

ALASKA LEGISLATURE

1926.2

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

are currently available within a week of report deadlines will take several weeks; detailed campaign information which is available in months will take a year or more to publish.

- Public requests for reports will take longer to fill.
- Municipalities will not receive copies of local candidate reports in a timely manner.
- Computer support for electronic filers will be limited in terms of response time and coverage. This in turn may discourage candidates and group treasurers from using the electronic filing software.
- Fewer manuals will be made available to filers to save printing costs.
- Review of reports will take longer. As a result, it will take staff longer to catch problems and civil penalties, which accrue each day a report is late or incomplete, will be higher.
- Resolution of enforcement actions and issuance of advisory opinions will be delayed with fewer commission meetings and staff resources.
- Resolution of complaints may take longer and subsequently invite citizen lawsuits because the campaign disclosure law now authorizes complainants to file suit in superior court if a complaint is not resolved within six months.
- Staff will be unable to promulgate campaign disclosure regulations in time to offer guidance for participants in the 2000 state and municipal elections.

COMM. +

EC. DEV.

C+ED #1

AMENDMENT

To: HB 50

Adopted
By: Therriault 4/8/99
PM

Delete:

Department of Commerce and Economic Development

Tourism

Alaska Tourism Marketing Council

3235.3 General Funds

1299.9 Other Funds

Department of Commerce and Economic Development

Tourism

Tourism Development

2050.7 General Funds

127.2 Other Funds

This amendment zeroes out all funds in each of the above components. A fiscal note will be attached to legislation (HB 136/SB 107) affecting these functions that will address the budgetary needs of both components.

C+ED #2

AMENDMENT

W/D

To: HB 50

By: Bunde

DELETE:

Commerce and Economic Development

Executive Administration and Development

Trade and Development

200.0 general funds

Japan and Korea trade offices

This amendment would put the Korean office contract at a level of 151.0 and the Japan office at a level of 400.0 (150.0 trade/250.0 tourism).

CIED #3

Department of Commerce and Economic Development

AMENDMENT # _____

w/d

By: _____

ADD:

Department of Commerce and Economic Development
BRU: Executive Administration and Development
Component: Trade and Development

\$225.7 GF
3 PFT Positions

Purpose: This restores the Northern Issues Coordinator position and funding (1 PFT, \$33.9), the Small Business Development Specialist position and funding (1 PFT, \$68.1), the Timber Products Development Specialist and funding (1 PFT, \$59.4), and program travel funds (\$64.3).

C+ED #4

failed 4/18

Amendment

Representative John Davies

ADD

Department of Commerce and Economic Development

BRU: Division of Trade and Development

Component: Forest Products Specialist \$59.4 GF

Delete
Northern Forum
grants 60.0

O+ED #5

Department of Commerce and Economic Development

AMENDMENT # _____

By: Grossenhorf

withdrawn

ADD:

Department of Commerce and Economic Development
BRU: Executive Administration and Development
Component: Administrative Services

\$94.1 GF

Purpose: This restores the personal services reduction arbitrarily allocated to the Division of Administrative Services for unfunded management support included in the Commissioner's Office in FY1999.

C+ED #6

Department of Commerce & Economic Development

AMENDMENT # _____

Failed

By: Gussendorf

ADD:

Department of Commerce and Economic Development
BRU: Banking, Securities and Corporations
Component: Banking, Securities and Corporations

\$114.0 GF/PR
1 PFT Position

Purpose: This restores the increments requested in the Governor's amended budget for the Securities Examiner position and funding (1 PFT, \$74.0), and additional hearing examiner contractual services (\$40.0).

C+ED #7

Department of Commerce and Economic Development

AMENDMENT # _____

By: Devies

adopted

ADD:

Department of Commerce and Economic Development

BRU: Occupational Licensing

Component: Occupational Licensing

\$ 86.3 GF/PR

Purpose: Restore funding and position for the Nurse Aide Investigator. Position and funding were included in a Fiscal Note for SB152 last session, and inadvertently omitted from the appropriation bill.

C+ED #8

Department of Commerce and Economic Development

AMENDMENT # _____

4/8/99

Failed

By: Gussendorf

ADD:

Department of Commerce and Economic Development

BRU: Tourism

Component: Alaska Tourism Marketing Council

\$102.3 GF
1 PFT Position

Purpose: This restores the Executive Director position and funding.

C4ED # 9

Failed 4/9/99

Amendment

Representative John Davies

DELETE

World Trade Council Grant	135
Northern Forum Grant	60

ADD

Department of Commerce and Economic Development

BRU: Executive Administrative and Development

Component: Trade and Development 195 GF

Agency Totals - FY00 Operating Budget

Agency: Department of Commerce and Economic Development

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
Totals for Agency	57,536.7	70,354.4	57,221.1	56,259.6	-14,094.8	-20.0%

Objects of Expenditure:

Personal Services	19,999.7	20,454.7	22,068.3	21,482.6	1,028.1	5.0%
Travel	1,505.8	1,727.7	1,625.3	1,559.0	-168.7	-9.8%
Contractual	21,048.0	25,913.5	24,639.1	24,338.4	-1,575.1	-6.1%
Commodities	509.7	560.5	560.0	559.0	-1.5	-0.3%
Equipment	347.3	138.8	158.8	150.8	12.0	8.6%
Lands/Buildings	12.8	0.0	0.0	0.0	0.0	%
Grants, Claims	14,113.4	21,559.2	8,169.6	8,169.6	-13,389.6	-62.1%
Miscellaneous	0.0	0.0	0.0	0.0	0.0	%

Funding Sources:

1002 Fed Rcpts	3,006.7	3,650.1	3,650.1	3,650.1	0.0	0.0%
1003 G/F Match		1.0	1.0	1.0	0.0	0.0%
1004 Gen Fund	12,398.9	7,481.0	7,785.8	7,363.7	-117.3	-1.6%
1005 GF/Prgm	16,340.6	18,931.7	18,840.5	18,395.2	-536.5	-2.8%
1007 I/A Rcpts	1,523.0	1,743.2	2,029.7	1,935.6	192.4	11.0%
1025 Sci/Tech	11,564.6	23,061.1	9,539.8	9,539.8	-13,521.3	-58.6%
1035 Vet Loan	230.3	183.8	147.8	147.8	-36.0	-19.6%
1036 Cm Fish Ln	2,534.2	2,593.8	2,608.9	2,608.9	15.1	0.6%
1040 Surety Fnd	100.0	264.1	209.9	209.9	-54.2	-20.5%
1053 Invst Loss	34.4	6.6	0.0	0.0	-6.6	-100.0%
1057 Small Bus	2.5	3.5	3.3	3.3	-0.2	-5.7%
1061 CIP Rcpts	36.5	135.1	360.1	360.1	225.0	166.5%
1067 Mining RLF	4.8	5.0	5.0	5.0	0.0	0.0%
1068 Child Care	5.3	5.8	5.8	5.8	0.0	0.0%
1069 Hist Dist	2.9	2.0	2.5	2.5	0.5	25.0%
1070 Fish En Ln	285.1	310.5	325.5	325.5	15.0	4.8%
1071 Alt Energy	149.0	149.1	148.7	148.7	-0.4	-0.3%
1072 Res Energy	0.1				0.0	%
1101 AERO Rcpts	43.2	43.2	43.2	43.2	0.0	0.0%
1102 AIDEA Rcpt	3,529.5	3,743.9	3,705.9	3,705.9	-38.0	-1.0%
1107 AEA Rcpts	881.4	1,050.4	1,049.5	1,049.5	-0.9	-0.1%
1108 Stat Desig	1,012.8	1,307.0	1,299.9	1,299.9	-7.1	-0.5%
1110 APUC Rcpts	3,851.9	4,923.5	4,699.2	4,699.2	-224.3	-4.6%
1115 ITDF		759.0	759.0	759.0	0.0	0.0%

Agency Totals - FY00 Operating Budget

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>Agency: Department of Commerce and Economic Development</u> <u>FY99Auth to HseDraft</u>	
<u>Positions:</u>						
Perm Full Time	343.0	343.0	370.0	364.0	21.0	6.1%
Perm Part Time	10.0	10.0	8.0	8.0	-2.0	-20.0%
Non-Perm	0.0	0.0	0.0	0.0	0.0	%

House Finance Subcommittee on Commerce and Economic Development Recommendations for FY00 Budget

Representative Gene Therriault, Subcommittee Chair

This narrative describes the effects of the budget numbers proposed for the Department of Commerce and Economic Development on the attached spreadsheet.

The Subcommittee work is based on the FY99 authorized budget, adjusted to include changes to the base from the Supplemental Appropriation passed in March, 1999 and the transfer in of the International Trade Office from the Governor's Office. The FY00 budget totals \$56,259,600. In the General Funds group, there is a total of \$25,759,900. This represents a reduction in General Funds of \$790,000 from the FY99 budget as adjusted and a reduction of \$867,400 from the Governor's FY00 request as amended.

The Department requested that an Executive and Administrative Cost Allocation Plan be implemented in FY00. This plan would supplant General Funds in the Commissioner's Office and in the Administrative Services Division in the form of interagency receipts collected from the various divisions. There were increments and decrements requested in each division to implement the plan, all of which were approved by the Subcommittee.

Decrements to Occupational Licensing and the Division of Insurance to reduce the carry-forward from their base FY99 budgets were accepted.

There are increments for 5 new Data Processing staff throughout the Department. This allocation will enable the Department to make services more readily available to the public. All of these increments, totaling \$286,000, are funded through Program Receipts.

The Subcommittee has reduced the Alaska Tourism Marketing Council's budget by \$102,300 to reflect the resignation of the Executive Director. AS 44.33.710 permits the ATMC to employ an executive director but does not require it. In such case that there is no Executive Director, statutes permit the Chair of the ATMC's board of directors to act as the director.

As part of the Cost Allocation Plan requested by the Department, the Administrative Services Division requested that \$134,800 in General Funds be taken out of their budget request. The Subcommittee increased that amount by \$94,100, again in General Funds.

The Division of Trade and Development has been allocated a budget which includes \$1,737,200 in General Funds. While this is a reduction of \$212,000 from last year's adjusted base, it does permit all overseas trade offices to remain open.

In the Division of Tourism, \$200,000 in Program Receipt authority was reduced from FY99. This authority was necessary over the past two years as Alaska managed the Tourism North Program in conjunction with British Columbia and the Yukon Territory. In FY00, the government of the Yukon Territory will be managing the program and Alaska will be contributing to it. Therefore, the Division no longer needs authority to receive and expend \$200,000 from the Canadian governments.

All other increments of General Funds requested by the Department in FY00 were unable to be approved with the allocation available in FY00.

FY00 House Finance DCED Subcommittee Recommendations

(\$000)

Agency	BRU	Component	Total		GF Group		Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	70,841.1	51,258.8	27,007.0	25,759.9	40,284.0	28,849.8	3,850.1	3,850.1
		FY99 Supplemental	-457.1		-457.1		0.0		0.0	
		FY99 Base	70,484.0		26,549.9		40,284.0		3,850.1	
		FY00-FY99		-14,224.4		-790.0		-12,434.6		0.0
		% Change		-20.18%		-2.99%		-31.35%		0.00%
Commerce	Banking, Securities, and Corp	Banking, Securities and Corporations	1,654.0	1,735.5	1,646.8	1,733.8	8.1	1.7	0.0	0.0
Commerce	Insurance Operations	Insurance Operations	4,581.6	4,396.6	4,535.9	4,396.6	25.7	0.0	0.0	0.0
Commerce	Occupational Licensing	Occupational Licensing	0.0	5,372.6	0.0	4,966.9	0.0	405.7	0.0	0.0
Commerce	Occupational Licensing	Operations	5,651.0	0.0	5,082.5	0.0	568.5	0.0	0.0	0.0
Commerce	Occupational Licensing	Licensing Boards	183.2	0.0	183.2	0.0	0.0	0.0	0.0	0.0
Commerce	Alaska Public Utilities Commission Operat	APUC Operations	4,923.5	4,699.2	0.0	0.0	4,923.5	4,699.2	0.0	0.0
Commerce	Executive Administration and Development	Commissioner's Office	452.2	452.2	297.6	118.1	154.6	334.1	0.0	0.0
Commerce	Executive Administration and Development	Trade and Development	3,236.3	2,954.7	1,049.2	1,737.2	1,137.0	1,067.4	150.1	150.1
Commerce	Executive Administration and Development	Administrative Services	1,217.8	1,188.6	681.3	452.4	538.5	736.2	0.0	0.0
Commerce	Alaska Science and Technology Foundat	Alaska Science and Technology Fo	22,502.2	8,984.6	0.0	0.0	22,502.2	8,984.6	0.0	0.0
Commerce	Investments	Investments	3,301.5	3,295.5	0.0	0.0	3,301.5	3,295.5	0.0	0.0
Commerce	Tourism	Alaska Tourism Marketing Council	4,640.2	4,535.2	3,340.3	3,235.3	1,299.0	1,299.9	0.0	0.0
Commerce	Tourism	Tourism Development	2,363.1	2,177.9	2,235.9	2,050.7	127.2	127.2	0.0	0.0
Commerce	AIDEA	AIDEA Facilities Maintenance	0.0	73.0	0.0	0.0	0.0	73.0	0.0	0.0
Commerce	AIDEA	Alaska Industrial Development and	4,048.1	3,952.2	0.0	0.0	4,048.1	3,952.2	0.0	0.0
Commerce	AIDEA	Alaska Energy Authority Operations	1,049.5	1,049.5	0.0	0.0	1,049.5	1,049.5	0.0	0.0
Commerce	Alaska Seafood Marketing Inst	Alaska Seafood Marketing Institute	10,554.3	10,568.9	7,054.3	7,068.9	0.0	0.0	3,500.0	3,500.0
Commerce	Alaska Aerospace Dsvl Corp	Alaska Aerospace Development Co	601.7	823.4	0.0	0.0	601.7	823.4	0.0	0.0

Department of Commerce and Economic Development
Impact Statements in Response to
House Finance Subcommittee Budget Proposals

Date: April 2, 1999

Prepared by: Tom Lawson, Director

BRU: Banking, Securities and Corporations
Component: Banking, Securities and Corporations

Program Area:	Dollar Amount(s):	Fund Source(s):
Denial of Increment-Securities Examiner	(\$74.0)	GF/PR

Impact Analysis:

The denial of an additional Securities Examiner position means there will be no routine examination of broker-dealers or investment advisers. Rather they'll be done only for cause, when violations are brought to our attention, or as time permits. Depending on hearings and other workload factors, we could experience longer delays in processing filings in the securities section that would delay securities sales or persons who want to register to provide securities business services in Alaska.

The increase in complaints, in registered persons, and the change in responsibility for State Investment Advisers creates a need for additional professional staff to examine broker-dealers and State Investment Advisers, and to handle both securities and ANCSA corporation complaints. Failure to staff adequately to meet the needs of the securities section's constituents will lead to a reduction in investor protection. Staff will not be able to maintain a regular schedule of broker-dealer and investment adviser examinations that may head off problems before they become bigger. Staff may not be able to devote as much time to a particular complaint as it deserves. This could cause investors to lose confidence in the securities markets, and make it more difficult for legitimate businesses to raise capital needed for growth.

In addition, the securities section already generates revenue of almost \$7.0 million and costs of about \$375,000. The industry and the public have a right to expect that a reasonable percentage of the industry's payments to the State will be used to maintain investor confidence with securities business in Alaska. Finally, if HB 83 passes this session and becomes law, the division intends to adopt revised regulations that will include fee increases for some activities. The estimated fee increase is \$116.0 thousand, which would almost cover the increments for the Securities Examiner position, Hearing Officer and legal costs.

Program Area:	Dollar Amount(s):	Fund Source(s):
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Denial of Increment for Hearing Officer Expenses	(\$40.0)	GF/PR
Denial of Increment for Legal Services Expenses	(\$45.0)	GF/PR

Impact Analysis:

This division will operate under tight budgetary conditions in the coming fiscal year due to increased costs of hearings that result from our normal course of business. For every order issued, the division must provide notice of opportunity to request a hearing. The division bears the costs of the hearing officer and the costs of obtaining legal representation from the Department of Law (DOL) for each hearing.

Compounding the hearing officer and DOL Attorney costs is the fact that once a hearing is over, our clients can appeal the hearing officer's decision to Superior Court. If this occurs, this division must once again obtain legal counsel for representation in Superior Court.

Outside of the costs of hearings and appealed decisions of the hearing officer, the division will also incur normal expenses for regulation's review with the Department of Law.

Without the increment for the Department of Law's expenses, that department's resources may be strained to provide our needed services.

The combined expenses of holding a hearing and obtaining legal representation from the Department of Law have already exceeded \$50.0 thousand this year and there are still three months left in this fiscal year where we are vulnerable to additional costs and potential appeals to Superior Court.

In a normal year, with normal vacancy, the cost of hearings could devastate the division's budget, forcing the division to face a shut down due to budget shortfalls which would mean no securities registrations, no corporations filings, and/or no bank examinations.

Any combination of these actions would have a severe impact on the ability of the private sector to conduct business in Alaska. Nobody would want to see that happen, but the requirement that we enforce statutes and provide hearings is not compatible with the failure to provide a mechanism to fund those hearings. Program impacts in those years would be unavoidable.

**BRU: Occupational Licensing
Component: Occupational Licensing**

Program Area:	Dollar Amount(s):	Fund Source(s):
Denial of Increment-Nurses Aide Investigator	(\$59.6)	GF/PR

Impact Analysis:

This action denies the establishment of an Investigator needed for the Nurse Aide Registry program established by legislation last year. Senate Bill 152 and its accompanying fiscal note passed the Legislature in February 1998, however the fiscal note was inadvertently omitted from the operating budget. SB 152 gave the division responsibility for regulation of certified nurse aides. The fiscal note provided an investigator to pursue the citizen complaints against Alaska's 2,500 nurse aides. This request was to fund the investigator necessary to protect the public from incompetent and unlicensed nurse aides.

**BRU: Executive Administration and Development
Component: Administrative Services**

Program Area:	Dollar Amount(s):	Fund Source(s):
Unallocated Reduction	(\$94.1)	GF

Impact Analysis:

This unallocated reduction is in response to the department's \$94.1 interagency receipts increment in the Commissioner's Office for FY1999 Unbudgeted Management Support, which in part funded the department's Special Assistant position. The subcommittee proposes this as a general fund reduction to the Division of Administrative Services for FY2000.

The department has proposed implementing a cost allocation plan in FY2000 that would reduce the Division of Administrative Services' appropriation from unrestricted general funds by \$134.8, allocating those costs to the agencies it serves. Those increased costs to the agencies are budgeted. This additional \$94.1 general fund reduction will be met by unbudgeted allocation of costs to the agencies of the department, resulting in program cuts in those agencies.

**BRU: Executive Administration and Development
Component: Trade and Development**

Program Area:	Dollar Amount(s):	Fund Source(s):
Delete Forest Products Development Specialist	(\$59.4)	GF

Impact Analysis:

Proposed budget would eliminate the position for an Economic Development Analyst/Forest Products Development Specialist. This is the position dedicated to working on the development and marketing of Alaska's forest products industry.

Deleting the position would have the following impact:

- Eliminates compilation and publication of the Directory of Alaska Forest Products Manufacturers. The directory is designed to help purchasers of AK forest products identify vendors, help forest product businesses identify potential expansion opportunities, and help small business assistance be more efficiently directed.
- Eliminates assistance for businesses that are qualified to receive an Alaska forest product bidder's preference for state procurement.
- Eliminates the department's ability to carry out the Alaska Forest Products Research and Marketing Program, established by statute (AS 44.33.900) to provide the industry with information on relevant subjects and identify the problems that impede the development of a high value-added wood products industry.
- Eliminates the prime point of contact for information about the industry and assistance to individual forest products companies.
- Eliminates distribution of forest product trade leads to Alaska firms.
- Eliminates Alaska membership in the Softwood Export Council - a trade association that receives substantial (over 3:1) USDA matching funds - and the ability to follow through on the resulting trade/marketing services and projects that would help Alaska develop new overseas markets for its forest products.
- Demonstrates lack of support on the part of the State for an industry where the average annual employment is now less than half of the 1990 level (4,000) and the 1998 exports were reduced by 56 percent from the 1997 levels.

Program Area:	Dollar Amount(s):	Fund Source(s):
Delete Northern Issues Coordinator	(33.9)	GF

Impact Analysis:

The proposed budget would eliminate the position for a Northern Issues Coordinator. The loss of this position would have the following impact:

- Eliminates effective State of Alaska representation in the Northern Forum, the international association of 22 northern regional governments. Alaska, under the leadership of Governors Walter Hickel and Steve Cowper, was a founding member of this body, which promotes trade, educational and information exchanges, and environmental cooperation among its members. The members often find they share much more in common with each other, rather than their respective "southern" capitals such as Washington or Moscow.
- Eliminates state participation in the planning of State-funded (\$60,000) Northern Forum events.
- Eliminates the administration of the Alaska Sustainable Development grant program, which recently distributed \$225,000 in federal funds to successful small businesses, communities, and nonprofit organizations around the state.
- Eliminates Alaska participation in organizing Arctic Council activities. As the only United States Arctic territory, Alaska has cultivated a leadership role inside the United States delegation to this international body of the eight Arctic nations. The United States currently chairs the Arctic Council. Founded in 1996, the Arctic Council focuses on promoting Arctic environmental protection and sustainable development. It is the successor to the eight-nation

Arctic Environmental Protection Strategy, initiated in 1989, which completed major assessments of Arctic environmental health.

- Sends a negative message to the international community and the State Department about Alaska's level of interest in Arctic issues, after working hard to achieve a significant role in establishing Arctic policy. This message is particularly untimely due to the upcoming May 3-6, 1999 Arctic Council meeting in Anchorage, which will feature a formal session of Senior Arctic Officials (representing Canada, Denmark, Finland, Iceland, Norway, Sweden, and Russia) and a May 5 public forum that provides interested Alaskans with an opportunity to learn about Arctic Council activities. The meeting will be the first of four major events hosted by the United States during its 1998-2000 council chairmanship. The meeting will attract approximately 100 attendees, representing member delegations, four circumpolar indigenous peoples groups, official observer nations, and environmental organizations.
- Forfeits Alaska's opportunity to receive increased federal attention as the centerpiece of the United States' international Arctic policy. Issues under study by the Arctic Council include telemedicine, climate change, and the impact of environmental contaminants on Arctic residents.

Program Area:	Dollar Amount(s):	Fund Source(s):
Delete Small Business Development Specialist	(\$68.1)	GF

Impact Analysis:

The proposed budget would eliminate the position for a Small Business Development Specialist. The position also covers DCED's rural outreach activities. The loss of this position would have the following impact:

- Eliminates organization, publicity, program development, and contractor oversight for the "How to Do Business with the State & University" procurement conferences. Last year, over 350 Alaskan companies participated in procurement conferences held in Anchorage, Fairbanks, and Juneau.
- Eliminates the prime point of contact for information about business assistance programs and direct assistance to Alaska small businesses about state programs.
- Eliminates further development of the "Guide to Technical and Financial Resources," an on-line matrix designed to assist small companies efficiently locate services and funding.
- Eliminates revision and publication of "Establishing a Business In Alaska," a key resource guide for new and existing Alaska companies.
- Eliminates the distribution of trade leads for Alaska companies seeking new markets for telecommunications, environmental, and health products/services.
- Eliminates program evaluation and contract oversight of the Made in Alaska program, affecting over 1,100 Alaska small businesses statewide.
- Eliminates small business program coordination as recommended by private sector firms serving on the Governor's Task Force for Small Business. Activities lost will include quarterly coordination meetings, program evaluation training, and joint marketing efforts.

- Eliminates staff support on a federal grant for a project that assists rural Alaska in identifying and developing products for export, expanding potential markets, and creating sustainable economies.
- Eliminates small business issues representative and rural liaison at a time when both sectors are most impacted due to an economic downturn and economic disasters.
- Sends a negative message to the Alaska small business community. Ninety-nine percent of the businesses in Alaska are small businesses as defined by the federal Small Business Administration (less than 500 employees). Alaska small businesses account for 70 percent of all private sector jobs in Alaska.

Program Area:	Dollar Amount(s):	Fund Source(s):
Travel Reduction	(\$64.3)	GF

Impact Analysis:

Per page 239 of the department's detail budget submission (form C200, Trade and Development BRU), there is only \$36.8 general fund and \$14.5 general fund/program receipts authorization in a total travel budget of \$200.2.

Under the current proposal, the balance of the \$64.3 GF cut would have to come from personal services or contractual lines, either eliminating more staff or further reducing overseas contracts, both causing significant adverse impacts to the division's activities.

Even if the reduced cut amount change is made, by completely eliminating general funds and general fund program receipts, the remaining staff will have limited travel funds to carry out trade, film office, and research office efforts. Most remaining funds are restricted to specific programs operated by existing staff. It is questionable whether these other funds would be available to the remaining staff since there would be no staff to operate the programs associated with the funds. In essence, either the full cut or the reduced cut would cripple the division.

**BRU: Tourism
Component: Tourism Development**

Program Area:	Dollar Amount(s).	Fund Source(s):
Reduce Tourism North Funding	(\$200.0)	GF/PR

Impact Analysis:

This reduction will have no impact on this program. Prior to July 1, 1998, the Tourism North program was managed by Alaska on behalf of the other partners (Yukon, British Columbia). To

manage the program, we needed to have program receipt authority to receive and expend funds from these Canadian provinces.

As of July 1, 1998, management of the Tourism North program has been transferred to the Yukon, thus the authority to receive and expend funds from the Canadian partners is no longer necessary. The deletion is appropriate. It may, however, become necessary to request this authorization in the future to accommodate Alaska again taking its turn in managing the program.

BRU: Tourism

Component: Alaska Tourism Marketing Council

Program Area:	Dollar Amount(s):	Fund Source(s):
Delete ATMC Executive Director	(\$102.3)	GF

Impact Analysis:

The House Finance subcommittee proposes deleting the Alaska Tourism Marketing Council's Executive Director position and \$102.3 general fund authorization in anticipation of the passage of HB 136, a tourism reorganization bill. The department feels it is inappropriate for budget changes related to proposed legislation to be included in the operating budget bill; it is more appropriate to make these budget changes by fiscal note attached to the bill.

Even if the bill does pass, the executive director position will be needed through July 1, 2000, the effective date of when the Alaska Tourism Marketing Council (ATMC) ceases per the bill. The ATMC will continue to need executive direction during the FY2000 wind down year, perhaps even more so. In addition, the \$102.3 general fund authorization being deleted would continue to be necessary as part of the State match, per the bill. Because the Executive Director position will still be needed in FY2000, this cut would have to be taken elsewhere in the program, most likely from the contractual line item.

COMM. +

REG. AFF.

~~VERIFICATION~~

C-TRA # 1A

AMENDMENT

Representative Austerman

CS HB 50(FIN)

Department of Community and Regional Affairs

adopted

4/9/99

Component Title Change

Page 17, line 18

ADD

Department:	Department of Community and Regional Affairs
BRU:	Local Government Assistance
From Component:	[Training and Development]
To Component:	<u>Local Government Management</u>

C+RA #1

AMENDMENT
CS HB 50(FIN)

Representative Austerman

Department of Community and Regional Affairs

Withdrawn

Page 17, line 18

ADD

Department: Department of Community and Regional Affairs

BRU: Local Government Assistance

Component: Training and Development \$200.0 general funds

CORA#3

AMENDMENT#

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CS HB 50 (FIN)

Failed
4/19/99

ADD

Department of Community & Regional Affairs
Local Government Assistance
Training and Development Component

\$400.0 GF

This amendment will restore the six positions that would be eliminated.

C-RA#3

AMENDMENT#

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CS HB 50 (FIN)

ADD

Department of Community & Regional Affairs
Local Government Assistance
Training and Development Component

\$400.0 GF

Withdrawn

This amendment will restore the six positions that would be eliminated.

C+RA #4

failed 4/9

AMENDMENT # _____

OFFERED IN HOUSE FINANCE COMMITTEE

TO CSHB 50(FIN)

ADD

Department of Community & Regional Affairs

Renters' Equivalency Rebate

Renters' Equivalency Rebate

300.0 general funds

Restore funding for rebate program which assists seniors and disabled veteran renters.

(Note: Page 17, following line 15)

CYRA #5

AMENDMENT#

DAVIES

failed

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CS HB 50 (FIN)

ADD

Department of Community & Regional Affairs
Municipal Revenue Sharing
Municipal Assistance

\$26,256.3 GF

This amendment will restore funding to Municipal Assistance at the FY99 authorized level.

C+ RA # 6

AMENDMENT#

Failed
419

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CS HB 50 (FIN)

ADD

Department of Community & Regional Affairs
Municipal Revenue Sharing
State Revenue Sharing

\$21,583.8 GF

This amendment will restore funding to State Revenue Sharing at the FY99 authorized level.

REPLACEMENT

C+RA 7

AMENDMENT TO HB 50

adopted

BY: Rep.

AUSTERMAN

DELETE:

Department of Community & Regional Affairs
Child Assistance
Day Care Assistance Programs 1,801.9 I/A

DELETE:

Department of Community & Regional Affairs
Child Assistance
Child Care 880.0 I/A

ADD:

Department of Community & Regional Affairs
Child Assistance
Child Care 400.0 GF

C-RA 7

AMENDMENT # ~~Mulder~~

OFFERED IN HOUSE FINANCE COMMITTEE

TO CSHB 50(FIN)

DELETE

Community & Regional Affairs
Child Assistance
Day Care Assistance Programs

1,801.9 I/A

DELETE

Community & Regional Affairs
Child Assistance
Child Care

880.0 I/A

COMMENTS

Resolves technical errors in subcommittee report.

Agency Totals - FY00 Operating Budget

Agency: Department of Community & Regional Affairs

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
Totals for Agency	130,276.3	161,581.9	160,030.7	111,379.2	-50,202.7	-31.1%

Objects of Expenditure:

Personal Services	10,081.1	10,360.0	11,008.4	10,608.4	248.4	2.4%
Travel	1,082.6	1,227.3	1,261.9	1,261.9	34.6	2.8%
Contractual	3,148.0	6,390.3	6,077.4	6,077.4	-312.9	-4.9%
Commodities	146.0	231.6	241.3	241.3	9.7	4.2%
Equipment	1,062.1	1,903.7	1,929.0	1,929.0	25.3	1.3%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	114,756.5	141,469.0	139,512.7	91,372.6	-50,096.4	-35.4%
Miscellaneous	0.0	0.0	0.0	-111.4	-111.4	%

Funding Sources:

1002 Fed Rcpts	20,378.6	51,863.8	44,025.0	44,025.0	-7,838.8	-15.1%
1003 G/F Match	1,871.5	772.7	772.7	772.7	-0.0	-0.0%
1004 Gen Fund	74,920.5	69,175.7	64,465.1	14,011.7	-55,164.0	-79.7%
1005 GF/Prgm	3.8	49.2	49.2	49.2	0.0	0.0%
1007 I/A Rcpts	12,932.7	20,496.2	30,534.2	33,216.1	12,719.9	62.1%
1051 Rural Dev	97.1	98.0	98.0	98.0	0.0	0.0%
1053 Invst Loss	68.2	14.5	-0.0	0.0	-14.5	-100.0%
1061 CIP Rcpts	669.8	1,031.7	1,135.2	1,135.2	103.5	10.0%
1062 Power Proj	608.6	731.3	802.5	802.5	71.2	9.7%
1063 NPR Fund		50.0	50.0	50.0	0.0	0.0%
1074 Bulk Fuel	47.2	49.0	49.0	49.0	0.0	0.0%
1089 Power Cost	18,664.2	17,000.0	17,000.0	17,000.0	0.0	0.0%
1092 MHTAAR		50.0	0.0	0.0	-50.0	-100.0%
1108 Stat Desig	14.1	99.8	69.8	69.8	-30.0	-30.1%
1111 FishFndInc		100.0	100.0	100.0	0.0	0.0%
1119 Tobac Setl			880.0	0.0	0.0	%

Positions:

Perm Full Time	173.0	168.0	185.0	185.0	17.0	10.1%
Perm Part Time	3.0	3.0	3.0	3.0	0.0	0.0%
Non-Perm	20.0	7.0	7.0	7.0	0.0	0.0%

House Finance Subcommittee Department of Community and Regional Affairs Recommendations for FY 00 Budget

Representative Alan Austerman, Subcommittee Chair

The following describes subcommittee actions from the budget closeout session March 29, 1999 (spreadsheet attached). The subcommittee concentrated on the general fund - FY 2000 column of the worksheet. The 'GF', 'Other', and 'Federal Fund' columns show subcommittee adjusted totals incorporating changes from HB 100 (FY99 Supplemental); "austerity" cuts similar to those ordered for FY99; as well as their recommendations for further reductions. These cuts, with the exception of the PCE component, have been applied in the 'Subcommittee Recommendation for FY00' column. Components not mentioned below are funded at the Governor's FY00 request.

Office of the Commissioner Component changes: unallocated reduction of general funds \$-111.4 for FY00 austerity reductions (belt-tightening). This is equal to FY99's reduction of the same amount. The FY99 belt-tightening reductions ordered by the Governor were taken from various components and accounts. Rather than attribute cuts in that manner throughout the department, the subcommittee chose to let the department assign FY00 austerity decrements based on their current priorities.

Renters' Equivalency Rebate Component change: deleted FY 00 request \$-300.0 in general funds. (This BRU encompassed three programs: Homeowner's Property Tax Exemption (deleted in FY 97); Senior Citizens and Disabled Veterans Renters' Equivalency; (compensated for that portion of rent that went towards the payment of local property taxes); and Sewer and Water Deferment Program (repealed in FY87). This program was administered directly to qualifying seniors by DCRA without assistance from participating municipalities.

Local Government Assistance, Training and Development Component change: reduced general fund portion of program FY00 \$-400.0. In the discussion concerning this general fund decrement, attention was focused on the disproportionate number of positions based in the urban areas of the state. It was expressed that the intent of the subcommittee was to see this decrement focused on reducing the number of positions in Anchorage - explicitly, and not at the expense of rural positions.

Child Assistance, Day Care Assistance/Child Care Programs: Changes to this component include several fund source changes including those proposed in the Governor's request. Interagency receipts from Department of Health and Social Services make up the decrement to general funds of \$4,801.9. There is a proportionate increase in the "Other Funds" column. The subcommittee carried forward the fund change from the FY99 Supplemental. The committee accepted generically all changes relative to the "other funds" and "federal funds" sources from the Governor's FY 2000 amended base.

PCE – For this time, left at historical expenditure authority level. Full House Finance Committee action is required pertaining to fund sources.

FY00 Community and Regional Affairs Subcommittee Recommendations

Agency	BRU	Component	Total		GF Group		Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY 99 Authorized	Subcommittee Recommendation for FY00
		Total	181,581.9	159,219.4	70,012.1	62,673.8	39,656.0	52,470.8	51,913.8	44,075.0
		FY99 Base	181,581.9		70,012.1		39,656.0		51,913.8	
		FY00-FY99		-2,362.5		-7,338.3		12,814.8		-7,838.8
		% Change		-1.46%		-10.48%		32.31%		-15.10%
Community & Regional Affairs	Administration and Support	Office of the Commissioner	530.8	419.4	420.4	309.0	110.4	110.4	0.0	0.0
Community & Regional Affairs	Administration and Support	Administrative Services	1,767.7	1,925.4	1,223.3	1,223.3	446.2	603.9	98.2	98.2
Community & Regional Affairs	Administration and Support	Data and Word Processing	738.2	798.2	397.0	397.0	241.0	301.0	100.2	100.2
Community & Regional Affairs	Administration and Support	One Stop	3,000.0	3,000.0	0.0	0.0	0.0	0.0	3,000.0	3,000.0
Community & Regional Affairs	State Facilities Maintenance	State Facilities Maintenance	0.0	6.7	0.0	0.0	0.0	6.7	0.0	0.0
Community & Regional Affairs	Renters' Equivalency Rebate	Renters' Equivalency Rebate	300.0	0.0	300.0	0.0	0.0	0.0	0.0	0.0
Community & Regional Affairs	National Forest Receipts	National Forest Receipts	10,000.0	10,000.0	0.0	0.0	0.0	0.0	10,000.0	10,000.0
Community & Regional Affairs	Municipal Revenue Sharing	State Revenue Sharing	21,583.8	21,583.8	21,583.8	21,583.8	0.0	0.0	0.0	0.0
Community & Regional Affairs	Municipal Revenue Sharing	Municipal Assistance	26,256.3	26,256.3	26,256.3	26,256.3	0.0	0.0	0.0	0.0
Community & Regional Affairs	Local Government Assistance	Training and Development	9,272.6	2,583.8	1,825.6	1,425.6	159.3	159.3	7,287.7	998.9
Community & Regional Affairs	Local Government Assistance	State Assessor	150.2	150.2	150.2	150.2	0.0	0.0	0.0	0.0
Community & Regional Affairs	Local Government Assistance	Local Boundary Commission	248.3	248.3	248.3	248.3	0.0	0.0	0.0	0.0
Community & Regional Affairs	Local Government Assistance	Statewide Assistance	6,750.8	6,750.8	374.6	374.6	2,376.2	2,376.2	4,000.0	4,000.0
Community & Regional Affairs	Local Government Assistance	National Petroleum Reserve Pro	50.0	50.0	0.0	0.0	0.0	0.0	50.0	50.0
Community & Regional Affairs	Community and Economic Develo	Community and Economic Develo	1,577.3	1,497.3	456.1	456.1	1,071.2	1,041.2	50.0	0.0
Community & Regional Affairs	Child Assistance	Child Care	3,555.1	4,631.2	2,128.4	403.4	1,406.7	4,121.8	20.0	106.0
Community & Regional Affairs	Child Assistance	Day Care Assistance Programs	18,966.1	21,635.1	7,211.1	2,409.2	11,669.0	19,225.9	86.0	0.0
Community & Regional Affairs	Child Assistance	Head Start Grants	5,929.2	6,644.2	5,729.2	5,729.2	50.0	765.0	150.0	150.0
Community & Regional Affairs	Employment Training/Rural Devel	Job Training Partnership Act	15,875.4	14,375.4	84.2	84.2	56.6	56.6	15,734.6	14,234.6
Community & Regional Affairs	Employment Training/Rural Devel	State Training and Employment	1,732.3	1,512.3	0.0	0.0	1,732.3	1,512.3	0.0	0.0
Community & Regional Affairs	Employment Training/Rural Devel	Statewide Service Delivery	10,697.5	12,417.5	467.7	467.7	1,536.8	3,256.8	8,693.0	8,693.0
Community & Regional Affairs	Employment Training/Rural Devel	Community Development Assis	2,989.5	2,989.5	309.8	309.8	135.7	135.7	2,544.0	2,544.0
Community & Regional Affairs	Rural Energy Program--Energy O	Energy Operations	2,310.8	2,444.0	546.1	546.1	1,664.6	1,797.8	100.1	100.1
Community & Regional Affairs	Rural Energy Program--Energy O	Power Cost Equalization	17,000.0	17,000.0	0.0	0.0	17,000.0	17,000.0	0.0	0.0
Community & Regional Affairs	Circuit Rider Program	Circuit Rider	300.0	300.0	300.0	300.0	0.0	0.0	0.0	0.0

**Department of Community and Regional Affairs
Impact Statements in Response to
House Finance Subcommittee Budget Proposals**

Date: April 1, 1999

Prepared by: Yvonne M. Chase

Program Area:	Dollar Amount(s)	Fund Source
Austerity Measures	(111.4)	GF

Impact Analysis:

The House proposal continues the FY99 Austerity Measures. These cuts will result in impacts to the following components:

Administrative Services

An **\$8,375 GF** cut to the personal services line in the FY00 Administrative Services budget will result in the inability to fill the part time accounting clerk I position. This position is essential to assisting in covering the heavy workload generated by the Division of Energy payables and the general department payables in order to meet the 30 day payment turn around specified by state statute. Impact will be our inability to meet the 30-day turnaround.

The **\$3,500 GF** cut to the supply line in the FY 00 Administrative Services budget will result in supplies reaching "critical" levels before purchasing. Cost effectiveness is diminished when "planned" ordering cannot occur.

Data and Word Processing

The **\$3,525 GF** cut to the contractual line in the FY 00 Data Processing budget will mean that certain department data processing maintenance items will not be purchased this year. This is a particularly difficult year to sustain reductions in data processing because of the Y2K compliance issues.

Statewide Assistance

This reduction of **\$32,000 GF**, in combination with other cuts to the division, will result in the elimination of an additional position. The majority of the positions are senior and journeymen level Local Government Specialists located in Anchorage, Fairbanks and Juneau. Most of these staff serve in a consulting city manager/finance director type role. The impact of eliminating these positions, as well as reductions in travel and contractual services, include:

A significant reduction in local government service management and financial management assistance will, in turn, result in financial management and service delivery problems including non-payment of employer taxes, failure to secure revenues, disruption of local services, and in

some instances the breakdown of public infrastructure. Potentially, these costs could far exceed the savings sought by this cut. In addition, the division's capacity to respond to community and regional economic crisis (e.g., the SE Alaska Timber Disaster, the Adak and Fort Greely base closures, and the Port Graham Cannery Fire) is further reduced.

Child Care

This reduction of **\$20,500 GF** will impact the ability of units within the division to sustain the level of support needed to deliver services. Decreased manpower directly affects the ability of a unit to perform the requisite level of compliance monitors and respond to grantee and client needs in a timely manner. Lack of attention in this area could easily lead to disallowed costs and more costly expenses the state will bear.

Statewide Service Delivery

Reducing contractual services by **\$9,500 GF** affects a myriad of functions relative to day-to-day operations, such as, copying costs, postage, communications, and printing and newspaper announcements. As units try to reduce the more costly expenses relative to travel, they use telecommunications as the method to accomplish required tasks.

Community Development Assistance

The **\$2,000 GF** reduction in equipment will directly affect the unit's ability to maintain the equipment in use or upgrade to meet minimally acceptable capabilities.

Energy Operations

A reduction of **\$32,000 GF** would decrease the overall services provided by Division staff and further restrict staff's capability of responding to the needs of rural communities.

The Division's workload has grown considerably over the past several years, especially with respect to the bulk fuel program. In FY96, the Division completed projects totaling \$2.7 million and \$3.9 million in FY97. In FY98, the Division completed \$7.5 million in projects -- double the projects completed in the prior fiscal years. All indications show that the bulk fuel program will increase in FY99 by roughly 20% or a projected \$8.9 million in projects. Administrative responsibility for federal programs has also continued to grow over the last several years, not just for bulk fuel projects, but for electrical and alternative energy programs as well. In FY96 and FY97, the Division was awarded \$5.9 million and \$3.3 million respectively. For FY98, total awards to the Division increased to \$11.9 million.

The Division continues to manage more projects and administer more grants and loans in rural communities than in previous years. If further reductions are made, the Division will be unable to carry out its responsibilities and provide the support necessary to rural communities or provide oversight responsibilities necessary with respect to federal pass-through grants.

Program Area:	Dollar Amount(s):	Fund Source(s):
Renters' Equivalency Rebate	(300.0)	GF

Impact Analysis:

In 1998, the program sent rebates to 1,081 individuals. The breakdown was 976 senior citizens and 105 disabled veterans. The average annual payment for 1998 was \$277, based upon the budgeted amount of \$300,000. The elimination of the funding will result in no payments being sent to these 1,081 individuals.

Under AS 29.45.040, residents 65 years of age or older and disabled veterans with a service connected disability rating of 50% or more, or spouses of those individuals who are 60 years of age or older, are eligible to receive a tax equivalency payment (renters rebate). This equivalency payment or rent rebate, is the companion program for the senior citizen/disabled veteran homeowners program where the owners of property are currently exempt from property taxes for the first \$150,000 of assessed value. The reason the rebate program was instituted was to offer an equitable tax break for senior citizens that are not fortunate enough to own property and, instead, rent their home. The homeowners exemption program, although unfunded by the state since 1996, is mandated by statute and consequently, homeowners still receive the tax break. This program costs local municipalities \$26.65 million for FY 99.

Program Area:	Dollar Amount(s)	Fund Source
Local Government Assistance Training and Development Component	(400.0)	GF

Impact Analysis: This reduction will result in the elimination of six (6) positions representing 1/6 of the existing staff (36 total of which 35 are currently filled). Although the majority of these Local Government Specialist positions are located in Anchorage, Fairbanks and Bethel, their services affect approximately 70 communities throughout the state. Most of these staff serve in a consulting city manager/finance director type role. The impact of eliminating these positions, as well as reductions in travel and contractual services, include the following:

A significant reduction in local government service management and financial management assistance. This, in turn, will result in financial management and service delivery problems in local governments including non-payment of employer taxes, failure to secure revenues, disruption of local services, and in some instances the break down of public facilities such as sewer and water systems. Potentially, these costs could far exceed the savings sought by this cut.

A significantly reduced capacity to respond to community and regional economic crisis such as the Adak and Fort Greely base closures, the Port Graham Cannery Fire, and the Western Alaska Fisheries disaster. Staff of this component played a major role in the state's response to all of these crises.

Management of lands and responsibilities under the Municipal Lands Trustee program will be reduced to caretaker status. This will result in communities and public agencies having to wait longer periods of time to acquire MLT lands for public structures such as schools, airports and dumps. It is likely that some projects could be delayed an entire construction season because of an inability to secure site control in a timely manner. The MLT has Trust responsibilities for 87 communities.

Elimination of a Publications Specialist position will significantly diminish the division's ability to produce written training materials. Eliminating an important tool in promoting local capacity development.

Finally, greater levels of supervisory/management responsibilities will be borne by those remaining in the organization. This reduces their ability to provide services to communities and the public in general.

Program Area:	Dollar Amount	Fund Source(s)
Child Care and Day Care Assistance	(1,801.9)	GF

Impact Analysis:

The Governor's recommended budget supplanted \$3,000.0 GF in Day Care Assistance and \$1,725.0 GF in Child Care Grant Programs with funds realized through Temporary Assistance for Needy Families (TANF) savings.

It was understood that this was a solution for the short-term only; that this would provide a switch of funds through FY2001.

This additional supplanting of \$1,801.9 in Day Care Assistance will add to that short-term fix. Eventually these federal funds (located in H&SS and obtained by DCRA as Interagency Receipts) may need to be replaced to provide agency support. At this point in time, however, the department agrees that there is no reduction in service in FY2000 by supplanting these funds.

STATION 201100

CORREC- TIONS

REPLACEMENT

COR A

AMENDMENT #

Muld

Adopted
419

OFFERED IN HOUSE FINANCE COMMITTEE

TO CSHB 50(FIN)

DELETE

Department of Corrections
Facility Maintenance
Deferred Maintenance 50.0 GF

DELETE

Department of Corrections
Administration & Operations
Inmate Programs 50.0 PFD

ADD

Department of Corrections
Administration & Operations
Inmate Programs 50.0 GF

ADD

Department of Corrections
Administration & Operations
Inmate Health Care 7.8 MHTAAR
23.4 I/A from DPS

COR # 1

AMENDMENT # _____

OFFERED IN THE HOUSE FINANCE COMMITTEE

w/D

TO: CSHB 50 (FIN)

ADD

Department of Corrections
Administration and Operations
Inmate Health

86.5 GF

Restore Inmate Program Manager's position.

COR #2

AMENDMENT # _____

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CSHB 50 (FIN)

Held

ADD

Department of Corrections
Administration and Operations
Institution Directors Office

96.3 GF

Restore Assistant Director's position in Division of Institutions.

COR #3

AMENDMENT # *Gussard*

failed
419

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CSHB 50 (FIN)

ADD

Department of Corrections
Administration and Operations
Inmate Programs

499.0 GF

Restore general funds for juvenile unit.

COR #4

AMENDMENT # _____

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CSHB 50 (FIN)

ADD

Department of Corrections
Administration and Operations
Cook Inlet CC

300.00 GF

Gussendorf
failed
4/9

Restore request for additional security at Cook Inlet facility.

COR #5

AMENDMENT # _____

OFFERED IN THE HOUSE FINANCE COMMITTEE

Gussendorf

TO: CSHB 50 (FIN)

Failed

4/9 pm

ADD

Department of Corrections
Administration and Operations
Southcentral Regional Probation

155.0 GF

Restore general funds for Enhanced Probation and Parole Services.

COR # 6

4/19 pm

failed

AMENDMENT # Guesserding

OFFERED IN HOUSE FINANCE COMMITTEE

TO CSHB 50(FIN)

ADD

Department of Corrections
Administration and Operations
Office of the Commissioner 96,100 federal funds

DELETE

Department of Corrections
Food Services Apprenticeship Program
Food Services Apprenticeship 96,100 federal funds

Restore federal funding for Reimbursable Services Agreement with the
Department of Law for an Assistant Attorney General.

(Note: Page 18, lines 14 and 15; page 20, lines 6 and 7)

Agency Totals - FY00 Operating Budget

Agency: Department of Corrections

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
Totals for Agency	145,295.0	152,726.0	172,444.8	168,499.3	15,773.3	10.3%
<u>Objects of Expenditure:</u>						
Personal Services	85,141.3	84,471.5	86,757.8	84,832.9	361.4	0.4%
Travel	1,886.7	1,287.1	1,726.0	1,739.5	452.4	35.1%
Contractual	43,987.1	52,980.7	68,519.2	67,201.7	14,221.0	26.8%
Commodities	11,547.1	11,087.5	12,465.1	12,153.5	1,066.0	9.6%
Equipment	608.3	51.9	51.9	51.9	0.0	0.0%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	2,124.5	2,132.3	2,209.8	2,254.8	122.5	5.7%
Miscellaneous	0.0	715.0	715.0	265.0	-450.0	-62.9%
<u>Funding Sources:</u>						
1002 Fed Rcpts	3,381.6	7,142.6	5,677.0	6,477.0	-665.6	-9.3%
1003 G/F Match	2,707.2	187.1	187.1	129.6	-57.5	-30.7%
1004 Gen Fund	127,912.2	132,647.2	145,322.9	139,594.9	6,947.7	5.2%
1005 GF/Prgm	2,331.3	3,385.7	3,481.0	3,506.0	120.3	3.6%
1007 I/A Rcpts	929.1	494.6	8,275.1	8,140.1	7,645.5	1545.8%
1037 GF/MH	3,369.7	3,769.3	3,999.3	3,999.3	230.0	6.1%
1050 PFD Fund	1,047.3	1,047.3	1,047.3	2,197.3	1,150.0	109.8%
1053 Invst Loss		168.3	-0.0	0.0	-168.3	-100.0%
1059 Corr. Ind.	2,750.1	2,750.6	3,500.6	3,500.6	750.0	27.3%
1061 CIP Rcpts	552.5	543.3	543.3	543.3	0.0	0.0%
1092 MHTAAR	314.0	590.0	411.2	411.2	-178.8	-30.3%
<u>Positions:</u>						
Perm Full Time	1,355.0	1,360.0	1,398.0	1,369.0	9.0	0.7%
Perm Part Time	2.0	1.0	0.0	0.0	-1.0	-100.0%
Non-Perm	0.0	0.0	0.0	0.0	0.0	%

House Finance Subcommittee on Corrections Recommendations for FY 00 Budget

Representative Eldon Mulder, Subcommittee Chair

This narrative describes the effect of the budget numbers proposed for the Department of Corrections on the attached spreadsheet.

The Subcommittee work is based on growth from the FY99 authorized budget, adjusted to include changes to the base from the Supplemental Appropriation passed in March, 1999. Current and projected inmate populations were taken into consideration in during the Subcommittee allocation process.

The subcommittee was able to find significant savings in the Administration and Operations BRU while still adequately funding critical services and institutions.

The \$57,500 "belt tightening" was carried forward to FY00 in the Commissioners office along with a \$450,000 reduction in federal funds. The authorization for \$96,100 in federal funds used as an interagency transfer to the Department of Law for legal services are transferred to the new Food Services Apprenticeship Program BRU for a food services apprenticeship program.

The committee found that by better utilizing the current video conferencing technology available to the Department and by re-evaluating its travel practices, the Parole Board could still effectively function without the \$70,000 increment it requested.

The \$90,500 "belt tightening" was carried forward to FY00 in the Administrative Services component .

The Data and Word Processing component was fully funded with a slight increase of \$80,000 in federal funds to address overtime issues and allow the Department to pay their Information Services personnel wages that are competitive with the private sector.

The Inmate Health Care component was fully funded with an increase of \$323,400 that reflects the increases in Lab and Pharmaceutical costs which are then compounded by the increased inmate populations. Discussions with the Department have shown that they are cognizant of this issue and are currently developing strategies to address it. Funding for this component's Criminal Justice Planner position was eliminated.

The Inmate Programs component was fully funded at the FY99 budget level. The Committee determined that more research and deliberations are needed before the Department can adequately address the issue of how best to handle its growing population of juvenile offenders. \$1,100,000 general funds were moved to PFD due to the increase in inmates receiving PFD's.

Correctional Industries Product Cost component carried forward the supplemental authorization to receive an additional \$750,000 from the Correctional Industries Product Cost fund.

The Institutional Director's Office was fully funded with an increase of \$125,300 to implement CSHB272 (FIN), Electronic Monitoring Pilot Program. This will allow the Department an alternative to placing certain inmates into an already overcrowded facility. An additional \$50,000 PFD funds were authorized for increased gate money for inmates to allow for a smoother transition back into the community. Funding for this component's Assistant Director position was eliminated.

The Department's 12 institutions are fully funded at FY99 maintenance budget levels. Due to less than anticipated inmate populations the requests for four temporary housing units were withdrawn by the Department. The request for a \$50,000 increase in federal authorization at Combined Hiland Mountain Correctional Center was withdrawn by the Department as well. The committee felt the request to fund five additional Correctional Officer II positions at Cook Inlet Correctional Center was not justified.

The Community Corrections Directors Office requested and received an additional \$145,000 for two new Probation Officer II's to handle the increased Sexual Predator caseloads in Palmer and Fairbanks.

The Northern Region Probation component transferred one Probation Officer III to the Southcentral region to balance caseloads.

The Committee did not fund the Southcentral Region Probation component request for \$155,000 in new general funds to continue the Enhanced Probation & Parole Program that was started as a pilot program with federal funding in FY97.

The Transportation & Classification component was allowed to carry forward its \$365,000 supplemental increase in order to adequately fund the transportation of the States growing inmate population both within the State and to and from the Arizona facility.

The Facility Maintenance component was funded with \$7,780,000 in Interagency Receipts as required by CSHB315(FIN). In an effort to address the more than \$12,000,000 in deferred maintenance backlog, the committee authorized an additional \$850,000 for deferred maintenance.

The Out of State Contracts BRU was increased by \$5,464,800 to fund the increased inmate population at the Arizona facility. This increment includes funding for supplies, personal services, and travel related to the Arizona inmate population.

The Committee combined the Existing CRC's, Nome Culturally Relevant CRC, Bethel Culturally Relevant CRC and CRC Offender Supervision BRU's into one BRU entitle Community Residential Centers.

The Existing CRC BRU was fully funded with increase of \$325,000 to continue contracting CRC beds in the Bethel facility. The supplemental decrement of \$50,000 was put back into the BRU in order to fully fund the year's operation.

The Nome Culturally Relevant BRU as fully funded with a \$225,000 increment to raise the bed count to 40. The committee allowed the Department to collect an additional \$25,000 in GF/Program Receipts from inmates on work release in order to cover program costs.

The Point MacKenzie BRU was fully funded with an increase of \$130,800 to support a full year's operation of the additional 20 beds at the facility.

Due to less than anticipated inmate numbers the Alternative Housing BRU was funded at \$100,000 below FY99's budget number.

A new Food Services Apprenticeship Program BRU was funded with \$96,100 in federal fund authorization to provide a food services apprenticeship program.

FY00 House Finance Corrections Subcommittee Recommendations

(\$000)

Agency	BRU	Component	Total		Off-Group		Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		FY99 Base including Supplemental	157,024.3	168,499.3	143,705.9	147,229.8	6,175.8	14,792.5	7,142.6	6,477.0
			0.0		0.0		0.0		0.0	
			157,024.3		143,705.9		6,175.8		7,142.6	
		FY00-FY99		11,475.0		3,523.9		8,616.7		-665.6
		% Change		7.31%		2.45%		139.52%		-9.32%
Corrections	Administration & Operations	Office of the Commissioner	1,522.6	947.8	872.6	843.9	0.0	0.0	650.0	103.9
Corrections	Administration & Operations	Parole Board	484.0	484.0	484.0	484.0	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Correctional Academy	664.4	664.4	664.4	664.4	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Administrative Services	2,730.5	2,730.5	2,659.4	2,659.4	0.0	0.0	71.1	71.1
Corrections	Administration & Operations	Data and Word Processing	1,296.1	1,376.1	684.6	684.6	551.5	551.5	60.0	140.0
Corrections	Administration & Operations	Facility-Capital Improvement Unit	209.5	209.5	0.0	0.0	209.5	209.5	0.0	0.0
Corrections	Administration & Operations	Inmate Health Care	15,902.1	15,725.5	15,312.1	15,314.3	590.0	411.2	0.0	0.0
Corrections	Administration & Operations	Inmate Programs	2,839.6	2,839.6	2,011.4	911.4	828.2	1,928.2	0.0	0.0
Corrections	Administration & Operations	Correctional Industries Administration	1,163.9	1,163.9	1,163.9	1,163.9	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Correctional Industries Product Cost	3,500.6	3,500.6	0.0	0.0	3,500.6	3,500.6	0.0	0.0
Corrections	Administration & Operations	Institution Director's Office	914.2	993.2	692.1	721.1	222.1	272.1	0.0	0.0
Corrections	Administration & Operations	Anvil Mountain Correctional Center	3,850.6	3,850.6	3,850.6	3,850.6	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Combined Hilland Mountain Correctional Center	7,168.1	7,168.1	7,132.6	7,132.6	0.0	0.0	35.5	35.5
Corrections	Administration & Operations	Cook Inlet Correctional Center	9,119.1	9,119.1	7,871.6	7,871.6	0.0	0.0	1,247.5	1,247.5
Corrections	Administration & Operations	Fairbanks Correctional Center	6,943.2	6,943.2	6,878.7	6,878.7	0.0	0.0	64.5	64.5
Corrections	Administration & Operations	Ketchikan Correctional Center	2,575.2	2,575.2	2,572.5	2,572.5	0.0	0.0	2.7	2.7
Corrections	Administration & Operations	Lemon Creek Correctional Center	5,917.3	5,917.3	5,908.9	5,908.9	0.0	0.0	8.4	8.4
Corrections	Administration & Operations	Malanuska-Susitna Correctional Center	2,711.6	2,711.6	2,711.6	2,711.6	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Palmer Correctional Center	8,462.3	8,462.3	8,458.3	8,458.3	0.0	0.0	4.0	4.0
Corrections	Administration & Operations	Sixth Avenue Correctional Center	3,827.2	3,827.2	3,532.4	3,532.4	0.0	0.0	294.8	294.8
Corrections	Administration & Operations	Spring Creek Correctional Center	13,687.3	13,687.3	13,663.3	13,663.3	0.0	0.0	24.0	24.0
Corrections	Administration & Operations	Wildwood Correctional Center	8,177.1	8,177.1	8,177.1	8,177.1	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Yukon-Kuskokwim Correctional Center	3,953.1	3,953.1	3,953.1	3,953.1	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Community Jails	4,766.6	4,766.6	4,766.6	4,766.6	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Community Corrections Director's Office	733.8	701.9	733.8	701.9	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Northern Region Probation	2,522.4	2,449.4	2,522.4	2,449.4	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Southcentral Region Probation	4,433.6	4,605.0	4,433.6	4,605.0	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Southeast Region Probation	961.5	961.5	961.5	961.5	0.0	0.0	0.0	0.0
Corrections	Administration & Operations	Transportation and Classification	1,385.6	1,279.3	1,111.7	1,140.4	273.9	138.9	0.0	0.0
Corrections	Administration & Operations	Facility Maintenance	0.0	8,630.5	0.0	850.0	0.0	7,780.5	0.0	0.0
Corrections	Out of State Contracts	Out-of-State Contracts	17,562.3	19,977.1	15,295.6	17,310.4	0.0	0.0	2,266.7	2,666.7
Corrections	Community Residential Centers	Existing Community Residential Centers	13,489.5	13,864.5	11,404.6	12,475.2	0.0	0.0	2,084.9	1,389.3
Corrections	Community Residential Centers	Nome Culturally Relevant CRC	766.5	1,016.5	490.2	740.2	0.0	0.0	276.3	276.3
Corrections	Community Residential Centers	Bethel Culturally Relevant CRC	94.8	144.8	42.6	92.6	0.0	0.0	52.2	52.2
Corrections	Community Residential Centers	Community Residential Center Offender Supervision	181.0	656.0	181.0	656.0	0.0	0.0	0.0	0.0
Corrections	Point MacKenzie	Point MacKenzie Rehabilitation Program	1,992.1	2,122.9	1,992.1	2,122.9	0.0	0.0	0.0	0.0
Corrections	VPSO Parole Supervision Pilot Program	VPSO Parole Supervision Pilot Program	115.0	0.0	115.0	0.0	0.0	0.0	0.0	0.0
Corrections	Alternative Institutional Housing	Alternative Institutional Housing	400.0	200.0	400.0	200.0	0.0	0.0	0.0	0.0
Corrections	Food Services Apprenticeship Program	Food Services Apprenticeship Program	0.0	96.1	0.0	0.0	0.0	0.0	0.0	96.1

Department of Corrections
Impact Statements in Response to
House Finance Subcommittee Budget Proposals

Date: April 2, 1999

Prepared by: Dwayne Peeples, Director

Program Area: Management Structure	Dollar Amount(s): (96.1)	Fund Source(s): Fed
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Impact Analysis:

The proposed cuts in this component would leave the department without funding for the Reimbursable Services Agreement with the Department of Law. This RSA provides the department with the services of an Assistant Attorney General to assist the Commissioner on complex projects. These projects include negotiating the agreement provisions in the state's contracts with the Municipality of Anchorage relating to the new Anchorage Jail (funded by HB53), working with other departments on the Criminal Justice Assessment Commission project, and other complex agency issues.

Program Area: Parole Board	Dollar Amount(s): (70.0)	Fund Source(s): GF
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Impact Analysis:

The reduction will affect the Department of Corrections in an adverse manner because parole hearings will not take place in an expeditious manner; thus parole releases from incarceration could be delayed.

Inmates eligible for parole consideration may not be paroled in an expeditious timeframe if the Board is unable to travel to the states prison facilities to conduct hearings for inmates. This will negatively affect the Department due to the fact that it costs considerably more to keep an inmate in prison than it does to place the inmate on supervised parole in halfway houses or the community.

Inmate population stabilization by the Department has been enhanced by the allowance for parole releases by the Parole Board. Also, failure to meet statutorily mandated timeframes for parole hearings could result in considerable legal and fiscal liabilities for the State.

Program Area:
Sex Offender Assessments

**Dollar
Amount(s):**
(20.0)

**Fund
Source(s):**
GF

Impact Analysis:

This reduction will eliminate the state's opportunity to initiate a program to clinically assess individual sex offenders as they enter the correctional system. The Department is proposing to provide individualized assessments of sex offenders immediately following sentencing. The process would evaluate the individuals level of risk to re-offend.

The early assessment of the offenders would assist in identifying the specific course of treatment necessary for each prisoner. The benefits are multifold:

- Insure the inmate receives the specific treatment necessary to interrupt the re-offense cycle.
- Increase the efficient application of treatment resources. The inmate would be assigned only to those treatment components necessary.
- Allow for improved management of programs through an accurate count of inmates requiring specific treatment programs.
- Insure that the level of risk is assessed for all sex offenders, not just those who participate in treatment.
- Accelerate assignment to treatment thus increasing the amount of treatment received by offenders prior to release from custody.
- Provide probation and parole officers a valid measure for determining the level of community supervision necessary.

In summary, this project has the potential for significant impact on the incarceration, treatment and supervision of sex offenders in this state.

Program Area:
Juvenile Unit

**Dollar
Amount(s):**
(499.0)

**Fund
Source(s):**
GF

Impact Analysis:

This reduction in funding will impact facilities throughout the entire Department of Corrections, and will have a negative effect on public safety. Currently the DOC houses 402 inmates age 21 and under (317 felons and 85 misdemeanants). Following is a breakdown by age:

<u>Age</u>	<u>#Housed</u>
21	96
20	112
19	100
18	72
17	20
16	2

The juvenile waiver laws passed within the last few years resulted in an increase in the number of youthful offenders in the adult correctional institutions. These juveniles are violent offenders who have committed very serious crimes and are capable of extreme behavioral outbreaks. Most are poorly socialized and have low impulse control. Their disruptive behavior within the adult correctional settings frequently requires the assignment to a segregation cell. This type of intervention often does little to improve behavior and at times can have the reverse effect.

We are asking for the tools necessary to make these youthful offenders accountable. The proposed milieu program would provide continual monitoring of this population. The offenders would be required to participate in a full array of programs including education, substance abuse counseling, work programs, empathy training, anger management, mental health counseling, life skills, etc. The milieu program would be highly structured with a strong emphasis on personal responsibility.

Many of these juvenile offenders will eventually release back into Alaska's communities after completing their maturation within the adult prison system. Absent a significant intervention, it is anticipated that this group will represent a high rate of re-offense and considering this population's propensity toward violence, it is reasonable to expect an equally high rate of victims. The proposed juvenile unit would give the state an opportunity to interrupt this highly predatory behavior before these inmates finish their sentences and return to our communities.

Program Area:	Dollar Amount(s):	Fund Source(s):
Inmate Health Care – Inmate Programs	(86.5)	GF

Impact Analysis:

The reduction would eliminate the criminal justice planner position assigned to the Inmate Program component.

The elimination of this position would critically impact the quality of inmate programs. This position is responsible for the statewide oversight and management of three major program areas including the following:

- Inmate Education - Adult Basic Education, GED, Life Skills, Post Secondary and Vocational Education
- Sex Offender Treatment - Intensive Milieu Treatment, Institutional Pre-treatment and community counseling
- Institutional Batterer's Program

This position develops, monitor's and manages the above program areas. In addition, the position oversees and maintains reporting requirements for alternate funding sources such as pass through grants. Inmate education and sex offender treatment utilize many contracts with private vendors. The criminal justice planner is responsible for insuring that these contracts are correctly administered. These programs are important interventions in limiting criminal behavior. The elimination of this position would severely hinder the Departments ability to provide vital effective programs.

Program Area:	Dollar	Fund
Institution Director's Office	Amount(s): (96.3)	Source(s): GF

Impact Analysis:

The reduction of funding for this position would result in a decline in the Department's ability to effectively manage adult correctional services. This position is essential to the management of operations of the adult correctional population. The assistant director's scope includes organizing and directing the following operations:

- Inmate health care (12 institutions, CRC's, and out of state contract facilities)
- Mental health services (12 institutions, 2 acute care units, CRC's, out of state contract facilities, corrections related community programs)
- Inmate education (12 institutions and out of state contract facilities)
- Batterer's programs (3 institutions plus approval of community programs)
- Inmate substance abuse (12 institutions, CRC's, out of state contract facilities and community residential treatment contracts)
- Sex offender program (12 institutions, CRC's, and out of state contract facilities)
- Community jails program, assigned March 1, 1999 (15 jails)

This position has full operational responsibility for a budget exceeding \$22,000.0. The assistant director insures that the above programs are operated in compliance with all statutory and regulatory requirements. The position has a pivotal role in the integration

of inmate health care and programs with institutional security and operations. The assistant director also facilitates coordination between the Division of Institutions and Community Corrections in the above program areas.

Program Area: Cook Inlet Corr. Center	Dollar Amount(s): (300.0)	Fund Source(s): GF
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Impact Analysis:

The reduction consists of \$300.0 in the Division of Institutions, Cook Inlet Correctional Center.

This request was to provide additional security coverage on an intermittent basis when the facility exceeds its emergency bed capacity due to the inordinate level of pretrial felon intakes in the Anchorage bowl. In addition, the funds would provide for the required security and supervision of prisoners who are hospitalized.

Program Area: Community Jails	Dollar Amount(s): (33.7)	Fund Source(s): GF
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Impact Analysis:

The Department of Corrections supplemental budget included a reduction of \$33.7 in community jails. The reduction was the result of the single position assigned to the unit having been vacated. This reduction of \$33.7 in the Community Jails component was carried forward by the House Correctional Finance Subcommittee into the FY2000 budget. The position of program coordinator manages the contracts and oversees the jails statewide.

The community jails are an essential component in the state wide criminal justice system. The jails are located in the communities of Bristol Bay, Cordova, Craig, Dillingham, Haines, Homer, Kodiak, Kotzebue, North Slope Borough, Petersburg, Seward, Sitka, Unalaska, Valdez, and Wrangell. In addition to incarcerating inmates from these communities, many of the facilities hold prisoners from outlying areas. The community jails provide a much-needed element of public safety to the more remote areas of this state.

Community jails serve many functions. A recent review conducted by the University of Alaska reported that between 1994 and 1997 the community jails "booked" 25,985 prisoners. This represents a considerable intervention in the criminal activity within our

state. Many of these jails serve as holding facilities for the courts. Without these facilities there would be a significant increase in the transport of prisoners between local courts and state jails. Finally, all too frequent, many of these jails serve as holding sites for non-criminal commitments such as inebriates and mentally ill individuals.

The program coordinator position is the single position in the state responsible for oversight of the community jails. The coordinator not only manages the contracts but also works with the facilities in developing and implementing training. They assist with communication between the facilities, DOC and other agencies. They provide technical assistance in areas such as suicide prevention. The funding of this position is critical to insuring that this valuable link in public protection is preserved.

Program Area:	Dollar	Fund
Enhanced Prob. & Parole	Amount(s):	Source(s):
	(155.0)	GF

Impact Analysis:

The elimination of funding requested for Enhanced Probation and Parole Services will return offenders in technical violation of their probation to jail.

Enhanced Probation and Parole Services allows offenders in technical violation of probation one final opportunity to come into compliance with their court-ordered probation conditions, or they will be returned to jail.

Without EPP, all of the offenders involved in this program would have been returned to custody for technical violations of their probation.

- During FY98, 109 offenders participated in EPP.
- 74 have not returned to custody.
- The average cost of the EPP program is \$12.25 per offender per day.

Offenders participating in EPP during FY98 showed:

- a 62% improvement in payment of restitution and fines, and
- a 72% increase in Community Work Service.

An Offender returning to custody on a probation violation will remain in jail an average of four months at a cost of approximately \$97.62 per day.

The 74 offenders that remained out of jail in FY98 represents an expenditure the Department did not incur in the amount of \$866,866, at the current cost of care rate.

Program Area:	Dollar Amount(s):	Fund Source(s):
VPSO Parole Supervision	(115.0)	GF

Impact Analysis:

This reduction will eliminate the VPSO Probation/ Parole Supervision Program.

Without this program the department will lose the opportunity to improve public safety by increasing supervision of high-risk offenders, especially sex offenders living in rural communities that do not have an Adult Probation/Parole Officer residing in the community.

This project will allow VPSOs to assist Probation Officers with the monitoring and supervision of rural probation and parole offenders.

ALASKA

COURT
SYSTEM

Agency Totals - FY00 Operating Budget

Agency: Alaska Court System

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
Totals for Agency	49,699.5	49,717.7	52,712.1	50,240.3	522.6	1.1%
<u>Objects of Expenditure:</u>						
Personal Services	38,433.4	38,164.0	38,621.9	38,171.5	7.5	0.0%
Travel	1,081.3	960.7	1,049.5	960.7	0.0	0.0%
Contractual	8,891.2	9,281.2	11,083.2	9,496.3	215.1	2.3%
Commodities	732.6	806.0	806.0	806.0	0.0	0.0%
Equipment	428.7	279.2	624.9	279.2	0.0	0.0%
Lands/Buildings	122.3	206.6	206.6	206.6	0.0	0.0%
Grants, Claims	10.0	0.0	320.0	320.0	320.0	%
Miscellaneous	0.0	20.0	0.0	0.0	-20.0	-100.0%
<u>Funding Sources:</u>						
1002 Fed Rcpts	11.1		315.0	315.0	315.0	%
1004 Gen Fund	49,527.3	49,525.8	52,317.8	49,846.0	320.2	0.6%
1007 I/A Rcpts	81.8				0.0	%
1037 GF/MH	79.3	79.3	79.3	79.3	0.0	0.0%
1053 Invst Loss		112.6	0.0	0.0	-112.6	-100.0%
<u>Positions:</u>						
Perm Full Time	658.0	665.0	671.0	665.0	0.0	0.0%
Perm Part Time	49.0	50.0	53.0	52.0	2.0	4.0%
Non-Perm	22.0	26.0	26.0	26.0	0.0	0.0%

House Finance Subcommittee on the Alaska Court System Recommendations for FY 00 Budget

Representative Richard Foster, Subcommittee Chair

This narrative describes the effect of the budget numbers proposed for the Alaska Court System on the attached spreadsheet.

The Subcommittee work is based on growth from the FY 99 authorized budget, adjusted to include changes to the base from the Supplemental Appropriation passed in March 1999.

The Alaska Court System is funded at the FY 99 level with a 200.0 increment to meet increased maintenance and operation costs.

Their authority to receive federal funds has been increased to 315.0, which will allow the Court System to receive that amount in federal funds before it must come before the Legislative and Audit and Budget Committee for authority to receive such funds.

**Alaska Court System
Impact Statements in Response to
House Finance Subcommittee Budget Proposals**

**Alaska Court System
Date: April 2, 1999
Prepared by: Bob Fisher**

Program Area:	Dollar Amount(s):	Fund Source(s):
Appellate Courts	(79.0)	GF

Impact Analysis:

Increased funding was not approved for replacement computers, software upgrades, and furniture or for ADA modifications to a courtroom.

Program Area:	Dollar Amount(s):	Fund Source(s):
Administration	(236.6)	GF

Impact Analysis:

The House Subcommittee approved funding for the increased cost of operating and maintaining the Statewide Administration Building in Anchorage. Increased funding was not approved for an ADR Coordinator, Human Resources Assistant, Computer Services Librarian, Human Resources Clerk, Computer Clerk or a Library Assistant I. Increased funding was not approved for computer and micrographic equipment.

Program Area:	Dollar Amount(s):	Fund Source(s):
Trial Courts	(361.4)	GF

Impact Analysis:

The House Subcommittee approved funding for the increased costs of operating and maintaining court facilities in Anchorage, Tok and St. Marys. Funding was approved for a portion of the increased cost of operating the new space in Palmer.

Increased funding was not approved for leasehold improvements in Ketchikan, travel to improve judicial service to rural Alaska, for an In-Court Clerk in Barrow, for a Computer Systems Technician in First District or for a Library Assistant I in Juneau. Increased funding was not approved to raise juror fees or for computers, a copier, microfilm reader/printers and furniture for the new space in Palmer.

The House Subcommittee granted authority for acceptance of federal grant receipts. These grant receipts do not fund constitutional or statutory mandates or functions.

Alaska Judicial Council

Date: April 2, 1999

Prepared by: William Cotton

Program Area:	Dollar Amount(s):	Fund Source(s):
Criminal Justice Process Review	(194.1)	GF

Impact Analysis:

The House subcommittee has approved funding of the Judicial Council at the same level of general fund funding as our adjusted base (\$673.9 plus \$20.0) -- plus \$15.0 in federal receipts. The subcommittee denied an increment to conduct a research project concerning the criminal justice process (specifically addressing why Alaska Native and other minorities are disproportionately represented in Alaska's incarcerated population).

The continuation level of funding approved will not in itself cover the Council's essential expenses. However, the Council expects to supplement this amount with federal grants and RSAs from other agencies. Given the State's current fiscal situation, this was the level of funding requested by the Council.

The denial of the increment will mean that the Council will not be able to conduct the proposed criminal justice study as recommended by the Court's Fairness and Access Committee, unless the Council is able to obtain a federal grant for the research. The Council is actively seeking such a grant and greatly appreciates the offers by finance subcommittee members to assist in that effort.

Date: April 1, 1999

Prepared by: Marla Greenstein, Executive Director

Program Area:	Dollar Amount(s):	Fund Source(s):
Alaska Commission on Judicial Conduct	(25.0)	GF

Impact Analysis:

Maintains constitutionally mandated functions. The House finance subcommittee did not approve the increment for personal services underfunding (15.0). The Commission has operated in the past several years with a staff of two full-time employees. However, in FY98, underfunding caused the Commission to act with just one full-time staff person for a six-month period. The increment will allow for consistent year-round staff support.

The House finance subcommittee did not approve an additional increment for a one-time purchase of computer equipment (10.0). This equipment would enable access to the web page and allow staff to perform essential daily functions utilizing the State's accounting and payroll systems.

EDUCATION

ED # 1

Failed 4/17/99

AMENDMENT # _____

DAVIES

OFFERED IN HOUSE FINANCE COMMITTEE

TO CSHB 50(FIN)

ADD

Department of Education
K-12 Support
Community Schools

100.0 general funds

Fully fund Community Schools program at FY99 authorized level.

(Note: Page 20, line 11 and line 19)

Agency Totals - FY00 Operating Budget

Agency: Department of Education

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
Totals for Agency	904,978.1	966,876.1	991,338.3	984,799.1	17,923.0	1.9%
<u>Objects of Expenditure:</u>						
Personal Services	29,974.9	31,556.1	32,731.3	32,371.9	815.8	2.6%
Travel	1,577.7	1,837.7	1,896.5	1,882.0	44.3	2.4%
Contractual	16,696.8	23,171.5	31,000.3	28,695.3	5,523.8	23.8%
Commodities	2,071.3	2,111.8	3,379.0	3,065.2	953.4	45.1%
Equipment	806.5	446.2	994.2	494.2	48.0	10.8%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	853,850.9	907,752.8	921,337.0	918,500.0	10,747.2	1.2%
Miscellaneous	0.0	0.0	0.0	-209.5	-209.5	%
<u>Funding Sources:</u>						
1002 Fed Rcpts	96,735.0	118,583.1	121,485.1	121,485.1	2,902.0	2.4%
1003 G/F Match	2,868.8	2,890.5	2,890.5	2,890.5	-0.0	-0.0%
1004 Gen Fund	687,004.6	703,415.4	722,179.0	736,026.6	32,611.2	4.6%
1005 GF/Prgm	1,912.3	2,380.2	2,380.2	2,243.3	-136.9	-5.8%
1007 I/A Rcpts	11,778.8	8,985.7	15,707.9	12,766.8	3,781.1	42.1%
1014 Donat Comm	171.7	359.4	250.0	250.0	-109.4	-30.4%
1020 School Fnd	2,608.4	49,329.5	45,529.5	45,664.7	-3,664.8	-7.4%
1037 GF/MH	454.6	110.1	110.1	110.1	0.0	0.0%
1043 P/L 81-874	22,623.7	20,791.3	20,791.3	20,791.3	0.0	0.0%
1044 Debt Ret	62,059.7	26,804.1	26,258.6	26,258.6	-545.5	-2.0%
1053 Invst Loss	86.4	18.0	0.0	0.0	-18.0	-100.0%
1061 CIP Rcpts	57.1	179.3	179.3	179.3	-0.0	-0.0%
1066 Pub School	9,222.1	7,118.7	7,612.8	7,612.8	494.1	6.9%
1103 AHFC Rcpts		17,444.0	17,444.0	0.0	-17,444.0	-100.0%
1106 P-Sec Rcpt	7,004.5	7,419.9	7,485.1	7,485.1	65.2	0.9%
1108 Stat Desig	390.4	1,046.9	819.9	819.9	-227.0	-21.7%
1117 VocSmBus			215.0	215.0	215.0	%
<u>Positions:</u>						
Perm Full Time	465.0	465.0	479.0	473.0	8.0	1.7%
Perm Part Time	110.0	104.0	108.0	108.0	4.0	3.8%
Non-Perm	3.0	6.0	11.0	7.0	1.0	16.7%

House Finance Subcommittee on Education Recommendations for FY 00 Budget

Representative Eldon Mulder, Subcommittee Chair

This narrative describes the effect of the budget numbers proposed for the Department of Education on the attached spreadsheet.

The Subcommittee work is based on growth from the FY 99 authorized budget, adjusted to include changes to the base from the Supplemental Appropriation passed in March, 1999. AHFC funds used to fund department activities have been reclassified as General Funds in the FY 99 base.

The Committee fully funded the Foundation Program, including pupil transportation.

Community Schools are funded at \$400,000, a decrease of \$100,000 from the Governor's FY 00 request.

School Debt Reimbursement is fully funded with a slight increase of \$135,200 in School Fund to fully fund the operations of the Educational Facilities Support component.

The Quality Schools component funding was increased by \$1,096,000 to allow for continuing work on proficiency exams. The \$33,200 "belt tightening" carried forward to FY 00.

Education Special Projects – Eliminate the Alaska Career Information System funding of \$141,000 GF/PR and \$106,000 I/A receipts, at request of Department of Education. This program has not generated the necessary receipts to function.

Teacher Certification – the \$1,100 GF was moved to GF/PR

The Subcommittee combined Executive Administration and School Finance into one BRU named Executive Administration, at the request of the Department of Education.

Administrative Services - Carry forward the \$20,200 "belt tightening"

District Support Services – allows growth require by SB 36, continues \$47,300 of "belt tightening"

Educational Facilities Support – moved GF to I/A funding and fully funded request.

Alyeska Central School – accepted Department of Education request to change summer school program to serve 2000 students with critical need for help to pass student exam and increases ACS funding to \$5,835,400 over FY 99 budget (through the Foundation Program)

Alaska Council on the Arts – funded request. Moved \$3,000 GF request to GF/PR.

Kotzebue Technical Center Operations Grant – reduced grant \$25,000 as contribution to FY 00 “belt tightening”

Alaska Vocational Technical Center Operations – continues \$37,500 “belt tightening”. Allowed increase in federal funds, general funds and I/A receipts. Recommend that tuition be increased for FY 01 budget, as it is the intent to move a segment of GF to GF/PR in the FY 01 budget. Also recommend that AVTEC discuss with University coordination of services.

Mt. Edgecombe Boarding School – continue \$30,400 “belt tightening”. Allow growth in General Funds, and I/A receipts.

Vocational Rehabilitation, Client Services – continue “belt tightening” of \$41,400; change meetings of Governor’s Commission on Employment and Rehabilitation of People with Disabilities to 3 meetings by teleconference and one meeting in-person rather than 4 in-person meetings for a savings of \$6,600 GF.

Vocational Rehabilitation, Special Projects –at the request of the Department of Education, the Subcommittee did not include authorization for a \$300,000 increase in I/A receipts and 4 positions because the Department will not be implementing the proposed program.

The Subcommittee combined the Alaska State Library and Alaska State Museums BRUs into one BRU with a new title, Alaska Library and Museums.

Library Operations – the Subcommittee fully funded the request, including an increase of \$100,000 in GF for purchase of library materials.

Archives – increased budget by \$40,000 in federal receipts.

Museum Operations – continued “belt tightening” at \$41,700, combined Specific Cultural Programs in Museum Operations component. Department should develop a plan to fund public operations of Sheldon Jackson fully from Program Receipts or Statutory Designated Receipts for the FY 01 budget.

Components not specifically mentioned were accepted and approved Governor’s recommendations for the FY 00 budget.

This proposal reclassifies AHFC funds to GF both in the base and in the FY 00 proposal.

March 29, 1999

FY00 House Finance Education Subcommittee Recommendations

(\$000)

FY 99 Supplemental In GF Group

Agency	BRU	Component	Total		GF Group		Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	966,567.1	984,799.1	725,949.2	741,270.5	101,243.5	101,252.2	139,374.4	142,276.4
		FY99 Supplemental			0.0		0.0		0.0	
		FY99 Base	966,567.1		725,949.2		101,243.5		139,374.4	
		FY00-FY99		18,232.0		15,321.3		8.7		2,902.0
		% Change		1.89%		2.11%		0.01%		2.08%
Education	K-12 Support	Foundation Program	680,728.2	692,990.0	652,818.5	664,586.2	7,118.7	7,612.8	20,791.0	20,791.0
Education	K-12 Support	Tuition Students	1,921.2	2,225.0	1,921.2	2,225.0	0.0		0.0	
Education	K-12 Support	Boarding Home Grants	185.9	185.9	185.9	185.9	0.0		0.0	
Education	K-12 Support	Youth in Detention	800.0	800.0	800.0	800.0	0.0		0.0	
Education	K-12 Support	Schools for the Handicapped	3,801.7	3,840.5	3,801.7	3,640.5	0.0		0.0	
Education	K-12 Support	Pupil Transportation	38,082.1	39,775.1	38,082.1	39,775.1	0.0		0.0	
Education	K-12 Support	Child Nutrition	26,000.0	26,000.0	0.0		0.0		26,000.0	26,000.0
Education	K-12 Support	Community Schools	500.0	400.0	500.0	400.0	0.0		0.0	
Education	School Debt Reimbursement	School Debt Reimbursement	76,133.6	71,923.3	0.0		76,133.6	71,923.3	0.0	
Education	Teaching and Learning Support	Special and Supplemental Services	50,345.6	50,345.6	1,860.7	1,860.7	209.5	209.6	48,275.3	48,275.3
Education	Teaching and Learning Support	Quality Schools	29,604.8	30,700.8	3,549.3	4,645.3	58.5	58.6	25,996.9	25,996.9
Education	Teaching and Learning Support	Education Special Projects	849.9	602.9	201.6	60.6	570.3	464.3	78.0	78.0
Education	Teaching and Learning Support	Teacher Certification	692.8	692.8	676.4	676.4	16.4	16.4	0.0	
Education	Teaching and Learning Support	Child Nutrition Administration	727.7	727.7	45.1	45.1	0.0		682.6	682.6
Education	Executive Administration	State Board of Education	93.4	93.4	0.0	0.0	93.4	93.4	0.0	
Education	Executive Administration	Commissioner's Office	0.0	470.7	0.0	196.3	0.0	274.4	0.0	
Education	Executive Administration	Office of the Commissioner	470.7	0.0	196.3		274.4		0.0	
Education	Executive Administration	Administrative Services	1,365.3	1,365.3	724.7	724.7	640.6	640.6	0.0	
Education	Executive Administration	Information Services	797.8	797.8	422.7	422.7	273.9	273.9	101.2	101.2
Education	School Finance	District Support Services	828.9	1,078.9	777.5	1,027.5	51.1	51.1	0.3	0.3
Education	School Finance	Educational Facilities Support	685.6	685.6	135.2	0.0	550.4	685.6	0.0	
Education	School Finance	Donated Commodities	359.4	275.0	0.0	0.0	359.4	275.0	0.0	
Education	Alyeska Central School	Alyeska Central School	4,119.6	5,835.4	116.9	116.9	4,002.7	5,718.5	0.0	

FY00 House Finance Education Subcommittee Recommendations

(\$000)

FY 99 Supplemental In GF Group

Agency	BRU	Component	Total		GF Group		Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
Education	Commissions and Boards	Professional Teaching Practitioners Commission	187.4	187.4	187.4	187.4	0.0		0.0	
Education	Commissions and Boards	Alaska State Council on the Arts	1,157.9	1,107.9	464.8	464.8	50.0	50.0	643.1	593.1
Education	Kotzebue Technical Center	Kotzebue Technical Center Operations Grant	634.0	609.0	634.0	609.0	0.0		0.0	
Education	Alaska Vocational Technical Center	Alaska Vocational Technical Center Operations	4,919.0	5,268.1	4,217.7	4,218.2	626.3	974.9	75.0	175.0
Education	Mt. Edgecumbe Boarding School	Mt. Edgecumbe Boarding School	4,129.0	4,370.4	2,300.0	2,450.0	1,829.0	1,920.4	0.0	
Education	State Facilities Maintenance	State Facilities Maintenance	0.0	1,496.1	0.0	0.0	0.0	1,496.1	0.0	
Education	Vocational Rehabilitation	Client Services	11,520.4	13,629.5	3,161.2	3,387.3	165.0	215.0	8,194.2	10,027.2
Education	Vocational Rehabilitation	Federal Training Grant	56.3	56.3	5.6	5.6	0.0		50.7	50.7
Education	Vocational Rehabilitation	Vocational Rehabilitation Administration	1,124.0	1,383.0	167.5	167.5	0.0		956.5	1,215.5
Education	Vocational Rehabilitation	Independent Living Rehabilitation	1,273.5	1,348.5	592.4	592.4	160.3	160.3	520.8	595.8
Education	Vocational Rehabilitation	Disability Determination	4,205.0	4,955.0	0.0	0.0	99.1	99.1	4,105.9	4,855.9
Education	Vocational Rehabilitation	Special Projects	1,514.8	1,472.3	125.4	82.9	120.0	120.0	1,269.4	1,269.4
Education	Vocational Rehabilitation	Assistive Technology	980.7	843.7	0.0		158.0	96.0	822.7	747.7
Education	Vocational Rehabilitation	Americans With Disabilities Act (ADA)	115.0	190.0	115.0	115.0	0.0	75.0	0.0	
Education	Alaska State Library	Library Operations	4,556.0	4,757.0	3,772.2	3,923.2	158.3	158.3	625.5	675.5
Education	Alaska State Library	Archives	649.4	689.4	555.0	555.0	94.4	94.4	0.0	40.0
Education	Alaska State Museums	Museum Operations	1,375.6	1,423.4	1,335.5	1,383.3	10.1	10.1	30.0	30.0
Education	Alaska State Museums	Specific Cultural Programs	41.7	0.0	41.7	Trans to Museum Ops	0.0		0.0	
Education	Alaska Postsecondary Education Commission	Program Administration	991.6	1,050.3	10.0	10.0	906.3	965.0	75.3	75.3
Education	Alaska Postsecondary Education Commission	Student Loan Operations	6,523.6	6,530.1	10.0	10.0	6,513.6	6,520.1	0.0	
Education	Alaska Postsecondary Education Commission	Western Interstate Commission for Higher Education-Student Exchange Program	83.0	85.0	83.0	85.0	0.0		0.0	
Education	Alaska Postsecondary Education Commission	WWAMI Medical Education	1,355.0	1,435.0	1,355.0	1,435.0	0.0		0.0	

FY00 House Finance Education Subcommittee Recommendation

(\$000)

FY 99 Supplemental In GF Group

Agency	BRU	Component	Total		GF Group		Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
Education	Alaska Postsecondary Education Commission	Federal Student Aid	80.0	0.0	0.0	0.0	0.0		80.0	
House Finance Subcommittee on Education										
March 29, 1999										

Department of Education
Impact Statements in Response to
House Finance Subcommittee Budget Proposals

Date: March 31, 1999
Prepared by: Karen Rehfeld

Program area:	Dollar amount(s):	Fund source(s):
Foundation Program	(\$2,670.3)	General Funds

Impact Analysis:

The Governor's FY2000 budget included an increase for the Alyeska Central School (ACS) summer school program based on continuing expanded course offerings to students in grades 9 through 12 for up to three courses. The expanded summer school program was offered in FY99. Because of poor course completion rates for the summer school program, the department made the decision to turn back foundation dollars in the FY99 budget and proposed a reduction of \$1,500,000 in the FY99 supplemental budget. The legislature accepted the reduction.

The department proposed a revision to the FY2000 budget to focus the ACS summer school program on core courses in reading, writing, and math. Each student will be limited to one course. Enrollment will be limited to 500 Full Time Equivalent (FTE) students or 2,000 courses total (1 course=1/4 FTE; 2,000 courses=500 FTE). Students will have to complete one lesson in a course by August 1 or they will be dropped from the program. ACS will coordinate with school districts to provide teachers within the district to work directly with the students.

Limiting the summer school program to 500 FTE reduces the FY2000 budget request by \$2,670,300.

Program area:	Dollar amount(s):	Fund source(s):
Community Schools	(\$100.0)	General Funds

Impact Analysis:

The House proposes to reduce the Community Schools Program by \$100,000. This program provides funds to school districts to keep schools open in the evening and on weekends for community activities. AS 14.36.030 establishes a school district's community schools grant funding at one-half of one percent of its public school funding or \$10,000, whichever is greater. Full funding for the Community Schools Program would require approximately \$3,000,000 although the statute provides for proration if funding is not sufficient.

Between FY90 and FY96, the Community Schools Program was funded at \$600,000 per year and has been funded at \$500,000 since FY97. This reduction will require school districts to utilize additional local resources in order to continue community schools programs.

Program area:	Dollar amount(s):	Fund source(s):
Quality Schools - Assessment	(\$404.0)	General Funds

Impact Analysis:

The Governor's FY2000 budget request included an increase of \$1,500,000 to continue development and implementation of the comprehensive student assessment program required by Ch. 83, SLA 1998 and Ch. 58, SLA 1997. The law requires assessment of student performance in the areas of reading, writing, and math at grades 3, 6, and 8, and also requires that students pass a High School Graduation Qualifying Examination in order to receive a high school diploma beginning in the year 2002.

The department carefully reviewed the increment request and made adjustments to the estimated development and implementation costs. Based on that review, the

House proposal funds \$1,096,000 of the increment and the department believes that this amount will be sufficient to fund the assessment program in FY2000.

Program area:	Dollar amount(s):	Fund source(s):
Austerity Measures	(\$234.5)	General Funds

Impact Analysis:

The House proposal continues a portion of the FY99 Austerity Measures based on position vacancies, restricting travel and limiting purchasing. These reductions are applied to the following components:

Quality Schools	(\$33.2)
Administrative Services	(\$20.2)
District Support Services	(\$47.3)
Kotzebue Technical Center	(\$25.0)
AVTEC Operations	(\$37.0)
Mt. Edgecumbe Boarding School	(\$30.4)
Client Services	(\$41.4)

Program area:	Dollar amount(s):	Fund source(s):
Alaska Career Information System	(\$141.0)	GFFR
	(\$106.0)	IA Receipts

Impact Analysis:

The Alaska Career Information System (AKCIS) has been supported by fees. Receipts were not sufficient in FY99 to cover the cost of the program. The department recommended that the program be discontinued in the FY2000 budget. The House proposal eliminates the authorization for the AKCIS and two permanent full-time positions that will no longer be necessary for the program.

School districts and employment offices that had been subscribers to the AKCIS will be able to access career information on-line or through purchase of commercially developed career information systems.

Program area:	Dollar amount(s):	Fund source(s):
Specific Cultural Programs	(\$41.7)	General Funds

Impact Analysis:

The House proposal eliminates funding for designated grants to three institutions: the NANA Museum of the Arctic (\$14.6), the Museum of Alaska Transportation and Industry (\$14.6), and the Alaska Native Heritage Center (\$12.5). These funds supported the on-going operation of these institutions.