10	Trust account of Fortier & Mikko, P.C. Eckhart v. CFEC	Eligibility for a commercial fisheries entry permit - attorney's fees	12/6/96	\$3,818.10	\$229.41	\$4,047.51	
11	Kenneth Kirk, Esq. Michael S. Brown v. State	Child support enforcement	10/15/96	\$2,002.55	\$150.69	\$2,153.24	
12	Wayne Anthony Ross Alaska Gun Collectors Assoc v. State	Salv or destruction of firearms by State	8/7/96	\$3,000.00	\$286.13	\$3,286.13	
13	Loren Comke Carlson v. State, CFEC	Non-resident commercial fish fees	6/21/96	\$1,357.67	\$148.10	\$1,505.77	
14	Trust account of Fortier & Mikko, P.C. Eckhart v. CFEC	Eligibility for a commercial fisheries entry permit - cost recovery	12/22/97	\$1,089.65	\$60.39	\$1,150.04	
15	Wewley V. Shea Dansereau v. Ulmer	Alleged irregularities in 94 gubernatorial election	9/4/96	\$22,784.67	\$1,937.04	\$24,721.71	

Department of Law

FY97 Judgments - General Funds

Item #	Case Name	Description	Date	Amount	Interest	Total	Cumulative Total
16	Hedland, Brenna, Heideman Winter Telecom v. Snowden/Alaska Court System	Bid Dispute re: supply and installatin of Nesbett Court House phone system	8/15/96	\$18,186.59	\$1,692.13	\$19,378.72	
17	Rice, Volland, Taylor & Hensley Cleary v. Smith	Rights of incarcerated individuals	1/30/97	\$36,111.66	\$1,590.44	\$37,702.10	
18	Perkins Coie Cleary v. Smith	Rights of incarcerated individuals	11/25/96	\$3,032.10	\$191.91	\$3,224.01	
19	Northwest Women's Law Center Cleary v. Smith	Rights of incarcerated individuals	8/12/96	\$22,721.08	\$2,133.91	\$24,354.99	
20	William Oberly Cleary v. Smith	Rights of incarcerated individuals	8/12/96	\$5,445.22	\$511.40	\$5,956.62	
21	Northwest Women's Law Center Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$2,950.75	\$166.97	\$3,117.72	
22	Perkins Coie Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$10,030.68	\$567.58	\$10,598.26	
23	William Oberly Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$1,061.41	\$60.06	\$1,121.47	
24	Ronald & Sharon Richards Richards v. State	Mental Health Land Trust	1/21/97	\$13,000.00	\$606.67	\$13,606.67	
25	Marty Ferrell Jensen, et al. v. State, Dept of Administration	Settlement agreement re: lease claim	10/23/96	\$1,195.40	\$87.17	\$1,282.57	\$236,394.38

Department of Law

1997 Judgments - Other Fund Sources

Item #	Case Name	Description	Date	Amount	Interest	Total	Fund Source
1	Don Clocksin Nat'l Education Ass'n -Alaska v. Boyer	Class action against TRS & PERS re medical insurance & COL increases	12/10/96	\$3,000.00	\$177.15	\$3,177.15	TRS
				\$4,500.00	\$265.73	\$4,765.73	PERS
2	Lee Holen Law Office Eaddy v. Admin PERS	Denial of Occupational Benefits	2/3/97	\$8,000.00	\$0.00	\$8,000.00	PERS

Judgment Award Questionnaire

The following information needs to be provided on all judgment awards made against the state. This information is used to respond to legislative questions concerning the annual supplemental request. (Use additional pages if necessary)

Case Name: Jensen, et al. v. SOA, Department of Administration

Case No.: Supreme Court No. S-6220

1. Describe the circumstances or events resulting in this case and ultimately this judgment against the state.

The Alaska Supreme Court overruled the lower court's order granting the State's summary judgment, and remanded the case for trial. The Supreme Court remanded the case because there were material issues of fact on the issue of misrepresentation. Jensen claims that the state misrepresented facts to induce Jensen to settle a lease claim against the Department of Administration.

2. Describe issues of state policy or law involved in this case, if they are relevant to and resulted in substantial effort and expense for the department to bring or defend this case.

N/A

3. Did the state prevail on any issues, if so, describe those.

Yes, the court denied the Jensen's cross-motion for summary judgment.

4. Did we challenge plaintiffs' request for costs and fees or in other ways seek to reduce the costs to the state: If so, describe to what extent we were successful.

No. We did not challenge the request for costs and fees because the request was reasonable.

5. Any recommendations concerning cases of this type in the future?

State officials should be very careful in what they say, so as not to make any sort of misrepresentation which could be viewed as inducing a party to enter into a settlement agreement.

Attorney completing form: Sarah J. Felix

DATE: 2/24/97

STATE OF ALASKA

MAR 06 1997
DEPT. of HEALTH and SOCIAL SERVICES

DIVISION of ADMINISTRATIVE SERVICES

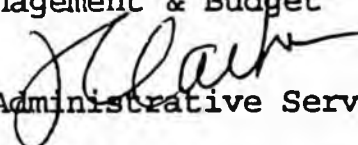
TONY KNOWLES, GOVERNOR

P.O. BOX 110650
JILIEAU, AK 99811-0650
PHONE: (907) 465-3082 FAX: 465-2499

MEMORANDUM

DATE: March 6, 1997

TO: Annalee McConnell
Division of Budget Review
Office of Management & Budget

FROM: Janet Clarke 
Director of Administrative Services

SUBJECT: Revised Supplemental for Foster Care

The Division of Family and Youth Services within the Department of Health and Social Services has done an update using February data on the Foster Care budget. The estimate now shows that the Foster Care supplemental can be reduced by \$250,000 from \$1,000,000 to \$750,000. The reduction is primarily due to a reduction in estimates of utilization to foster care parents and a better estimate of funds needed to serve high cost children, currently housed in Charter North.

If you need additional information concerning this change, please let me know.

cc: Diane Worley, Director DFYS
Karen Perdue, Commissioner
Dick Renninger, Budget Section

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME
OFFICE OF THE COMMISSIONER

MEMORANDUM

TO: Annalee McConnell
Director
Office of Management and Budget

FROM: *for* Frank Rue *knowles*
Commissioner
Department of Fish and Game

DATE: March 4, 1997

SUBJECT: FY97 Supplemental Request

Amendment Letter dated 2-27-97
TONY KNOWLES, GOVERNOR

P.O. BOX 25526
JUNEAU, AK 99802-5526
PHONE: (907) 465-6141
FAX: (907) 465-2332

OFFICE OF
MANAGEMENT & BUDGET

MAR 06 1997

The Department of Fish and Game, Commercial Fisheries Management and Development Division requests approval to seek legislative reappropriation of \$115.0 from the unexpended balance of its FY96 operating budget (Chapter 94, SLA 1995, page 31, line 20).

The division has been involved in a protracted legal case that has required ongoing support by the Department of Law (DOL). This funding was previously encumbered by the division (EN 1163552) for pending litigation costs and if this request is approved, would be used for an FY97 RSA with DOL for paralegal and other direct costs of the litigation such as travel and expert witnesses. Funding for the staff attorney representing the department is included in the general fund budget of the DOL.

These costs were not anticipated for FY97 and therefore not included in our budget request. Thank you for your consideration of this request. If you have any questions or require additional information, please contact me.

cc: Kevin Brooks
Bob Clasby
Margie Ridgeway
Fred Fisher
Dawn Mach

RPL#	AGENCY		COMPONENT/PURPOSE	AMOUNT	FUND SOURCE
NEW REQUESTS					
05-7-0680	Education		Vocational Rehabilitation-Client Services	600,000	Federal Receipts
05-7-0681	Education		Vocational Rehabilitation-Administration	150,000	Federal Receipts
05-7-0699	Education	LB&A Approved	Teaching & Learning Support-Basic Ed & Instruction	1,647,290	Federal Receipts
05-7-0700	Education		Teaching & Learning Support-School to Work	1,080,000	Federal Receipts
05-7-0711	Education	LB&A Approved	Teaching & Learning Support-Child Nutrition	4,000,000	Federal Receipts
05-7-0738	Education		Museum Operations-Computer Upgrades/Database	30,000	GF/Program Receipts
08-7-0163	Com. & Econ. Dev.		Measurement Standards-National Conference	4,300	GF/Program Receipts
11-7-0234	Fish & Game		Wildlife Conservation-Special Projects	430,000	Federal Receipts
12-7-0124	Public Safety		Domestic Viol. & Sexual Assault-Implement Fed. Act	205,494	Federal Receipts
45-7-0158	CIP University of Alaska	LB&A Approved	Sitka Campus Classroom Bldg. Partial Renovation	550,000	University Receipts
RESUBMITTED FROM PREVIOUS MEETINGS					
¹ 05-7-0626	Education		Special/Supplemental Services Amended Amount	3,750,000	Federal Receipts
¹ 05-7-0748	Education		Mt. Edgecumbe-Summer Programs	22,000	GF/Program Receipts
¹ 06-7-0144	Health & Social Services		API-Replace Medicaid Disproportionate Care Rcpts	200,000	GF/Program Receipts
² 06-7-0196	Health & Social Services		Public Health-Radon and Tuberculosis	99,300	Federal Receipts
¹ 18-7-0241	Env. Conservation	LB&A Approved	Contaminated Sites-Alaska Pulp Corp. Mill Site	242,000	OHSRPR Funds
² 21-7-0165	Com. & Reg Affairs		Head Start Project	50,000	Federal Receipts
¹ 25-7-3284	CIP Trans./Public Fac.	LB&A Approved	Gustavus Airport	3,000,000	Federal Receipts

¹ Deferred to the regular appropriations process.

² Deferred to a later Budget & Audit Committee meeting.

Department of Education

RPL #05-7-0626

**Special and Supplemental Services
\$3,750,000 Federal Funds**

Appropriation Authority: Ch 117 SLA 96, page 21, line 29
Statutory Authority: AS 14.07.030

This request, deferred at the January 13, 1997 committee meeting, has been resubmitted for consideration. The amount is amended upward due to anticipated increase in carryforward from the earlier request of \$3,000,000.

The Division of Teaching and Learning Support requests authority to receive and expend \$3,750,000 new and carryforward funding for the Title I and Migrant Education programs. Funds are granted to school districts to assist in the implementation of supplemental or school-wide reforms to help migratory and/or disadvantaged children meet established educational standards.

State authorization for federal Title I and Migrant Education funding spans a federally established 27 month grant period. Changes/adjustments at the individual district level, combined with fluctuations in the affected student populations make projections for available carryforward less difficult from year to year.

No state matching funds are required. No new positions will be created or funded with these funds, as one hundred percent of these funds will be passed through to school districts and other educational service providers.

The agency has included an incremental \$3,000,000 federal funds request for Title I/Migrant Education grants program in FY98. Failure to approve this request at this time may restrict the agency's federal grant authority for Title I/Migratory Education programs for the remainder of this fiscal year.

Legislative Fiscal Analyst Recommendation: Approval is recommended in this particular instance where the department is serving simply as a funding conduit for federal funds to school districts and other eligible service providers.

Department of Education

RPL # 05-7-0680

Division of Vocational Rehabilitation/Client Services
\$600,000 Federal Funds

Appropriation Authority: Ch. 117 SLA 96, page 23, line 8
Statutory Authority: 14.07.030

The Division of Vocational Rehabilitation requests authority to receive and expend \$600,000 in new and carryforward federal funds to address the needs of an estimated additional 50 unserved or under-served customers in FY97. Increased federal authorization requested in RPL #05-7-0681 supports the division's administration and oversight of the direct services provided under this component. Direct services to be provided with these new funds include:

- working with school districts to support skill building programs for students with disabilities to enhance their options for obtaining and maintaining employment after graduation;
- increased access for vocational rehabilitation counselors to clients living in the more rural/remote areas of the state;
- increased financial support through grants to non-profit organizations to establish or enhance the ability to provide rehabilitation services to individuals with disabilities.

Funds will support increased travel (\$24,400), contractual services (\$221,000), supplies (\$11,400), equipment (\$29,500), and grants (\$313,700). No position costs will be supported, and no impact on the general fund will result from the receipt of these additional funds. The division's FY98 budget request

includes a \$600,000 federal fund increment to continue the higher funding level into FY98.

Legislative Fiscal Analyst's Recommendation: Defer action on this request until later in the fiscal year when a more accurate assessment of required federal fund authorization will be available. Actual federal fund expenditures for the FY95 and FY96 client services program were substantially below the amount of federal funds authorized for those same years (\$1,306.5 below authorized in FY95, \$648.6 below authorized in FY96).

Department of Education

RPL #05-7-0681

**Division of Vocational Rehabilitation/Vocational Rehabilitation Administration
\$150,000 in Federal Funds**

*Appropriation Authority: Ch. 117 SLA 96, page 23, line 10
Statutory Authority: AS 14.07.030*

The Division of Vocational Rehabilitation requests authority to receive and expend \$150,000 in new and carryforward federal funds. Increased federal authorization requested in RPL#05-7-0680 supports direct client services. The federal fund increase requested for this component supports the division's administration and oversight of those direct services provided under client services.

Funds would support increased travel (\$41,400), contractual services (\$95,000), supplies (\$5,200), and equipment (\$8,400). No position costs will be supported, and no impact on the general fund will result from the receipt of these additional funds. The division's FY98 budget request includes a \$231,200 federal fund increment to continue this higher funding level into FY98.

Legislative Fiscal Analyst's recommendation: Defer action on this request until later in the fiscal year when a more accurate assessment of required federal fund authorization will be available. Actual federal fund expenditures for FY95 and FY96 vocational rehabilitation administration were sufficiently below the amounts of federal funds authorized for those same years to warrant deferral (only 79% of FY95 authorized, 77% of FY96 authorized).

Department of Education

RPL #05-7-0700

**School To Work/Teaching and Learning Support
\$1,080,000 Federal Funds**

Appropriation Authority: Ch. 117 SLA 96 page 22, line 8
Statutory Authority: 14.07.030

The Division of Teaching and Learning Support requests authority to receive and expend \$1,080,000 federal carryforward funds for the School To Work program. The purpose of this program is to link school based and work based learning at the local level; provide connecting activities between education, employers, training programs, secondary and postsecondary education; increase the range of career options for all students; and continue collaborative efforts within communities and local school districts to create a system that provides a planned, well orchestrated transition from school to employment. Funds will be allocated as follows:

Contractual	\$ 80,000.0
Grants	<u>1,000,000.0</u>
Total:	\$1,080,000.0

At its November 1995 meeting, the Legislative Budget and Audit Committee approved RPL# 05-6-0692, allowing the department to receive and expend \$1,300,000 in new federal funds from the U.S. Department of Labor under the School-to-Work Opportunities State Implementation Grant Program. At the time, the department anticipated passing through between 65% and 70% (approximately \$910,000) of those new grant funds to local communities through a competitive RFP process.

The balance (\$390,000) was to be spent training teachers, developing guidelines for integrating job training needs into academic programs and courses, and training local community representatives how to become active in local projects in their respective communities. General technical and administrative delays prevented the department from issuing the grant awards until May 1996. In addition, not all of the contracts were completed as anticipated in FY96. Consequently this significant carryforward balance exists for FY97.

Funds will be used to complete the services outlined in the state's original Statewide School To Work Opportunities System Plan. No new services will be provided. An increment for \$1,005,000 increased federal funds is included in the division's FY98 budget request, Quality Schools component, to continue the funding into FY98.

Legislative Fiscal Analyst's recommendation: Approval is recommended subject to the in-session opportunity for the finance committees to consider the request in the regular budget process.

Department of Education

RPL #05-7-0738

**Museum Operations/Division of Libraries, Archives and Museums
\$30,000 General Fund Program Receipts**

Appropriation Authority: Ch. 117 SLA 96, page 23, line 22

Statutory Authority: AS 14.07.030

The Division of Libraries, Archives and Museums requests authority to receive and expend \$30,000 general fund program receipts to complete computer upgrades at the State Museum and the Sheldon Jackson Museum. Funds are available due to increases in general admissions and annual pass fees effective April 19, 1995 (4 AAC 58.010). Funds would be expended for the following purposes:

- purchase new computer hardware and software to electronically link both institutions;
- provide access to the Statewide Library Electronic Doorway (SLED);
- upgrade the museums' collections database to begin providing the general public with on-line access to the 25,000-plus artifacts in the state's collections.

The legislature approved a general fund program receipt increase in the FY 96 supplemental appropriation of \$57.0 for museum operations (Ch. 123 SLA 96, section 49), and a general fund program receipt increase of \$50.0 in the division's FY97 operating budget request. The museums anticipate collecting \$80.0 program receipts in FY97. No intent language was formally adopted by the legislature directing the department to request authority to receive and expend

additional authority from this committee should the program receipts actually collected by the department exceed the amount authorized.

The department has submitted an FY98 budget amendment request to the Office of Management and Budget for the anticipated \$30.0 increase general fund program receipts in FY98.

Legislative Fiscal Analyst's recommendation: Approval is recommended but subject to the in-session opportunity for the finance committees to consider the request in the regular budget process, which may be particularly appropriate due to the FY98 budget implications.

Department of Education

RPL # 05-7-0748

**Mt. Edgecumbe Boarding School
\$22,000 General Fund Program Receipts**

Appropriation Authority: Ch 117 SLA 96, page 23, line 6

Statutory Authority: AS 14.07.030

This request, deferred at the January 13, 1997 committee meeting, has been resubmitted for consideration. \$4,000 of the original \$26,000 request was approved at that time.

The Mount Edgecumbe Boarding School requests approval to receive and expend \$22,000 in general fund program receipts. Funds would be provided by two sources:

- Alaska Arts Southeast would contribute \$18,000 to host a summer fine arts program for approximately 80 students from throughout southeast Alaska during June 1997. Funds will be used to purchase paper, sculpting materials, drama sets, and other basic program supplies in addition to costs associated with the use of the Mt. Edgecumbe facility.

Alaska Arts Southeast has provided program receipts to the department for its summer arts program at Mt. Edgecumbe for the past two years (RPL# 05-6-0801 in FY96), but those funds have not been included in the annual operating budget request.

- Sitka Skippers would contribute \$4,000 to host a summer jump rope camp for approximately 125 students. Funds would cover costs associated with the use of the Mt. Edgecumbe facility.

Arts Southeast and Sitka Skippers will be responsible for all personnel related costs. Receipt of these additional program receipts will have no impact on the general fund. No matching funds are required.

These receipts were not included in the agency's FY97 budget as their availability was not known at the time the FY97 budget was prepared.

Legislative Fiscal Analyst Recommendation: Approval is recommended. The request is fully supported by the users of the facility, and does not affect the school's academic program.

Department of Health and Social Services

RPL # 06 -7- 0144

**Alaska Psychiatric Institute Component
\$200,000 in General Fund Program Receipts**

Appropriation Authority: Chapter 117, SLA 96, pg 34. Ln 38

Statutory Authority: AS 44.29.022

History

The Department of Health and Social Services presented this RPL request at the November 7, 1996, and the January 13, 1997. Legislative Budget and Audit Committee meetings. The Committee deferred the request based on the Legislative Finance Division's recommendation to allow the opportunity for Finance Committee review.

Request

The Department of Health and Social services requests \$200,000 in general fund program receipts for the Alaska Psychiatric Institute. The source of these funds are billings from third-party payors. The general fund program receipts are available to replace Medicaid Disproportionate Share (DSH) funds because receipts from third party payors are expected to be in excess of what was budgeted. Payments from third party payors were expected to decline when API downsized in FY95. This has not been the case. In FY95, general fund program receipts were \$1.7 million, collections in FY96 exceeded \$2.0 million. FY97 authorized general fund program receipts were \$1,322,600.

The Department of Health and Social Services estimates that there is a shortfall of \$962,200 because of reduced Medicaid DSH funding. The department has identified \$705,600 in alternative funding sources. Of this amount \$180,600 is one-time DSH indirect costs, \$325,000 is from CIP receipts from two capital projects which are funding 3 maintenance positions and 2 planner positions at API. The remaining \$200,000 is general fund program receipts from third party payors.

At the Alaska Mental Health Trust Authority's August 13th board meeting the department requested \$256,600 of Mental Health Trust Authority Authorized Receipts which is the difference between the projected shortfall of \$962,200 and funding sources of \$705,600 identified. The Alaska Mental Health Trust Authority denied this request.

Department of Health and Social Services

The department characterizes this request as one-time only because of budgetary changes requested for FY98. Included in the department's FY98 budget request is a transfer of the general fund match to the Division of Medical Assistance. DMA would manage the general fund match as well as the federal receipts. Other mental health expenditures may be used as match rather than only expenditures in the API component. This change may increase Medicaid Disproportional Share federal receipts in FY98.

API reports that Admission and Discharge rates are rising. API has consistently averaged more than 90 admissions per month at the 79-bed facility. The department presents this request as managing their budget within existing total authorization.

The reduction in DSH funds was unanticipated. The general fund program receipts would be deposited in the general fund as unrestricted revenue if this request is not approved.

The department's most current projects continue to show a shortfall of \$320,800. They plan to absorb \$120,800 of this by transferring general fund mental health funds from the Harborview Development component.

Legislative Fiscal Analyst's recommendation: Continue to defer until the finance subcommittees have had a chance to review this FY97 RPL along with the FY98 budget request for API.

Addendum to recommendation: Current budget projections made by this office indicate that not all of the additional funds may be necessary, in which case, a recommendation for a reduced approval amount may be offered. The difference in the projections is for personal services costs. Because of the high daily census, API's overtime costs have been increasing and must be taken into consideration as budget projections are updated.

Department of Health and Social Services

RPL #06-7-0196

Division of Public Health

\$99,300 in Federal Receipts

Appropriation Authority: Chapter 117, SLA 96, pg 35, ln 17

Statutory Authority: AS 44.29.022

The Department of Health and Social Services, Division of Public Health requests authority to receive and expend \$99,300 in federal funds. The request was originally presented to the January 13, 1997, Legislative Budget and Audit Committee meeting and deferred for response to committee member questions: (1) What is the scope of the radon problem? (2) Where the problem areas are located? and (3) How can the problem best be addressed.

Indoor Radon Monitoring Grant - \$78,000

A one-time federal grant has been awarded to the Radiological Health unit from the US Environmental Protection Agency for an Indoor Radon Monitoring program. The Division of Public Health would pass \$71,100 of the grant to the University of Alaska. The University would develop and present radon education/mitigation workshops with the grant money. The balance would remain in the Radiological Health Unit to cover administrative costs. The required match for the grant can be met with existing general fund authority.

Late in 1986, high radon levels were discovered in the community of Fairbanks. In 1990, a study was published about how much radon was in homes. Radon is radioactive and is associated with lung cancer. The study was conducted by the US Environmental Protection Agency (EPA) and the Alaska Department of Natural Resources Division of Geological and

Geophysical Survey. The results of the study showed that Interior Alaska has the highest proportion of homes with elevated radon concentration as well as the individual homes with the highest concentration. Southcentral Alaska also contains communities with homes with elevated radon concentrations. However, the maximum radon concentrations detected in Southcentral Alaska are not as high as those measured in the Fairbanks area. Survey data also indicated that Anchorage, Southeastern Alaska and Northern and Western Alaska have very few homes with elevated radon concentrations. In summary, Fairbanks and the interior region have the highest radon concentrations in the state.

Since the late 1980's, the University of Alaska, Fairbanks has been the recipient of the US EPA's state Indoor Radon grant. The Energy and Building Specialist for the Cooperative Extension Service has been the staff on this project. He has coordinated a statewide information effort as well as providing community outreach for radon mitigation training.

Department of Health and Social Services

Tuberculosis Control and Elimination - \$21,300

This would be funded with carryforward from a previous federal grant of \$75,000 from the US Centers for Disease Control for Tuberculosis (TB) Control and Elimination in Alaska. There is sufficient federal receipt authority in state FY97 to accommodate all but \$21,300. The purpose of the TB grant is to assist State and local health agencies in the prevention, control and eventually the elimination of TB. The funding authority will be used to purchase additional TB specific supplies and equipment.

Legislative Fiscal Analyst recommendation: Approval is recommended based upon the one-time nature of the request and that future budgets will not be affected. However, the request is not time-critical and if the committee's questions remain unanswered, the request can be deferred to a later meeting.

Department of Commerce & Economic Development

RPL #08-7-0163

Division of Measurement Standards
\$4,300 General Fund/Program Receipts

Appropriation Authority: Ch 117 SLA96, page 14, line 22

Statutory Authority: AS 44.33.010 and 44.33.020

The Division of Measurement Standards requests authority to receive and expend \$4,300 in general fund/designated program receipts in FY97. The Chief of the Weights and Measures Section was recently elected Chairman of the National Conference of Weights and Measures (NCWM). NCWM will reimburse the division for all travel costs for the individual to attend meetings.

The \$4,300 represents about 3.8 % of the FY97 travel budget and about .3% of the general fund program receipt authority.

In answer to the question of why this request is not in the current budget the Division gives this explanation:

“The appointment of the Weight and Measure Chief to the NCWM Executive Committee was recent. A budget amendment will be submitted to include funds in the FY98 budget request.”

A review of the FY97 budget shows that \$3,000 was budgeted for Convention and Meeting Travel and specifically mentions the National Conference of Weights and Measures.

Legislative Fiscal Analyst Recommendation: The committee consider either of two approaches to this request:

- 1) Deny the request with the understanding that the agency would attempt to fit this travel into its existing receipt authority;
- 2) Approve the request and provide additional authority specific to this activity.

Denial is recommended with the understanding that conference attendance be provided within the agency's existing program receipt authority if it can be accommodated without compromising other budget needs.

Department of Fish and Game

RPL #11-7-0234

**Wildlife Conservation/Special Projects
\$430,000 Federal Funds**

Appropriation Authority: Ch. 117 SLA 96, page 14, line 22

Statutory Authority: AS 16.05.050(13)

The Division of Wildlife Conservation requests authority to receive and expend \$430,000 in federal funds in FY97 - \$250,000 carryforward funds, and \$180,000 new federal funds. Carryforward funding is available due to inclement weather conditions in late winter/early spring for planned game surveys (\$150,000), and delays associated with the National Oceanographic and Atmospheric Administration/National Marine Fisheries Service (NOAA/NMFS) multi-year harbor seal project (\$100,000). Funds will support the following projects in FY97:

- NOAA/NMFS Sea Lion Recovery: \$250,000 of a \$750,000 federal grant will be expended in FY97 to continue research into understanding the dramatic decline (and subsequent listing as a threatened species under the U.S. Endangered Species Act and a depleted species under the Marine Mammal Protection Act of 1990) of the steller sea lion. The steller sea lion recovery plan includes projects such as the identification and designation of critical habitat; continued population surveys; determination of food requirements; determination of feeding areas/strategies; mapping haulouts and rookeries; and continued deployment of satellite transmitters on pups and juveniles to attempt to learn more about the nutritional status of the steller sea lion.
- U.S. Fish & Wildlife Service: \$10,000 of a \$20,000 federal grant will be expended in FY97 to estimate the density of wolves using scientific sampling techniques and aerial surveys in GMU 21E (along the Yukon River).
- U.S. Fish & Wildlife Service: \$10,000 of a \$20,000 federal grant will be expended in FY97 to conduct hunter education clinics in the use of steel shot for waterfowl hunting. The clinics would be offered in mid-April through early May.
- U.S. Fish & Wildlife Service: \$44,000 of a \$70,000 federal grant will be expended in FY97 to continue the "goshawk habitat and population ecology on the Tongass National Forest" project.
- U.S. Fish & Wildlife Service: \$6,000 to support the Fourth International Moose Symposium to be held May 17-23, sponsored by the Alaska Department of Fish and Game. The symposium will provide a forum for the department, U.S. Fish and Wildlife Service, other resource agencies, Native organizations and communities, and other key people involved in moose management/research to discuss future management strategies going into the 21 century.

- U.S. Army - \$100,000 to determine a sustainable harvest level for a heavily hunted population of black bear in the Yukon Maneuver Area of Ft. Wainwright (GMU 20B), and to develop management strategies for this population. Funds will cover the costs of radio collars and collaring equipment, staff salaries, and air charter contracts.

No new positions will be created as a result of these funds, only additional staff months for existing seasonal positions. Their receipt will not obligate the department to spend any general funds.

It has been the practice of the division to allocate budgeted federal funds on a "first-in-first-out" basis. At its June 24, 1996 meeting, this committee reviewed a similar request from the Division of Wildlife Conservation for additional federal funding for carryforward and new projects. At that time Legislative Finance Division recommended the division "...should reserve a sufficient amount of federal authority to accommodate multi-year grants continuing into the new state fiscal year." The division's FY98 budget for wildlife conservation/special projects includes a request to increase its federal fund authorization to accommodate project continuation into next fiscal year.

Legislative Fiscal Analyst's recommendation: Approval is recommended (subject to the in-session opportunity for the finance committees to consider the request in the regular budget process) due to the particular nature of these funds where the provider is purchasing a specific service from the agency.

Department of Public Safety

RPL # 12-7- 0124

**Council on Domestic Violence and Sexual Assault
\$205,493.77 in Federal Funds**

*Appropriation Authority: Ch 117 SLA 96, Sec. 30, pg. 44
Statutory Authority: AS 18.66*

The Council on Domestic Violence and Sexual Assault is requesting authority to receive and expend an additional \$205,494 in federal funds during FY97 for two new one-time-only federal grants.

The Council has received notice of award of two 18 month grants totaling \$1,096,870, which would span state fiscal years 1997 and 1998, with completion dates of June 1998. This request is for federal authority needed for the balance of FY97 only. FY98 authority of \$846,879 will be included in the Governor's budget amendments.

The two federal grants would assist Alaska in implementing the Domestic Violence Prevention and Victim Protection Act of 1996, which stipulates several statewide policies to improve the systematic response to domestic violence crimes. Funds would be used as follows:

Rural Domestic Violence and Child Victimization Grant:

\$ 346,870 - (a) rewrite Alaska's Interdepartmental Child Sexual Abuse Agreement to include all forms of child abuse; (b) develop policies and procedures for DFYS to incorporate screening for and case management of domestic violence in child abuse and neglect; (c) provide 11 regional trainings to law

enforcement, child protection, village personnel and victim advocates, on domestic violence and its impact on children.

Grants to Encourage Mandatory Arrest - \$ 750,000 - (a) develop and implement a statewide registry for domestic violence protective orders; (b) expand existing law enforcement training on domestic violence to include VPSOs; (c) improve investigative and prosecution techniques by providing law enforcement units with Domestic Violence Kits; (d) improve victim outreach and support by developing a volunteer advocacy program through prosecution offices; (e) improve offender accountability by initiating a pilot misdemeanor probation project in the Mat-Su valley.

Additional expenditure authority is needed as follows:

FY 97 expected grant expenditures

Rural Domestic Violence	\$ 100,000
Mandatory Arrests	150,000
Available FY 97 authorization	<u>(44,506)</u>

FY97 additional authority needed: \$ 205,494

Department of Public Safety

FY 97 grant funds would be expended as follows:

- *Rural Domestic Violence Prevention and Child Victimization*

Travel	\$ 31,100
Contractual	44,400
Grants/Claims	<u>24,500</u>
	\$100,000

- *Mandatory Arrests*

Supplies	\$ 7,240
Grants/Claims	<u>142,760</u>
	\$150,000

Legislative Fiscal Analyst's recommendation: Approval is recommended subject to the in-session opportunity for the finance committees to consider the request in the regular budget process. The agency should also be instructed not to create an expectation for state funding after these one-time federal grants end.

Department of Community and Regional Affairs

RPL # 21-7-0165

**Head Start
\$50,000 Federal Funds**

Appropriation Authority: Ch 117 SLA 96, pag17, line 23
Statutory Authority: AS 44.47.030

This request, deferred at the January 13, 1997 committee meeting, has been resubmitted for consideration.

The Division of Community and Rural Development requests authority to receive and expend \$50,000 additional one-time federal receipts. These funds will enhance the federally funded Partners for Quality Early Care and Education project.

This project, begun in Alaska in FY93 with federal receipts approved by the Legislative Budget and Audit Committee (RPL #21-3-0160), is a collaborative five year effort involving state and federal agencies to develop career development options for child care providers and early childhood educators.

These additional funds will support increased training opportunities for early childhood providers, and ongoing efforts to establish basic standards guiding current and future early childhood training and education programs.

No new matching funds are required. No new positions will be established or funded under this grant.

Legislative Fiscal Analyst Recommendation: Approval is recommended subject to the in-session opportunity for the finance committees to consider the request in the regular budget process.

Project Title: Public Safety Training Academy Facilities Location: Sitka
 Category: Administration of Justice Prog. Priority: 001/001 Election District: 2
 Project Type Deferred Maint., Renov/Remod & Cons Agy Priority: 010/012 AP/AL: AP Completion Date (mmyr): 0698

FUNDING	FY98 Capital Request	Annual State Operating / Maintenance	FY98 New State PFT	CAPITAL REQUESTS					Total Req. FY90-FY03
				FY99	FY00	FY01	FY02	FY03	
1002 Federal Receipts									0.0
1003 General Fund Match									0.0
1004 General Fund									0.0
1005 GF Program Receipt									0.0
1022 State Corp. Receipt	2,100.0	50.0							2,100.0
									0.0
									0.0
TOTAL:	2,100.0	50.0	0	0.0	0.0	0.0	0.0	0.0	2,100.0

BRIEF PROJECT SUMMARY:
 Public Safety Training Academy Facilities

DETAIL PROJECT DESCRIPTION AND JUSTIFICATION:	Does capital project:	Yes	No
Capital Matching Grant - Sitka Project (see next page)	1) Meet state constitutional or statutory responsibility?	X	
	2) Address life, health or safety issue?	X	
	3) Reduce state operating costs?		X
	4) Leverage private sector or local funds?	X	
	5) Create ongoing private sector jobs?		X
	6) Facilitate transfer of responsibility to local or private sector?		X

CAPITAL PROJECTS DESCRIPTION
 FORM CP1
 Revised 7/9/96

AGENCY: Department of Public Safety
 DIVISION/PROGRAM: Training Academy
 PROJECT: Public Safety Training Academy Facilities

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 Revised Date:

FY 98 - FY03

Summary of CIP Costs

Program Improvements	Design & Admin	Construction	Total Project Cost
Women's Addition	343,700	900,500	1,244,200
Remodeling	52,037	121,000	173,037
Shooting Range (see page 5 for details)	N/A	N/A	N/A
	<hr/> 395,737	<hr/> 1,021,500	<hr/> 1,417,237
Building Improvements			
ADA	48,400	121,000	169,400
Building Code Compliance	41,360	107,300	148,660
Deferred Maintenance	78,140	150,550	268,990
Energy Conservation	28,720	71,400	100,120
	<hr/> 196,620	<hr/> 490,550	<hr/> 687,170
Total Academy Capital Improvements	592,357	1,512,050	2,104,407

**ADDITIONAL
EXPLANATION**
FORM CP1
Revised 7/9/96

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WOMEN'S DORMITORY ADDITION NEW CONSTRUCTION:

When the state's public safety academy was constructed 21 years ago, no female quarters were included. At that time there were few women in law enforcement positions and there were fewer training obligations which included women. Over the last two decades much has changed. There has been an ever increasing number of female students at the academy. Not only are there more women in traditional law enforcement positions, but the range of necessary instruction has expanded to include courses which have significantly greater female populations. Courses which have higher ratios of women students include those provided for the Department of Environmental Conservation, the Department of Fish & Game, the Division of Motor Vehicles, First line Supervisors and Radio Dispatchers. The Academy has had to restrict numbers of female students in many courses. Several attempts have been made at the Academy to provide residential facilities for women. All have been less than adequate. Currently women are housed in a converted video studio which lacks privacy and security. The current women's residential area opens onto the building's principal lobby. Women's showers have been fashioned from a former copy machine room. Water pressure and ventilation are inadequate. Quarters are cramped. A proper long term solution is necessary for equitable accommodation.

The areas for the proposed addition are as follows:

1) Second Floor

Four occupant rooms	5@320 SF	1,600 SF
Shower/toilets	5@160 SF	800 SF
Circulation, etc.	30%	720 SF
Sub total		3,120 SF

2) First Floor

Gym	1@1,000 SF	1,000 SF
Toilets	2@120 SF	240 SF
Storage	1@400 SF	400 SF
Circulation, etc.	30%	492 SF
Sub total		2,132 SF

Total Addition 5,252 SF

New rooms are proposed to accommodate four occupants just as the current dorm rooms. Shower and toilet facilities will be provided for each room.

The estimated cost of the building addition is as follows:

**ADDITIONAL
EXPLANATION**
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FY 98 - FY 03

Estimated Construction Cost		900,500
Design & Admin		
Design	12.0%	122,600
Construction Admin & inspection	3.5%	35,800
Project, Management	3.0%	30,600
Furnishings & Equip	3.0%	30,500
Project Contingency	10.0%	124,100
Design & Admin subtotal		343,700
Estimated Total Project Cost in Base Year		1,244,200
WOMEN'S DORMITORY ADDITION ASSOCIATED REMODEL		
Required to attach addition		
Remodel		
Current dorm to accessible suite	700 SF	
Dayroom to study	800 SF	
Estimated Construction Cost		121,000
Design & Administration		52,037
Estimated Total Project Cost		173,037

**ADDITIONAL
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FY 98 - FY 03

SHOOTING RANGE

The current shooting range at the Academy has several problems. Encroaching development makes its use an increasing public liability. In addition the structure of the current backstops are in a near failure mode.

A new location and facilities are needed.

As the matching part of this Capital Project, City & Borough of Sitka is providing cash and in-kind contributions totaling approximately \$300,000 and the Department of Public Safety is providing \$60,00 from prior year CIP project (via reappropriation of FSSLA 94, Chapter 4, Section 10, Line 24) to provide a shooting range for the Sitka Academy. The cost to construct a new modern ten lane, 100 yard shooting range is estimated to be \$360,000.

ACCESSIBILITY (ADA)

The approach to accessibility will be to make the first floor totally accessible including an accessible residential suite in the area currently used as the women's residence. Based on a 1996 survey of the existing facility, the following improvements are required to make the first floor accessible.

Location	Description	Construction
		Cost
Site	Provide parking spaces	2,000
Main entry	Reconstruct for dimensional compliance	25,000
West entry	Reconstruct for dimensional compliance	10,000
First floor	Adjust drinking fountain level	1,000
Men's first floor toilets	Various adjustments for dimensional compliance	20,000
Women's first floor toilets	Various adjustments for dimensional compliance	15,000
Computer room	Remove raised floor	5,000
Tiered classrooms	Provide a wheelchair accessible space	2,000
Women's dorm	Reconstruct toilet & shower for access	30,000
First Floor	Raise outlets to 15 inches	3,500
First Floor	Revise fire alarm signals and pull stations	7,500
ADA Total		121,000

**ADDITIONAL
EXPLANATION**

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Revised 7/9/96

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FY 98 - FY 03

Building Code Compliance

Women's dorms	New doors & frames	4,000
Library	New doors & frames	4,000
1st & 2nd floor corridors	New doors & frames	60,000
Various	Remove dead bolts	500
Boiler room	Seal pipe penetrations @ walls and ceiling	2,000
Attic	Seal pipe penetrations @ draft stops	5,000
Exterior	Install GFCI receptacles	2,500
	Install generator ground	500
	Relocate Panel	2,000
Boiler room	Install anti-scald valve	-done
Boiler room	Install backflow preventer	2,000
Various	Refurbish unit ventilators	6,000
Laundry	Replace plastic ducting with metal	500
Attic	Trim combustble materials from around	100
Various	Install primers on all floor drains	5,000
Various	Install vent piping to all floor drains	10,000
Boiler room	Install supply air fan	1,200
Laundry	Modifiy waste pipe	2,000
(Site	Extend-oil tank vent	-done
Code Total		107,300

Deferred Maintenance

**ADDITIONAL
EXPLANATION**
FORM CP1
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Various	Refurbish window hardware	10,000
Classrooms	Repair laminate surfaces	10,000
Various	Replace flooring in computer room	2,000
Various	Misc. ceramic tile and ceiling	20,000
Site	Repave asphalt areas	50,000
Various	replace lighting ballasts & some fixtures (sufficient replacement tank has been installed)	7,000 -done
Chimney	clean	250
Ventilation fans	Clean	600
Boiler room	Check & calibrate control system	2,000
Site	Replace single wall tank with double wall tank	18,000
Boiler room	Refurbish piping circulating pump and insulation	1,000
Boiler room	Refurbish pump HP-1	500
Janitor	Install duct work to connect to EF-1	1,000
Classroom 119	Refurbish unit ventilators	2,500
Site	Re-route sewer line	16,000
Attic	Add 4" insulation	20,000
Various	Add perimeter foundation insulation	20,000
Various	Replace single pane glazing	10,000
Deferred Maintenance Total		190,850

Energy Conservation

Various	Replace all light fixtures	67,000
Attic	Clean duct work & exhaust fan	1,200
	Revise controls on EF-1 exhaust damper	600
Various	Retape air duct joints	1,800
Shower rooms	Install low water consumption shower heads	-done
Boiler room	Combustion test	800
Energy Total		71,400

**ADDITIONAL
EXPLANATION**

FORM CP1
Revised 7/9/96

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FY 98 - FY 03

Sec. 12. (~~DEPARTMENT OF REVENUE~~) Add a new subsection:

(c) The sum of ~~\$3,350,000~~ is appropriated from the earnings reserve account (AS 37.13.145) to the dividend fund (AS 43.23.045) for the payment of permanent fund dividends.

Sec. __. DEPARTMENT OF PUBLIC SAFETY TRAINING ACADEMY (a) The sum of \$2,104,400 is appropriated from the fiscal year 1997 corporate receipts of the Alaska Housing Finance Corporation to the Department of Public Safety, Training Academy for construction of a women's addition, building improvements, and construction of a shooting range.

(b) The sum of \$60,000 is appropriated from the general fund to the Department of Public Safety, Training Academy for construction of a women's addition, building improvements, and construction of a shooting range.

(c) Section. 10, ch. 4, FSSLA 1994, Page 12, line 24 is amended to read:

	Allocations	Appropriation Items	General Fund	Other Funds
Statewide Deferred Building Maintenance (ED 99)		<u>440,000</u> [500,000]	<u>440,000</u> [500,000]	

FAX MEMO

PAGES _____ DATE _____ FAX # 4362

TO KENIS

FROM DAN A

CO. _____

PH # _____ FAX # _____

FY97 Supplemental Requests HB 113

Gov's Request as amended						
Amended	Section	Department	Component	GF	Other	Notes
	10	Public Safety	VPSO Program	0.0		Extend lapse date for VPSO contracts funding
	11	Ratifications	DOA, DOL, DHSS, DNR	0.0		AKSAS clean-up - no cash expenditure taking place
	12 (a)	Revenue	Treasury Mgt	31.0		Equity investment fees for new Constitutional Budget Reserve asset allocation
	(b)	Revenue	Treasury Mgt			Sets out purpose of 12(a)
3/11/97	New (c)	Revenue	Permanent fund dividends		3,350.0	From earnings reserve to dividend fund for additional dividends from backlog
3/7/97	13 (a)	Transportation & PF	Marine Highway System	391.4		Increased fuel costs due to higher prices
3/5/97	13 (b)	Transportation & PF		444.5		Copper River Highway Consent Decree
2/27/97	New	Fish & Game	Comm Fish			Lapse date extension for ongoing litigation
2/27/97	New	Community & Reg Af	Power Cost Equalization	1,500.0		to PCE fund Fuel price increases
3/11/97	New	Community & Reg Af	Power Cost Equalization		1,500.0	From PCE fund to PCE program
3/5/97	New	Commerce & Econ Dev.		60.0		Coordinated response to SE AK mill closure
3/7/97	New	Commerce & Econ D	Science & Tech		5,000.0	From endowment earnings to ASTF so can be granted to AADC (below)
3/7/97	New	Commerce & Econ D	Ak Aerospace Development Corp		28,000.0	Kodiak Launch Complex. Includes the 5,000.0 from ASTF above
3/11/97	New (a)	Public Safety	Training Academy		2,104.4	FY97 AHFC corporate receipts for women's addition, building improvements, & a shooting range for the academy
3/11/97	New (b)	Public Safety	Training Academy	60.0		
3/11/97	New (c)	Public Safety	SLA 94 capital project to DPS	-60.0		Deletes unobligated funding to cover cost of (b) above
3/5/97	16		Specifies capital projects			
3/7/95						
3/11/97						
3/7/97	18		Retroactive effective date			
			EXECUTIVE BRANCH TOTAL	17,622.4	49,970.3	
	14	Courts	Trial Courts	32.2		Unfunded impacts of SB 98 (Welfare Reform) (fiscal note was dropped last session)
		BILL TOTALS		17,654.6	49,970.3	Double counts 5,000.0 ASTF funds

FY97 Supplemental Requests HB 113

Amended	Section	Department	Gov's Request as amended			
			Component	GF	Other	Notes
3/7/97	1 (a)	Administration	Leasing	993.7		Legislature was informed supplemental would be needed when FY97 budget was reduced
3/7/97	1 (b)	Administration	OPA	247.8		Legislature was informed supplemental would be needed when FY97 budget was reduced
	1 (c)	Administration	Public Defender	268.9		Legislature was informed supplemental would be needed when FY97 budget was reduced
	1 (d)	Administration	Elected Public Officials Retire. Sys	65.6		New retirees (Cowper, Anderson, Sackett) and 5% increase in health premiums
	1 (e)	Administration	Leasing	243.3		Costs relating to Juneau One Stop (Vintage Park) settlement
	1 (f)	Administration	Leasing	104.0		DEC Lab claims defense
	2	Corrections	Clery fines	2,300.0		Estimated thru FY 97. To capital account for expansion of beds
	3	Mil & Vets Affairs	Disaster Relief	1,000.0		Funding to be available for future disasters (per legislative intent)
	4 (a)	Corrections	Fairbanks Correctional Center	632.0		Emergency replacement of boiler for heating system
	4 (b)	Health & Soc Svcs	McLaughlin/Fbx Youth Center	1,247.4		Perimeter fence; have had security breaches
	4 (c)	Health & Soc Svcs	Emergency Communication Equip	200.0		Replace badly outdated equipment
	4 (d)	Mil & Vets Affairs	Radio Equipment	100.0		Comply with FCC requirements
	4 (e)	Natural Resources	Perseverance Trail	200.0		Emergency reconstruction work
	5 (a)	Health & Soc Svcs	Adult Public Assistance	939.0		Client load has followed projections provided to legislature last spring
	5 (b)	Health & Soc Svcs	Indian Health Service		10,000.0	Fed Rpts for unanticipated increase in claims for IHS beneficiaries
3/7/97	5 (c)	Health & Soc Svcs	Foster Care	750.0		Exceptional client costs; 200.0 underfunded from spring projections
	5 (d)	Health & Soc Svcs	McLaughlin Youth Center	685.0		More adjudication and short term detention; higher staffing levels/client costs
3/5/97	6 (a)	Law WITHDRAWN	Oil & gas audits & legal proceeding	0.0	0.0	Extend lapse date of FY97 appropriation
2/27/97	6 (b)	Law	Civil	236.4	15.9	Judgements & claims
	6 (c)	Law	Statehood Defense	485.0		Outside counsel and other costs of Venetie appeal
	7 (a)	Mil & Vets Affairs	Emergency Alert System	220.0		Federal requirement to be operational by Jan 1, 1997. Requested by Gov but not funded for FY97
3/5/97 3/7/95	7 (b)	Mil & Vets Affairs	Flood insurance program	17.2		Program receipts passed through to nation flood insurance program
2/27/97	8	Administration	Misc claims & stale-dated warrants	33.4		Pay old bills and warrants
3/7/97	8	Corrections	Miscellaneous claims	9.3		Pay old bills and warrants
	8	Health & Soc Svcs	Miscellaneous claims	22.2		Pay old bills
2/27/97	8	Fish & Game	Miscellaneous claims	1.3		Pay old bills
2/27/97	8	Law	Miscellaneous claims	0.5		Pay old bills
	8	Public Safety	Miscellaneous claims	4.3		Pay old bills
	8	Transportation & PF	Miscellaneous claims	0.9		Pay old bills
	9 (a)	Natural Resources	Fire Suppression	3,788.3		Fixed costs & expected suppression costs, Jan-June, '97 (per legislative intent)
	9 (b)	Natural Resources	Veterans Land Discount	300.0		Based upon Ombudsman investigation and finding
	9 (c)	Natural Resources	Old Eagle School Site	100.0		To remove (raze) buildings from site prior to remediation

MEMORANDUM

STATE OF ALASKA
DEPARTMENT OF REVENUE
OFFICE OF THE COMMISSIONER

TO: Annalee McConnell, Director
Office of Management and Budget
Office of the Governor

DATE: March 11, 1997

FILE:

FROM: Wilson L. Cordon
Commissioner

TELEPHONE: (907) 465-2300

SUBJECT: Supplemental Appropriation

The Permanent Fund Dividend Division has approved more dividend applications for payment than was anticipated last September. Further, we have reduced the backlogs of pending applications more rapidly than we thought possible. For example, one year ago there were more than five thousand applications in appeals. There are now about 700. As a result, the permanent fund dividend fund is currently depleted. By this memorandum, I request that you add to the Governor's supplemental appropriations bill a request for an additional \$3.35 million dollars for the Permanent Fund Dividend Fund, to be used to pay dividends for the remainder of this fiscal year. The Earnings Reserve Account would be the appropriate funding source for the request.

Let me explain in more detail the reasons that the fund has been depleted. First, each year, when we calculate the amount for the current year's dividend, we count not only those applications that have already been qualified for payment, but estimate the number of still-pending applications that we think will be paid. We do this by assigning a percentage to each category of pending dividend applications (those in review, those in appeals, and those needing further information), thereby estimating the likely number that will be paid in each category. Last year, there were a comparatively large number (25,497) of pending applications when we calculated the dividend amount; we estimated that 12,555 of these would be paid. At the 1996 dividend amount of \$1130.67, these individuals would be paid \$14.2 million. There were also a comparatively small number of applications pending from prior years; we estimated (again, projecting the likely outcome) that we would need \$985,316 to pay these. Our estimates of the likely outcomes of these pending applications appear to have been low. As a result, the calculation for the 1996 dividend was slightly high.

One of the reasons that these estimates were low is that we have been making a number of changes that make the program less of an obstacle course, and have been endeavoring to assist Alaskans with their applications. For example, the prior administration adopted a rule under which, when an applicant was asked to submit supporting information (like receipts or airline tickets) the applicant was denied if the information was not submitted promptly. Now, an applicant has much more time to submit the information and, even on appeal, can qualify if the information shows that the applicant is eligible. Thus, we only deny folks if they don't qualify, not because they didn't meet an arbitrary deadline for back-up information.

The second factor relates to the speed with which we have been reviewing applications. Because of the backlog of existing cases, each year we begin the year with (1) an inventory of pending cases and (2) a roll-over from the previous year's dividend fund. The dividend division has worked very hard this year to reduce the backlog of cases pending in appeals

and review, and to process the 1996 dividend applications as quickly possible. We have exceeded our expectations. The division is now more caught up than it has been in a good many years. The result of this quick work is that we are much further along in actually paying current year dividends than we have been in previous years. This year, because of the quick work in the division, the cushion of applications carrying over into the next year has substantially disappeared.

Unfortunately, it did not come to the attention of the Commissioner's Office that the speed of the resolution of cases was out pacing the available funds until we were actually out of money in the fund. The division normally runs warrants each Tuesday night for the applications that have been cleared for payment the past week. This last week, we were notified that the March 4 run would result in an over expenditure of approximately \$330,000 in that appropriation. In order to protect both the applicants who were entitled to the dividends, and the banks at which they would be presented, we took immediate action to assure that those warrants would not be returned for insufficient funds. We changed the coding from the permanent fund dividend fund appropriation to the permanent fund dividend division operating budget. This was our only option at the time to protect both the Alaskans and the banks. As Representative Hanley was quoted in recent press coverage, "If these guys are owed their money, then they should get it."

As the dividend payment appropriation is replenished by credits created through the cancellation of warrants or the Division's collection efforts, we will transfer these charges against the operating budget back against the dividend payment appropriation. When the supplemental appropriation request is enacted and the funds have been added to the dividend payment appropriation, all residual charges against the dividend operating budget will be reversed and the normal payment stream will resume.

We have reviewed our inventory of currently pending applications, and estimate that we will qualify an additional 2665 applicants for payment between now and the end of the fiscal year. With available funding, we will continue to pay these applicants the dividend amount of \$1131, or \$3,014,115. Thus, our total request is for \$3.35 million.

We are currently taking steps to ensure that this type of over expenditure does not happen again. Ever since the state began using AKSAS, batch interface files like those for paying dividends have a "hard coded" approval. This means that no on-line balance verification and certification is required for the transaction to go forward. This differs from the process that is used for normal operating expenditures, in which a certifying officer makes an actual verification of funds. This historic practice is not adequate. We need an internal control that requires a visual check of the fund balance. Effective immediately, we are requiring that the director review the appropriation status *each* time a batch interface file is produced that expends part of that fund. We will devise a reporting system that ensures that a timely appropriation status check is made.

In the meantime, we will issue no further warrants until Legislative action is taken on the supplemental request. We will notify applicants who become qualified that the fund has been depleted, and that payment of their dividend must await action on our supplemental request. No action is required at this time by the staff of the Permanent Fund Corporation or its Board of Trustees.

cc: Nanci Jones
Laurie Perkins

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-4660
FAX: (907) 465-3008

March 11, 1997

The Honorable Drue Pearce
The Honorable Bert Sharp
The Honorable Mark Hanley
The Honorable Gene Therriault
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

As you continue your review of the Governor's supplemental appropriations bill please consider the amendments below. The first amendment is a technical addition to complete the power cost equalization supplemental. The second new section will make an additional deposit to the permanent fund dividend fund. As I discussed with Senator Pearce and Representative Hanley last Friday, this new appropriation is needed because of the substantial progress the Department of Revenue has made in clearing up the backlog of permanent fund dividends applications under appeal or awaiting more information before approval.

The construction of a women's dormitory and a shooting range for the Training Academy was a high priority for the Department of Public Safety which could not be accommodated in the FY 98 capital budget. However, in partnership with the City and Borough of Sitka, we have worked out a plan using FY 97 AHFC corporate receipts (which were within the \$53 million available but not committed last spring) plus a \$300,000 contribution from Sitka and a DPS reappropriation.

Add new sections:

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS Add a new subsection (b) to the power cost equalization fund appropriation (requested in my letter of February 27):

The sum of \$1,500,000 is appropriated from the power cost equalization and rural electric capitalization fund (AS 42.45.100) to the Department of Community and Regional Affairs, power cost equalization program for the purposes of that program for the fiscal year ending June 30, 1997.

Sec. 12. (DEPARTMENT OF REVENUE) Add a new subsection:

(c) The sum of \$3,350,000 is appropriated from the earnings reserve account (AS 37.13.145) to the dividend fund (AS 43.23.045) for the payment of permanent fund dividends.

Sec. __. DEPARTMENT OF PUBLIC SAFETY TRAINING ACADEMY (2) The sum of \$2,104,400 is appropriated from the fiscal year 1997 corporate receipts of the Alaska Housing Finance Corporation to the Department of Public Safety, Training Academy for construction of a women's addition, building improvements, and construction of a shooting range.

(b) The sum of \$60,000 is appropriated from the general fund to the Department of Public Safety, Training Academy for construction of a women's addition, building improvements, and construction of a shooting range.

(c) Section. 10, ch. 4, FSSLA 1994, Page 12, line 24 is amended to read:

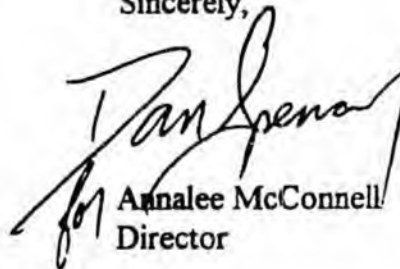
	Allocations	Appropriation Items	General Fund	Other Funds
Statewide Deferred Building Maintenance (ED 99)		<u>440,000</u> [500,000]	<u>440,000</u> [500,000]	

Amend the following section:

Sec. 16. Amend the references to CAPITAL PROJECTS to include subsections (a) and (b) of the new Training Academy section described above.

Back-up materials for the permanent fund dividend amendment is attached, and back-up information on the Training Academy will be provided tomorrow. If you have any questions, please call me or our chief budget analyst, Dan Spencer.

Sincerely,



for Annalee McConnell
Director

Attachments

cc Mike Greany, Legislative Finance

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-4660
FAX: (907) 465-3008

March 5, 1997

The Honorable Drue Pearce
The Honorable Bert Sharp
The Honorable Mark Hanley
The Honorable Gene Therriault
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

As you continue your review of the Governor's supplemental appropriations bill please consider the following amendments.

Add a new section to read as follows:

Sec. __. DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT The sum of \$60,000 is appropriated from the general fund to the Department of Commerce and Economic Development to implement the coordinated response to the Southeast Alaska pulp mill closure for the fiscal year ending June 30, 1997.

Amend section 6 (DEPARTMENT OF LAW) as follows:

Delete sec. 6(a) and renumber the subsections accordingly. The subsection was originally submitted to inform the legislature that funds from this appropriation had been administratively encumbered. Most of the bills relating to the encumbrances have been paid and the legislature is now aware of the encumbrance, so the language can be deleted.

Add to section 6 the following three subsections:

(c) The amendments in (d) and (e) of this section will reduce general fund program receipts and instead make general fund match available for the Medicaid/Provider Fraud appropriation made in sec. 30, ch. 117, SLA 1996 at page 37, line 56 (Civil Division) and allocated at page 38, line 4.

(d) The funding source for the fiscal year 1997 appropriation to the Department of Law set out in sec. 32, ch. 117, SLA 1996, page 67 at line 8 is amended to read:

March 5, 1997

General Fund Match

[97,500] 126.800

(e) The funding source for the fiscal year 1997 appropriation to the Department of Law set out in sec. 32, ch. 117, SLA 1996, page 67 at line 10 is amended to read:

General Fund Program Receipts

[596,600] 567.300

Sec. 7. (DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS) Make the current appropriation subsection (a) and add a new subsection as follows:

(b) The sum of \$17,200 is appropriated from general fund program receipts to the disaster relief fund (AS 26.23.300) to allow for the receipt of flood insurance premiums from Southcentral flood victims and subsequent payment of those premiums to the federal emergency management agency under the terms of a national flood insurance pilot program authorized specifically for victims of the Southcentral flood.

Sec. 13. (DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES) Make the current appropriation subsection (a) and add a new capital appropriation subsection as follows:

(b) The sum of \$444,500 is appropriated from the general fund to the Department of Transportation and Public Facilities to implement the Copper River Highway Consent Decree (case No. A92-245 CIV (JKS) (Consolidated)).

Sec. 15. Amend the references to CAPITALIZATION OF FUNDS to include the new subsection 7(b) described above.

Sec. 16. Amend the references to CAPITAL PROJECTS to include the new subsection 13(b) described above.

Back-up materials for these amendments are attached. If you have any questions, please call me or our chief budget analyst, Dan Spencer.

Sincerely,



Annalee McCorneil
Director

Attachments

cc: Mike Greany, Legislative Finance

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-4660
FAX: (907) 465-3008

February 27, 1997

The Honorable Drue Pearce
The Honorable Bert Sharp
The Honorable Mark Hanley
The Honorable Gene Therriault
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

As you continue your review of the Governor's supplemental appropriations bill please consider the following amendments.

Add new sections to read as follows:

Sec. __. DEPARTMENT OF FISH AND GAME Notwithstanding the lapse date of the appropriation made by sec. 47, ch. 94, SLA 1995, page 31, line 20 (Commercial Fisheries Management and Development, \$42,118,000), the sum of \$115,000 which was encumbered from that appropriation in encumbrance document No. 1163552 (litigation) is reappropriated to the Department of Fish and Game for ongoing litigation costs for the fiscal year ending June 30, 1997

Sec. __. DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS The sum of \$1,500,000 is appropriated from the general fund to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

Amend the following sections:

Sec. 6. Delete current section 6(b) and replace it as follows:

The sum of \$251,054.69 is appropriated to the Department of Law to pay judgments and claims against the state for the fiscal year ending June 30, 1997 from the following funding sources:

General fund	\$235,111.81
Public employees retirement fund	12,765.73
Teachers retirement system fund	3,177.15

Sec. 8. Amend as follows:

Department of Administration	\$33,388
	[\$27,273]

Add the following appropriations

Department of Fish and Game	1,271
Department of Law	473

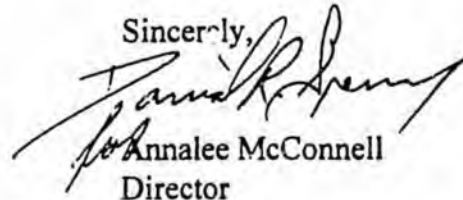
Sec. 11. Add the following ratifications:

(J) Department of Military and Veterans Affairs	
(A) 34538-85 Alaska Military Academy	90.15
(B) 34538-89 State Active Duty	144.10
(C) 34565-88 Federal Community Assistance	7,500.00
(D) 34537-85 Air Training Support	15,218.98
(E) 34537-86 Air Training Support	1,419.79
(F) 34537-87 Air Training Support	15,794.56
(G) 34532-85 Arm Facility Maintenance	1,754.18

Sec. 15. (Specifies which appropriations are to capitalize funds) Amend to include a reference to the power cost equalization fund appropriation above.

If you have any questions, please call me or the agency contact.

Sincerely,



Annalee McConnell
Director

Attachments

cc: Mike Greany, Legislative Finance

FY97 Supplemental Requests HB 113

Section	Department	Component	Gov's Request		Notes
			GF	Other	
✓ 1	(a) Administration	Leasing	18.7		Legislature reduced 97 budget with expectation supplemental would be needed
✓ 1	(b) Administration	OPA	317.5		Legislature reduced 97 budget with expectation supplemental would be needed
✓ 1	(c) Administration	Public Defender	268.9		Legislature reduced 97 budget with expectation supplemental would be needed
✓ 1	(d) Administration	Elected Public Officials Retire. Sys	65.6		New retirees (Cowper, Anderson, Sackett) and 5% increase in health premiums
✓ 1	(e) Administration	Leasing	243.3		Costs relating to Juneau One Stop (Vintage Park) settlement
✓ 1	(f) Administration	Leasing	104.0		DEC Lab claims defense
✓ 2	Corrections	Clearly fines	2,300.0		Estimated thru FY 97. To capital account in satisfaction of proposed settlement
✓ 3	Mil & Vets Affairs	Disaster Relief	1,000.0		Funding to be available for future disasters (per legislative intent)
✓ 4	(a) Corrections	Fairbanks Correctional Center	632.0		Emergency replacement of boiler for heating system
✓ 4	(b) Health & Soc Svcs	McLaughlin/Fbx Youth Center	1,247.4		Perimeter fence; have had security breaches
✓ 4	(c) Health & Soc Svcs	Emergency Communication Equip	200.0		Replace badly or dated equipment
✓ 4	(d) Mil & Vets Affairs	Radio Equipment	100.0		Comply with FCC requirements
✓ 4	(e) Natural Resources	Perseverance Trail	200.0		Emergency reconstruction work
✓ 5	(a) Health & Soc Svcs	Adult Public Assistance	939.0		Client load has followed projections provided to legislature last spring
✓ 5	(b) Health & Soc Svcs	Indian Health Service		10,000.0	Fed Rcpts for unanticipated increase in claims for IHS beneficiaries
✓ 5	(c) Health & Soc Svcs	Foster Care	1,000.0		Exceptional client costs; 200.0 underfunded from spring projections
✓ 5	(d) Health & Soc Svcs	McLaughlin Youth Center	685.0		More adjudication and short term detention; higher staffing levels/client costs
✓ 6	(a) Law	Oil & gas audits & legal proceedings	0.0	0.0	Extend lapse date of FY97 appropriation
✓ 6	(b) Law	Civil	97.1		Judgements & claims
✓ 6	(c) Law	Statehood Defense	485.0		Outside counsel and other costs of Venetie appeal
✓ 7	Mil & Vets Affairs	Emergency Alert System	220.0		Federal requirement to be operational by Jan 1, 1997, but funds weren't included for FY97
8	Administration	Misc claims & stale-dated warrants	27.3		Pay old bills and warrants
8	Corrections	Miscellaneous claims	8.3		Pay old bills and warrants
8	Health & Soc Svcs	Miscellaneous claims	22.2		Pay old bills and warrants
8	Public Safety	Miscellaneous claims	4.3		Pay old bills and warrants
8	Transportation & PF	Miscellaneous claims	0.9		Pay old bills and warrants
✓ 9	(a) Natural Resources	Fire Suppression	3,788.3		Fixed costs & expected suppression costs, Jan-June, '97 (per legislative intent)
✓ 9	(h) Natural Resources	Veterans Land Discount	300.0		Based upon Ombudsman investigation and finding

PCE

FY97 Supplemental Requests HB 113

Section	Department	Component	Gov's Request		Notes
			GF	Other	
✓ 9 (c)	Natural Resources	Old Eagle School Site	100.0		To remove (aze) buildings from site prior to remediation
✓ 10	Public Safety	VPSO Program	0.0		Extend lapse date for VPSO contracts funding
✓ 11	Ratifications	DOA, DCI., DHSS, DNR	0.0		AKSAS clean-up - no cash expenditure taking place
✓ 12 (a)	Revenue	Treasury Mgt	31.0		Equity investment fees for new Constitutional Budget Reserve asset allocation
✓ 13	Transportation & PF	Marine Highway System	391.4		Increased fuel costs due to higher prices
		EXECUTIVE BRANCH TOTAL	15,797.2	10,000.0	
✓ 14	Courts	Trial Courts	44.5 32.0	Revised	Unfunded impacts of SB 98 (Welfare Reform) (fiscal note was dropped last session)
		BILL TOTALS	15,841.7	10,000.0	
<i>Additional items currently under review</i>					
	Law	Additional judgements/claims	25.9		Brings total judgements/claims to 122,994
	Law	Medicaid Provider Fraud	-29.3		GF/PR
	Law	Medicaid Provider Fraud	29.3		GFM
✓	DCRA	Power Cost Equalization	1,500.0		In progress

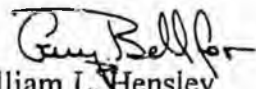
MEMORANDUM

State of Alaska

Page 1 of 2

TO: Annalee McConnell, Director
Office of Management and Budget

DATE: March 5, 1997

FROM: 
William L. Hensley
Commissioner
Department of Commerce and
Economic Development

TELEPHONE NO: 465-2500

SUBJECT: Supplemental Budget
Request

The Department of Commerce and Economic Development, Office of the Commissioner, requests a supplemental appropriation in the amount of \$60,000 to implement the coordinated response to the Southeast Alaska pulp mill closure during fiscal year 97.

When the closure of the Ketchikan Pulp Mill was announced in October 1996, Governor Knowles took immediate action by establishing a state coordinated response partnership team. The team was charged with developing a comprehensive plan of action to mitigate the impacts of the closure on the affected communities' economies. DCED's special assistant, Veronica Slajer, was assigned to be the coordinator of the State's response.

In November, the department hired a community liaison position on a temporary basis to establish an office and referral point in Ketchikan. This was initially intended to be a three-month temporary position, and was funded with a \$10,000 RSA from the Office of the Governor. Since this position was established, it has become evident that it must be retained for longer than we originally intended. In this supplemental request, we are asking for sufficient funding to cover the cost of this position through the end of this fiscal year.

Other costs to the department of the coordinated response partnership include travel, meeting costs, telephone charges, etc. This supplemental request would provide the department sufficient money to cover these expenses through end of the fiscal year.

Finally, we have included a request for \$15,000 to contract for targeted technical assistance to small timber businesses in the impacted communities. With this contractual funding, the department hopes to jump start their expansion efforts, thereby stimulating job creation.

The Governor's FY 98 capital budget includes a \$120,000 request by the Department of Community and Regional Affairs which complements this supplemental budget request. The Governor is working with the federal government to establish a Community Economic Revitalization Team (CERT), of which the Commissioner of DCED will be a member. The Department of Community and Regional Affairs will be providing the administrative support for the CERT effort once it is established later in this fiscal year, and will use the money in the capital budget to do so. The CERT will be the long term group addressing the Southeast mill closure. Once it is established, the rapid response coordinated response partnership effort will come to closure.

A budget detail page is attached.

Southern Southeast Economic Revitalization Initiative

Supplemental Budget Request for FY 97

Item	Estimate	
<u>Personnel</u>		
Community Liaison	25.0	Based in the impact area, provide outreach and local-region response support
<u>Travel</u>		
	10.0	Primarily travel among communities southern SE, travel to attend regional CERT meetings and participate in federal-level activities
<u>Contractual Services</u>		
<i>Economic Development</i>	15.0	<i>Facilitate project development for small timber businesses</i>
Community technical support	2.5	Provide local planning, technical assistance support (e.g. project scoping workshops), and project scoping training
Phone	3.0	Long distance, including teleconf. with the region, video teleconferences
Supplies and other costs	2.0	Public meeting announcements, printing project scoping and preapplications
Equipment	2.5	Printer/fax for Ketchikan Office
Rent and utilities	0.0	In-kind from other state agencies
Total Cost	60.0	

Feb 13 (16)

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Administrative Services Division

FEB 5 1997

to: Annalee McConnell
Director
Office of Management and Budget

DATE: February 1, 1997

TEXT NO: (907) 465-3652

FAX NO: (907) 586-8365

TELEPHONE NO: (907) 465-3900

FROM: Joseph L. Perkins, P.E.
Commissioner



SUBJECT: Copper River Highway

As was requested during last session, the Department of Transportation and Public Facilities requires additional funding to implement the Copper River Highway Consent Decree (case No. A92-245 CIV (JKS) (Consolidated)). The agreement related to Clean Water Act violations was signed with an effective date of March 27, 1996. This agreement requires the parties to conduct coordination, training, planning and restoration by certain specific dates.

I am requesting the following amounts to meet our legal commitment:

Activity Description	Date Action Needed	Funding Required
Restoration plan development Coordinated planning for historic structures and riverbank protection, structural assessment of existing trestles, and implementation plan to perform reinforcement work on these structures.	4/1/97	\$43,500
Restoration project Riverbank protection and drainage improvements at six sites including culvert installation, removal of trees and woody material from wetland areas, revegetation and placement of boulders for erosion prevention.	End of 1997 construction season	\$170,000
Historic Issues Develop master plan and rehabilitation or stabilization of four line shacks and Uranatina River workshop located on the Copper River Highway.	12/31/99	\$201,000
Training Training of all field maintenance and operations personnel on the requirements of the Clean Water Act, section 404. program, applicable laws and state policies that protect historical and cultural resources.	10/1/97 (annual requirement)	\$30,000

The restoration plans must be completed by April 1, 1997, and a meeting with the Corp of Engineers is required by May 1, 1997. A supplemental appropriation is necessary for this portion.

We would appreciate your approval of this request.