

**ALASKA LEGISLATURE** 1926.4

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000**

BRU	Alcohol and Drug Abuse Services			
Component	Administration			
Reduction Title	<b>Reduce GF in component due to large federal increments</b>			
Reduction Description	Decrease base funding of administrative costs of providing grants for alcohol and drug abuse prevention, treatment and aftercare and the Alaska Safety Action Program (ASAP).			
Funding	Fund Source	Gov. Inc. Request	House	Gov./House Diff
	Total		(\$270.0)	(\$270.0)
	General Fund		(\$270.0)	(\$270.0)
	Federal			
	Other			

Explanation of Impact:

The impact of this cut would be:

- Delayed or decreased grants awards resulting from an inability to monitor grant in aid programs, lack of staff to prepare and evaluate Requests for Proposals and amendments, inability to adequately oversee approved programs
- Decreased quality assurance activities
- Decreased technical assistance to grantees

\$170.0 of the SAMSHA Block Grant could be used to pay administrative costs but could be disallowed at a future date if auditors determine that these funds are being used to "supplant State funding of alcohol and other drug prevention and treatment programs".

The Division has taken on a new responsibility without any increase in funding. As of January 1999, the Division of Alcohol and Drug Abuse assumed responsibility for new duties resulting from the implementation of Juvenile ASAP Program (aka Youth, Education, Assessment and Referral Program). The Underage Drinking Grant has been able to allocate some funds to help the Division establish a position and implement the program, however these federal funds are time limited and the Division will not be able to absorb the cost of this program due to this proposed cut.

BRU	Alcohol and Drug Abuse Services			
Component	Substance Abuse Treatment for Women			
Reduction Title	<b>Substance Abuse Treatment for Women</b>			
Reduction Description	Deletes the general fund portion of this increment.			
Funding	Fund Source	Gov. Inc. Request	House	Gov./House Diff
	Total	\$1,556.0	\$706.0	(\$850.0)
	General Fund	\$850.0	0.0	(\$850.0)
	Federal	\$706.0	\$706.0	0.0
	Other			

**Explanation of Impact:**

Denial of this increment will result in:

- No ability to increase capacity need to provide Women and Children with treatment
- Increased number of children in DFYS custody due to parental substance abuse
- Increased length of stay for children in DFYS custody due to parental substance abuse

It is imperative that the system of service delivery consist of prevention, treatment, and aftercare. Our budget reflects this with increases in all three areas. Women with dependent children who leave a community for care return to that community. They need support to help maintain the gains made in treatment. They need assistance in working out parenting issues, working with DFYS and other agencies, and they need the support in maintaining their sobriety.

Women (pregnant women and women with dependent children) needing substance abuse treatment services present a unique challenge. There are many barriers that hinder access and completion of treatment. Women who abuse or are dependent on alcohol and drugs are often involved with the DFYS or criminal justice system or both. Women will not enter treatment if they feel they might lose their children or have to leave their children and enter treatment.

In the last legislative session, child custody laws were changed. As part of these changes treatment services must be more available for parents. This is necessary so parents can make the reasonable efforts required to change their behavior. Equally important is that the state has made a reasonable effort to ensure treatment capacity is available. This will be a unique challenge in rural parts of the state.

In the past several years the Division has been increasing services for women, primarily of childbearing age. This has been done by use of federal funds, MHTAAR funds, and last year an increase in state general funds for these services.

Results now being obtained from pilot projects between the Division, DFYS and grantee providers demonstrate significant increases in treatment referrals for women of childbearing age. This is also resulting in persons completing treatment and maintaining custody of their children.

During the period of March 1997 to November of 1998 the Alaska Women's Resource Center in Anchorage performed a total of 366 assessments to individuals and families who had contact with DFYS. Of the 366 assessments performed, 325 (89%) were referred for treatment. 41 individuals did not receive treatment services. The 325 assessments resulting in referrals for treatment consisted of 35 males and 290 females. The 325 referrals were referred for treatment as follows:

Treatment Type	Male	Female	Total
Outpatient Services/Continuing Care	0	3	3
Early Intervention	1	36	37
Medically-Managed Intensive Inpatient	0	3	3
Intensive Outpatient	26	125	151
Opioid Maintenance Therapy	1	2	3
Residential/Inpatient – Continuing Care	0	3	36
Residential/Inpatient – Intensive Care	7	85	92

Although these individuals may have previously entered the system through different means the dramatic numbers of increased assessment and treatment referrals by just one Anchorage area provider for this client population indicate a significant need that must be addressed.

BRU	Alcohol and Drug Abuse Services			
Component	Alcohol and Drug Abuse Grants			
Reduction Title	<b>Fetal Alcohol Syndrome (FAS), Alcohol Related Neurodevelopmental Disabilities</b>			
Reduction Description	Delete increment for general fund support for FAS services.			
Funding	Fund Source	Gov. Inc. Request	House	Gov./House Diff
	Total	\$489.9	0.0	(\$489.9)
	GF/MH	\$489.9	0.0	(\$489.9)
	Federal			
	Other			

Explanation of Impact:

Denial of this increment will result in:

- No expansion of the effort to prevent FAS.
- Services that will be reduced and/or eliminated due to this loss of funding include:
  - Community development grant program for "community developed and driven" FAS activities—to support local FAS efforts/activities.
  - Development of specialized services for children/youth affected by FAS/E and in state custody.
  - Increased specialized training for professionals working with affected individuals and their families—social workers, probation officers, educator's,

mental health clinicians, head start workers, public health staff, medical providers, etc.

- Production, duplication and distribution of FAS Guides for Alaska professionals and educational videotape for statewide school district mandatory FAS training.
- Funding to support the FAS Surveillance Project and Alaska Birth Defects Registry—to increase data related to the number of FAS births and tracking for improved service delivery.
- Increased funding for the FACTS grant, providing consultation, training and support to school districts across the state in educating children affected by prenatal exposure to alcohol.
- Delay the development/implementation of screening tools for earlier identification of children affected by FAS and other alcohol-related birth defects—early screening and identification is proven to improve the long-term outcomes for affected individuals.

It is imperative that the system of service delivery consists of prevention, treatment, and aftercare. Our budget reflects this with increases in all three areas. Within the last 18 months the State of Alaska began a focused and concentrated effort on the serious and devastating social problem of prenatal exposure to alcohol and the resulting birth defects of fetal alcohol syndrome (FAS) and other fetal alcohol-related conditions. It is estimated that Alaska has one of the highest [if not the highest] rates of fetal alcohol syndrome in the nation. FAS occurs as a result of a woman drinking alcohol during her pregnancy. FAS and other alcohol-related birth defects are **100% PREVENTABLE**.

Tremendous strides have been made in our state within the last year, raising public awareness, professional training, increased diagnostic capacity across the state, increased services for high-risk women needing substance abuse treatment and a particular focus on improved services for those individuals, and their families, affected by prenatal alcohol exposure.

Without the requested \$489.9 increment for FY2000, the momentum and progress we have begun to make will be seriously compromised

BRU	Alcohol and Drug Abuse Services			
Component	Rural Services Grants			
Reduction Title	<b>Village Based Mental Health &amp; Substance Abuse Services</b>			
Reduction Description	Remove increment to fund an expansion of mental health and substance abuses services in rural Alaska.			
Funding	Fund Source	Gov. Inc. Request	House	Gov./House Diff
	Total	\$405.0	0.0	(\$405.0)
	GF/MH	\$405.0	0.0	(\$405.0)
	Federal			
	Other			

Explanation of Impact:

Denial of this increment will result in:

- No new programs in rural Alaska, which have no services currently.
- No expansion of village based services.
- Of the \$465.0 in Village Based Mental Health & Substance Abuse Services. \$60.0 was to be used to fund a project assistant in Administration and \$406.0 would provide grants to 7-10 agencies.
- 7-10 agencies would provide services to 20-30 new communities, providing direct services to 400-600 individuals.
- The emphasis on aftercare for women as part of an overall program to reduce FAS and children in the custody of DFYS would be severely diluted.

It is imperative that the system of service delivery consists of prevention, treatment, and aftercare. Our budget reflects this with increases in all three areas. In FY 2000 it will be necessary to continue the increase in capacity to provide women's treatment. This year will see a major focus on service development in rural areas of the state. Providing aftercare and motivating clients to continue in aftercare or peer supported self-help programs is relatively easier in urban areas. One major reason is more of these types of programs that allow a person to work, care for children and still find times of the day to be active in self-help programs.

However, even with the challenges presented by rural areas of Alaska we know that aftercare is essential. It will be our responsibility to ensure that it is available to persons returning to communities from treatment.

Recent research finalized by the Division (Treatment Outcome Study by New Standards) indicates that aftercare services are a major contributor to overall success of treatment. The following table shows that abstinence was significantly increased for those patients who were

able to receive aftercare. By investing in aftercare services the improvement of overall long term results are dramatic.

	<b>Abstained the Full Year</b>	
Full Year after Treatment	Residential	Outpatient
None	29%	28%
Some	32%	61%
Full	64%	74%

BRU	Community DD Grants			
Component	Community DD Grants			
Reduction Title	<b>DD Institutional Prevention</b>			
Reduction Description	Reduce GF/MH increment.			
Funding	Fund Source	Gov. Inc. Request	House	Gov./House Diff
	Total	\$965.8	\$604.8	(\$361.0)
	GF/MH	\$965.8	\$604.8	(\$361.0)
	Federal			
	Other			

**Explanation of Impact:**

Without adequate funding to maintain and recruit qualified staff the basic Developmental Disability (DD) provider infrastructure will deteriorate. The results of this deterioration will be reduced quality of DD services, increased use of more costly alternatives and decreased consumer satisfaction.

This increment will enable the DD service delivery system to maintain and develop capacity. Funds will assist providers to address areas that they determine to have the most impact on the safety and quality of services that they deliver. The use of these funds will directly target recruitment, training, and retention of highly qualified staff, which is very important since there is no longer institutional services available in Alaska.

In the past, all new funds for the DD program have been allocated for serving people on the wait list. Increases have not been available for maintaining the basic provider infrastructure. As a consequence, staff turnover is high and recruitment of qualified staff has become very difficult. Without adequate, qualified staff, individuals are forced to seek services from nursing homes or hospitals, possibly committed to jails or sent to out of state institutions, at a far greater cost to the State than what it would be to improve the existing community infrastructure. The inability to attract and retain qualified staff affects the quality of services provided, basic safety, and community participation for individuals with developmental disabilities.

These funds will be used to:

- ◆ increase salary levels and benefits to attract and retain qualified staff;

- ◆ ensure that employees are furnished with adequate training to provide quality services in a safe and efficient manner; and
- ◆ ensure that programs meet or exceed program standards.

Increased funding will ensure individuals and families that programs have the financial resources to address local issues that impact the delivery of safe and beneficial services.

BRU	Administrative Services			
Component	Reduction will be allocated to components throughout the department.			
Reduction Title	<b>Annualizing Belt Tightening/Austerity Program</b>			
Reduction Description	Decrease general fund in the base for administrative functions department wide.			
Funding	Fund Source	Gov. Inc. Request	House	Gov./House Diff
	Total		(\$1,146.3)	(\$1,146.3)
	GF and GF/MH		(\$1,146.3)	(\$1,146.3)
	Federal			
	Other			

**Explanation of Impact:**

Some of this impact will be absorbed through automation, process improvement, reduced travel, increased vacancy, delaying equipment and supply purchases, however there will be impacts in the following areas:

- Decreased customer service and customer involvement,
- Delays in issuing regulations,
- Delays in issuing RFP's, grants, amendments and contracts,
- Longer turn around time for legislative requests and public information requests,
- Increased turn around time on payments and the processing of other fiscal documents,
- Delays in processing personal documents, hiring and recruiting.
- Increased appeals of contracts,
- Increased union grievances,
- Decreases in routine daily maintenance of buildings and equipment

**Distribution of the Unallocated Reduction by Budget Request Unit (BRU)**

DFYS Management	\$40.0
DMHDD Institutions & Administration	\$164.2
Medical Assistance Administration	\$326.4
Mental Health Trust Boards	\$45.8
Public Assistance Administration	\$197.3
State Health Services	<u>\$372.6</u>
	\$1,146.3

LABOR

# LABOR A

AMENDMENT TO HB 50

BY: Rep. Austerman

*Adopted  
4/9 eve*

Delete:

Department of Education  
Alaska Vocational Technical Center  
Alaska Vocational Technical Center Operations      770.5 GF/PR

Delete:

Department of Education  
Alaska Vocational Technical Center  
Alaska Vocational Technical Center Operations      29.5 GF

Add:

Department of Education  
Alaska Vocational Technical Center  
Alaska Vocational Technical Center Operations      800.0 SDPR

Add:

Department of Labor  
Labor Standards and Safety  
Occupational Safety and Health      800.0 GF  
1,000.0 Federal Funds

LABOR #1

AMENDMENT  
CS HB 50(FIN)

Representative Austerman

Department of Labor

*Withdraw*

Page 31, line 27

ADD

Department: Department of Labor

BRU: Labor Standards and Safety

Component: Occupational Safety and Health \$425.0 general funds

LABOR #2

A M E N D M E N T #

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CS HB 50 (FIN)

w/d

ADD

Department of Labor  
Labor Standards & Safety BRU  
Occupational Safety & Health Component                      \$ 425.0 GF

These funds would be used to provide minimal public sector occupational safety and health enforcement and consultation services for 56,000 state and local government employees. It is unknown at this time, whether or not the federal government will provide any matching funds to partially support this program. Without funding, there will be no public sector protection.

It is anticipated that the amount requested above would fund a program supervisor, two safety/health enforcement officers, one safety/health consultant, and one clerical support position; a conservative travel estimate, and operational fixed and other costs.

LABOR # 3

AMENDMENT#

OFFERED IN THE HOUSE FINANCE COMMITTEE

w/d

TO: CS HB 50 (FIN)

ADD

Department of Labor	
Labor Standards & Safety BRU	
Occupational Safety & Health Component	\$ 327.3 Federal
	\$ 327.3 GF/Match

This funding would allow more time for an organized transition of the Occupational Safety and Health private sector enforcement program to the federal government. Providing FY 2000 authorization will allow the state to utilize the remainder of the federal FY 99 grant and necessary matching funds for transitioning. In addition, this will provide federal OSHA time to secure additional federal budget authority for their fiscal year beginning October 1, 1999 for these functions, as well as, hiring new staff to perform these increased activities. In addition, without funding for public consultation and enforcement, the department needs adequate time to close-out pending cases; active variances; and other pending issues.

LABOR #4

AMENDMENT#

DAVID

OFFERED IN THE HOUSE FINANCE COMMITTEE

TO: CS HB 50 (FIN)

Failed  
4/19 eve

ADD:

Department of Labor

Labor Standards and Safety BRU

Occupational Safety & Health Component	1,309.2	Federal
	1,084.9	GFM
	23.1	I/A

**Analysis:**

The proposed addition to the Alaska Occupational Safety and Health Program (AKOSH) restores the State Plan program (23(g) Grant) for ensuring protection of Alaska workers and also restores the federal grant monies from EPA to provide oversight on asbestos work sites.

If the federal and general fund match for the (23(g)Grant) program are not restored it will mean that Alaska will no longer enforce occupational and health standards in the work place, private or public. Without enforcement, situations may exist that put workers at risk of injury, such as the recent incident at the Alaska Office Building where employees were transported to the hospital due to air quality. The OSH staff performed analysis sampling to determine the cause, risk and plan for remediation before employees could return to the building. Although the federal government would take over private sector enforcement, public employers and employees (municipal and state) would not be covered unless the State was to continue to provide general funds. Failure to continue to provide a state funded public sector consultation and enforcement program would result in 56,000 state and local government workers and their employers having no protection or assistance.

Additionally, if this funding is not restored, safety standards that are unique to Alaska will not be operative under federal enforcement, e.g. helicopter logging, petroleum processing, night blasting and confined spaces. Finally, enforcement of state asbestos worker certification will be lost.

The elimination of all funding does not allow sufficient resources for transitioning of an orderly federal takeover by July 1, 1999, thus causing confusion for employees and employers throughout the private sector. The only other case of a state returning a

program to OSHA was the State of California in 1987, and lack of a coherent transition was largely responsible for a voter's initiative that restored the state program one year later.

The appeal process for employers would change drastically since the federal process differs from Alaska. Currently, initial appeals are heard by our Review Board comprised of a representative from industry, labor and the public. Federal OSHA uses an Administrative Law Judge for the initial appeal process, and if it is denied at that level, it is then forwarded to a Federal OSHA Review Board. There is a potential impact to employers and employees due to out-of-state hearings such as out-of state- travel, long distance phone, fax costs and other related costs.

Receipts from citation fines of approximately \$280.0 per year are currently deposited into the general fund, but would no longer be available due to the loss of public sector enforcement and the return of private sector enforcement to Federal OSHA.

There are 31 positions associated with the 23(g) program funding. Program staff includes enforcement officers, consultation and training staff, review and non-discrimination, administrative, clerical, and information system support positions. Positions are located in Anchorage, Fairbanks, Juneau, Kenai, and Ketchikan. Four of the 31 positions are Director's Office staff.

Of the four Director's Office staff, the primary management position affected by this reduction is the Division Director. The AKOSH program currently funds salary costs of \$62.0 plus associated costs. These costs will be borne by the other programs in the Division since the position is an integral part of on-going operations. Loss of funding will also impact the other three Director's Office positions (Administrative Manager, Administrative Assistant, and Secretary). These positions assist the Director in the on-going operations of the division by providing oversight and support in matters pertaining to budget, financial management, legislation, personnel, purchasing, regulations, public inquiries, etc.

Interagency Receipts for this component, which were also eliminated, are for administrative oversight by the Administrative Manager of Wage and Hour, and Mechanical Inspection; administrative oversight by AKOSH staff to the Alaska Safety Advisory Council; program work on asbestos; and participation in the State Emergency Response Commission (SERC).

LABOR # 5

AMENDMENT#

Gussenberg

Failed

OFFERED IN THE HOUSE FINANCE COMMITTEE

419 eve

TO: CS HB 50 (FIN)

ADD:

Department of Labor  
Labor Standards and Safety BRU  
Mechanical Inspection Component

79.3 general funds

**Analysis:**

This amendment responds to a portion of the Subcommittee's reduction of 124.1 that was originally part of the FY 99 one-time belt tightening reduction. The Subcommittee extended this reduction into FY 00 by reducing the Commissioner's Office 124.1. The department proposed the elimination of a Fairbanks Wage & Hour Technician to address part of the 124.1 reduction (44.8) and the elimination of a Kenai Electrical Inspector for the remaining portion of the reduction (79.3).

This amendment restores the Kenai Electrical Inspector. Loss of this position will require the two remaining inspectors to cover the inspection areas currently assigned to the Kenai inspector. This position performed 410 inspections in FY 98 on the Kenai Peninsula, in Western Alaska and the chain. The Wasilla inspector is extremely busy with the valley, performing 670 inspections in FY 98 while the Juneau inspector performed 352 in all of Southeast Alaska. It is expected that the Juneau position would have to absorb the lion's share of the Kenai inspections, traveling to the peninsula, the chain and some of the west coast.

It would be physically impossible for two inspectors to be able to produce the same amount of inspections now performed by three. The annual goal for each inspector is 400. This goal has been met, or nearly so by the Kenai and Juneau inspectors and far exceeded by the Wasilla inspector. In all likelihood, the Wasilla inspector will continue to cover the valley and will travel to some other areas, while the other inspector performs most of the inspections in outlying areas.

The overall inspection output will be reduced by an estimated 350 inspections or approximately 25% of the FY 98 production level. The impact to the public will be a

greater number of electrical installations in new construction and repairs across Alaska that are not code-compliant resulting in hazardous and unsafe conditions.

Line # 6

AMENDMENT#

OFFERED IN THE HOUSE FINANCE COMMITTEE

Gussendorf  
TO: CS HB 50 (FIN)

Failed

4/19 eve

ADD:

Department of Labor  
Labor Standards and Safety BRU  
Wage and Hour component

44.8 general funds

**Analysis:**

This amendment responds to a portion of the Subcommittee's reduction of 124.1 that was originally part of the FY 99 one-time belt tightening reduction. The Subcommittee extended this reduction into FY 00 by reducing the Commissioner's Office 124.1. The department proposed the elimination of a Fairbanks Wage & Hour Technician to address part of the 124.1 reduction (44.8) and the elimination of a Kenai Electrical Inspector for the remaining portion of the reduction (79.3). This amendment restores the Fairbanks Wage & Hour Technician position. The loss of this position will require the agency to abandon timely auditing of all certified payrolls. Currently, the technician routinely audits certified payrolls as the information is received. With reduced staffing, payrolls will be filed immediately (with no auditing) and the filing will have to be performed by the remaining staff (investigators and one clerk). Only in cases where complaints are received, or where investigations have been opened, will audits of certified payrolls be performed. These audits will now have to be performed by the investigator for the Title 36 program.

The investigator responsible for the Title 36 program is already backlogged with his investigations. Having to perform the audits of certified payrolls will increase his case backlog by 50% to 75%. Presently he can turn his audits over to a technician while he performs his various investigative functions, both routine and specific. Having to perform his own audits will not only extend the time required to complete investigations, it will reduce the time available for on-site inspections.

If this position is not restored, the overall impact will result in reduced effectiveness of the enforcement program by fewer investigations being conducted and increased time for each investigation to be concluded. This in turn can result in a delayed collection process for overdue wages owed employees.

LABOR # 7

AMENDMENT#

OFFERED IN THE HOUSE FINANCE COMMITTEE

w/D

TO: CS HB 50 (FIN)

ADD:

Department of Labor  
Office of the Commissioner BRU  
Commissioner's Office Component

93.5 general funds

**Analysis:**

This amendment restores the budgeted funding of 93.5 for the Special Assistant to the Commissioner position. If this position is not restored, one of only three management positions in the Commissioner's Office for the Department of Labor would be eliminated. This will seriously degrade the Office's ability to oversee and support the department's programs. It will also impact the ability to respond to public and legislative information requests.

With the transfer of the primary legislative liaison responsibilities to the Deputy Commissioner, this position was to assume responsibility for development of legislation and regulations affecting the Department. The position also performs special projects for the Commissioner and the Governor, represents the Department of Labor on the Salmon Cabinet and other policy cabinets, performs back-up legislative liaison duties, and handles constituent inquiries and complaints.

## Agency Totals - FY00 Operating Budget

Agency: Department of Labor

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
<b>Totals for Agency</b>	<b>56,680.7</b>	<b>57,508.5</b>	<b>58,216.1</b>	<b>55,571.5</b>	<b>-1,937.0</b>	<b>-3.4%</b>
<u>Objects of Expenditure:</u>						
Personal Services	34,159.3	36,850.9	35,701.2	33,691.2	-3,159.7	-8.6%
Travel	1,104.6	1,048.1	1,098.2	1,039.8	-8.3	-0.8%
Contractual	15,475.3	13,292.5	15,132.6	14,735.3	1,442.8	10.9%
Commodities	566.7	769.9	800.7	751.5	-18.4	-2.4%
Equipment	1,062.9	748.3	779.6	774.0	25.7	3.4%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	4,311.9	4,798.8	4,703.8	4,703.8	-95.0	-2.0%
Miscellaneous	0.0	0.0	0.0	-124.1	-124.1	%
<u>Funding Sources:</u>						
1002 Fed Rcpts	33,150.3	34,159.3	34,859.3	33,550.1	-609.2	-1.8%
1003 G/F Match	1,732.2	1,621.4	1,606.4	521.5	-1,099.9	-67.8%
1004 Gen Fund	5,714.9	5,797.0	5,822.5	5,595.1	-201.9	-3.5%
1005 GF/Prgm	876.4	892.3	972.3	972.3	80.0	9.0%
1007 I/A Rcpts	7,433.3	5,811.2	5,744.2	5,721.1	-90.1	-1.6%
1031 Sec Injury	2,817.7	2,853.0	2,853.0	2,853.0	0.0	0.0%
1032 Dis Fisher	604.4	1,301.0	1,301.0	1,301.0	0.0	0.0%
1049 Trng/Bldg	306.9	572.5	572.5	572.5	0.0	0.0%
1053 Invst Loss	59.4	10.5	-0.0	0.0	-10.5	-100.0%
1054 Empl Trng	3,867.4	4,046.1	4,046.1	4,046.1	0.0	0.0%
1061 CIP Rcpts		93.1	87.7	87.7	-5.4	-5.8%
1108 Stat Desig	117.8	351.1	351.1	351.1	0.0	0.0%
<u>Positions:</u>						
Perm Full Time	567.0	564.0	561.0	524.0	-40.0	-7.1%
Perm Part Time	103.0	111.0	96.0	96.0	-15.0	-13.5%
Non-Perm	0.0	0.0	2.0	2.0	2.0	%

**House Finance Subcommittee  
Department of Labor  
Recommendations for FY 00 Budget**

Representative Alan Austerman, Subcommittee Chair

The following describes subcommittee recommendations from the budget closeout hearing, March 29, 1999. The base has been adjusted to incorporate changes from HB 100 (FY99 Supplemental), along with the austerity measures offered for FY99 by the Governor. These cuts have been applied in the FY00 subcommittee recommendation column on the attached spreadsheet. Components not mentioned below are funded at the Governor's FY00 request.

**Office of the Commissioner Component changes:** reduced for FY00 austerity reductions equal to FY 99 \$-124.1. FY99 belt-tightening reductions ordered by the Governor were taken from various components and accounts. The subcommittee acknowledged that the department was in the best position to assign the FY00 austerity decrements based on current priorities.

Deleted Special Assistant to the Commissioner PCN: 07-1003. This position is vacant following the promotion of the former Special Assistant to the Deputy Commissioner position. Total general fund decrement was \$-103.3.

**Labor Standards and Safety Division, Occupational Safety and Health Component deleted.** An amendment was passed to restore a grant received by the component referred to as 7(c)(1), which is a 90% federal/10% state match. The grant program provides consultation services, including training and education, relating to occupational safety and health, to private sector employers. Assistance is provided in identifying any safety and health hazards in workplaces, and establishing or improving workplace safety and health programs. Total general funds for this component were reduced by \$-1,084.9. Federal funds to component were reduced by \$-1,309.2. "Other" funds were deleted \$-23.1.

**Mechanical Inspection Component.** The Fairbanks Boiler Inspector position increment was added to the base. Funding is general fund program receipts \$80.0.

# FY00 Department of Labor 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
		<b>Total</b>	<b>57,508.5</b>	<b>55,571.5</b>	<b>8,321.2</b>	<b>7,088.9</b>	<b>15,028.0</b>	<b>14,932.5</b>	<b>34,159.3</b>	<b>33,550.1</b>
		FY99 Supplemental	-124.1		-124.1		0.0		0.0	
		FY99 Base	57,384.4		8,197.1		15,028.0		34,159.3	
		FY00-FY99		-1,812.9		-1,108.2		-95.5		-608.2
		% Change		-3.16%		-13.52%		-0.64%		-1.78%
Labor	Employment Security	Employment Services	9,908.6	11,009.2	0.0	0.0	515.9	1,438.4	9,390.7	9,570.8
Labor	Employment Security	Unemployment Insurance	17,765.1	16,881.1	0.0	0.0	915.8	343.3	16,849.3	16,537.8
Labor	Employment Security	Alaska Work Programs	1,873.4	0.0	130.9	0.0	1,742.5	0.0	0.0	0.0
Labor	Employment Security	Work Services	0.0	1,720.1	0.0	130.9	0.0	1,589.2	0.0	0.0
Labor	Employment Security	State Training Employment Program	4,046.1	4,046.1	0.0	0.0	4,046.1	4,046.1	0.0	0.0
Labor	Administrative Services	Management Services	2,223.0	2,330.1	288.2	273.2	123.3	172.7	1,811.5	1,884.2
Labor	Administrative Services	Labor Market Information	3,359.6	2,974.1	561.9	501.9	1,546.2	1,160.7	1,251.5	1,251.5
Labor	Data Processing	Data Processing	4,587.5	5,298.8	0.0	0.0	1,508.4	1,540.1	3,079.1	3,758.7
Labor	Office of the Commissioner	Commissioner's Office	476.5	343.2	471.5	259.1	5.0	5.0	0.0	79.1
Labor	Office of the Commissioner	Alaska Labor Relations Agency	324.2	324.2	324.2	324.2	0.0	0.0	0.0	0.0
Labor	Workers' Compensation	Workers' Compensation	5,362.2	2,534.7	2,489.7	2,489.7	2,872.5	45.0	0.0	0.0
Labor	Workers' Compensation	Second Injury Fund	0.0	2,858.9	0.0	0.0	0.0	2,858.9	0.0	0.0
Labor	Fishermens Fund	Fishermens Fund	1,301.0	1,301.0	0.0	0.0	1,301.0	1,301.0	0.0	0.0
Labor	Labor Standards and Safety	Wage and Hour Administration	1,409.1	1,409.1	1,387.5	1,387.5	21.6	21.6	0.0	0.0
Labor	Labor Standards and Safety	Mechanical Inspection	1,836.1	1,920.0	1,429.5	1,509.5	406.6	410.5	0.0	0.0
Labor	Labor Standards and Safety	Occupational Safety and Health	2,931.4	514.2	1,131.1	46.2	23.1	0.0	1,777.2	468.0
Labor	Labor Standards and Safety	Alaska Safety Advisory Council	106.7	106.7	106.7	106.7	0.0	0.0	0.0	0.0

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

Date: 4/2/99

Prepared by: Remond Henderson, Director

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Commissioner's Office	(103.3)	GF

**Impact Analysis:**

This reduction deletes not only the budgeted funding of 93.5 for the Special Assistant to the Commissioner position but also removes an additional 9.8 as "savings" from appointing the former Special Assistant to the Deputy Commissioner position at a lower than budgeted salary step. This extra reduction will make absorbing the component's vacancy factor and future step increases even more difficult. Aside from changes in administration the Commissioner's Office historically experiences very little vacancy and most years there is none.

The reduction would eliminate one of only three management positions in the Commissioner's Office for the Department of Labor. This will seriously degrade the Office's ability to oversee and support the department's programs. It will also impact the ability to respond to public and legislative information requests.

With the transfer of the primary legislative liaison responsibilities to the Deputy Commissioner, this position was to assume responsibility for development of legislation and regulations, special projects for the Commissioner and the Governor, representing the Department of Labor on the Salmon Cabinet and other policy cabinets, back-up legislative liaison duties, and handling constituent inquiries and complaints.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Wage and Hour	(44.8)	GF

**Impact Analysis:**

This reduction responds to the Subcommittee's reduction of 124.1 that was originally part of the FY 99 one-time belt tightening reduction. This cut will result in the elimination of the Fairbanks Wage & Hour Technician. The loss of this position will require the agency to abandon timely auditing of all certified payrolls. Currently, the technician routinely audits certified payrolls as the information is received. With reduced staffing, payrolls will be filed immediately (with no auditing) and the filing will have to be performed by the remaining staff (investigators and one clerk). Only in cases where complaints are received, or where investigations have been opened, will audits of certified payrolls be performed. These audits will now have to be performed by the investigator for the Title 36 program.

The investigator responsible for the Title 36 program is already backlogged with his investigations. Having to perform the audits of certified payrolls will increase his case backlog by 50% to 75%. Presently he can turn his audits over to a technician while he performs his various investigative functions, both routine and specific. Having to perform his own audits will not only extend the time required to complete investigations, it will reduce the time available for on-site inspections.

The overall impact will result in reduced effectiveness of the enforcement program by fewer investigations being conducted and increased time for each investigation to be concluded. This in turn can result in a delayed collection process for overdue wages owed employees.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Mechanical Inspection	(79.3)	GF

**Impact Analysis:**

This reduction responds to the Subcommittee's reduction of 124.1 that was originally part of the FY 99 one-time belt tightening reduction. This reduction will result in the elimination of the Kenai Electrical Inspector and some associated costs. Loss of this position will require the two remaining inspectors to cover the inspection areas currently assigned to the Kenai inspector. This position performed 410 inspections in FY 98 on the Kenai Peninsula, in Western Alaska and the chain. The Wasilla inspector is extremely busy with the valley, performing 670 inspections in FY 98 while the Juneau inspector performed 352 in all of Southeast Alaska. It is expected that the Juneau position would have to absorb the lion's share of the Kenai inspections, traveling to the peninsula, the chain and some of the west coast.

It would be physically impossible for two inspectors to be able to produce the same amount of inspections now performed by three. The annual goal for each inspector is 400. This goal has been met, or nearly so by the Kenai and Juneau inspectors and far exceeded by the Wasilla inspector. In all likelihood, the Wasilla inspector will continue to cover the valley and will travel to some other areas, while the other inspector performs most of the inspections in outlying areas.

The overall inspection output will be reduced by an estimated 350 inspections or approximately 25% of the FY 98 production level. The impact to the public will be a greater number of electrical installations in new construction and repairs across Alaska that are not code-compliant resulting in hazardous and unsafe conditions.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Occupational Safety & Health	(1,309.2)	Federal
	(1,084.9)	GFM
	( 23.1)	I/A

#### **Impact Analysis:**

The proposed budget cut to the Alaska Occupational Safety and Health Program (AKOSH) eliminates the State Plan program (23(g) Grant) for ensuring protection of Alaska workers and receipt of federal grant monies from EPA to provide oversight on asbestos work sites.

Elimination of federal and general fund match for the (23(g)Grant) program will mean that Alaska will no longer enforce occupational and health standards in the work place, private or public. Without enforcement, situations may exist that put workers at risk of injury, such as the recent incident at the Alaska Office Building where employees were transported to the hospital due to air quality. The OSH staff performed analysis sampling to determine the cause, risk and plan for remediation before employees could return to the building. Failure to continue to provide a state funded public sector consultation and enforcement program would result in 56,000 state and local government workers and their employers having no protection or assistance. (It is possible, but not certain, that a 50% match program for public sector enforcement and consultation could be arranged with federal OSHA.)

Safety standards that are unique to Alaska will not be operative under federal enforcement, e.g. helicopter logging, petroleum processing, night blasting and confined spaces. In addition, enforcement of state asbestos worker certification will be lost.

The elimination of all funding by July 1, 1999 does not allow for sufficient closure in the transitioning period. The abruptness of the federal program takeover will create confusion for employees and employers throughout the private sector. The only other case of a state returning a program to OSHA was the State of California in 1987, and lack of a coherent transition was largely responsible for a voter's initiative that restored the state program one year later.

The House Subcommittee restoration of funding for Private Consultation and Training will fund approximately four safety or industrial health consultants, but the overall effect of the remaining cut to the 23(g) program will reduce state-wide consultation and training services by half. (Under the federal grant agreement we cannot collect fees for this to make it self-supporting.)

The appeal process for employers would change drastically since the federal process differs from Alaska. Currently, our Review Board comprised of a representative from industry, labor and the public hears initial appeals. Federal OSHA uses an Administrative Law Judge for the initial appeal process, and if it is denied at that level, it is then forwarded to a Federal OSHA Review Board. For an employer or employee this process may require out-of state travel, long distance phone and fax costs and other related costs.

Receipts from citation fines of approximately \$280.0 per year are currently deposited into the general fund, but would no longer be available due to the loss of public sector enforcement and the return of private sector enforcement to Federal OSHA.

There are 31 positions associated with the 23(g) program funding. Program staff includes enforcement officers, consultation and training staff, review and non-discrimination, administrative, clerical, and information system support positions. Positions are located in Anchorage, Fairbanks, Juneau, Kenai, and Ketchikan. Four of the 31 positions are Director's Office staff.

Of the four Director's Office staff, the primary management position affected by this reduction is the Division Director. The AKOSH program currently funds salary costs of \$62.0 plus associated costs. These costs will be borne by the other programs in the Division since the position is an integral part of on-going operations. Loss of funding will also impact the other three Director's Office positions (Administrative Manager, Administrative Assistant, and Secretary. These positions assist the Director in the on-going operations of the division by providing oversight and support in matters pertaining to budget, financial management, legislation, personnel, purchasing, regulations, public inquiries, etc.

Interagency Receipts for this component, which were also eliminated, are for administrative oversight by the Administrative Manager of Wage and Hour, and

Mechanical Inspection; administrative oversight by AKOSH staff to the Alaska Safety Advisory Council; program work on asbestos; and participation in the State Emergency Response Commission (SERC).

LAW

LAW #1

AMENDMENT

ADD

Department of Law

BRU: Civil Division

Component:

Human Services

\$100.0 General Fund

adopted

DELETE

Department of Law

BRU: Civil Division

Component:

Environmental Law

(\$100.0) General Fund Program Receipts

## Agency Totals - FY00 Operating Budget

Agency: Department of Law

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
<b>Totals for Agency</b>	<b>50,149.3</b>	<b>43,780.4</b>	<b>45,051.3</b>	<b>43,710.6</b>	<b>-69.8</b>	<b>-0.2%</b>
<u>Objects of Expenditure:</u>						
Personal Services	30,063.2	30,576.2	31,437.1	30,838.4	262.2	0.9%
Travel	1,129.5	1,181.7	1,122.3	1,110.1	-71.6	-6.1%
Contractual	15,264.3	11,338.5	11,822.2	11,261.7	-76.8	-0.7%
Commodities	477.2	635.5	638.0	628.4	-7.1	-1.1%
Equipment	282.5	48.5	31.7	0.0	-48.5	-100.0%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	2,932.6	0.0	0.0	0.0	0.0	%
Miscellaneous	0.0	-0.0	-0.0	-128.0	-128.0	%
<u>Funding Sources:</u>						
1002 Fed Rcpts	271.6	476.1	476.1	476.1	0.0	0.0%
1003 G/F Match	90.4	157.3	157.3	157.3	0.0	0.0%
1004 Gen Fund	30,588.4	26,716.7	26,831.7	25,129.2	-1,587.5	-5.9%
1005 GF/Prgm	438.3	568.3	568.3	568.3	0.0	0.0%
1007 I/A Rcpts	16,357.9	14,684.8	15,293.5	15,248.5	563.7	3.8%
1024 Fish/Game	103.7	125.8	125.8	125.8	0.0	0.0%
1037 GF/MH	62.8	63.0	63.0	63.0	0.0	0.0%
1044 Debt Ret	216.5				0.0	%
1053 Invst Loss	167.9	29.5	0.0	0.0	-29.5	-100.0%
1055 IA/OIL HAZ	437.5	465.4	465.4	465.4	0.0	0.0%
1103 AHFC Rcpts	320.8				0.0	%
1105 PFund Rcpt	493.5	493.5	493.5	1,477.0	983.5	199.3%
1119 Tobac Sell			576.7	0.0	0.0	%
<u>Positions:</u>						
Perm Full Time	427.0	443.0	451.0	446.0	3.0	0.7%
Perm Part Time	11.0	14.0	14.0	11.0	-3.0	-21.4%
Non-Perm	0.0	0.0	0.0	0.0	0.0	%

**House Finance Subcommittee  
Department of Law  
Recommendations for FY 00 Budget**

Representative Vic Kohring, Chairman

This narrative describes the effect of the budget numbers proposed for the Department of Law on the attached spreadsheet. The subcommittee work is based from the FY 99 authorized budget.

The subcommittee recommended a total budget of \$42,727,100 including \$25,917,500 in General Funds. Total funding for the department decreased by \$1.05 million and the General Fund budget declined by \$1.617 million compared to the authorized FY 99 budget.

The Criminal Division budget decreased slightly, consisting of miscellaneous adjustments made internally by the Department and a reduction in equipment expenses. This division will not be impacted.

The Civil Division's General Funds decreased by \$20,700. The division's overall budget increased from various other fund sources, primarily from other departments. (This division provides legal services to all state agencies.) Legal staff hired during 1999 to address child protection issues received additional funding for FY 00.

Statehood Defense was decreased by \$25,000, only a 2.5% reduction. The FY 00 budget ensures that State rights issues, such as fishing rights in Glacier Bay, will be addressed.

With the winding down of many years of legal battles with oil companies over payments due to the State, the subcommittee significantly reduced the Oil & Gas Litigation & Legal Services budget. \$1.46 million was reduced in the General Fund budget. The subcommittee acted on the concerns raised by the recent announcement of the BP-ARCO merger by placing over \$900,000 from other fund sources into this budget. This funding will be needed if State action is taken addressing the merger.

**FY00 House Finance Department of Law 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
		<b>Total</b>	<b>43,780.4</b>	<b>43,710.6</b>	<b>27,534.8</b>	<b>25,917.8</b>	<b>15,769.5</b>	<b>17,316.7</b>	<b>476.1</b>	<b>476.1</b>
		FY99 Supplemental	-617.0	Suppl distrib below	-617.0	Suppl distrib below	0.0		0.0	
		FY99 Base	43,163.4		26,917.8		15,769.5		476.1	
		FY00-FY99		547.2		-1,000.0		1,547.2		0.0
		% Change		1.27%		-3.72%		9.81%		0.00%
Law	Criminal Division	First Judicial District	1,167.7	1,180.6	1,167.7	1,180.6	0.0	0.0	0.0	0.0
Law	Criminal Division	Second Judicial District	822.5	818.4	822.5	818.4	0.0	0.0	0.0	0.0
Law	Criminal Division	Third Judicial District; Anch	3,492.5	3,440.4	3,104.9	3,052.8	387.6	387.6	0.0	0.0
Law	Criminal Division	Third Judicial District; Outsi	2,119.1	2,138.0	2,119.1	2,138.0	0.0	0.0	0.0	0.0
Law	Criminal Division	Fourth Judicial District	2,715.6	2,683.9	2,715.6	2,683.9	0.0	0.0	0.0	0.0
Law	Criminal Division	Criminal Justice Litigation	1,407.0	1,368.2	1,241.1	1,202.3	165.9	165.9	0.0	0.0
Law	Criminal Division	Criminal Appeals/Special Li	2,495.3	2,492.4	1,486.8	1,473.9	532.4	532.4	476.1	476.1
Law	Civil Division	Deputy Attorney General's	202.8	202.8	202.8	202.8	0.0	0.0	0.0	0.0
Law	Civil Division	Collections and Support	1,860.4	1,773.0	338.6	338.6	1,521.8	1,434.4	0.0	0.0
Law	Civil Division	Commercial Section	1,486.9	1,674.8	271.7	271.7	1,215.2	1,403.1	0.0	0.0
Law	Civil Division	Environmental Law	1,383.1	1,354.2	783.9	733.9	599.2	620.3	0.0	0.0
Law	Civil Division	Fair Business Practices	1,092.9	1,236.3	417.7	531.1	675.2	705.2	0.0	0.0
Law	Civil Division	Governmental Affairs Sectio	2,091.8	2,190.7	890.7	890.7	1,201.1	1,300.0	0.0	0.0
Law	Civil Division	Human Services Section	3,049.9	3,138.9	2,532.1	2,527.7	517.8	611.2	0.0	0.0
Law	Civil Division	Legislation/Regulations	495.4	495.4	369.5	369.5	125.9	125.9	0.0	0.0
Law	Civil Division	Mental Health Lands	252.3	236.0	227.3	211.0	25.0	25.0	0.0	0.0
Law	Civil Division	Natural Resources	1,344.6	1,281.2	1,065.8	1,002.4	278.8	278.8	0.0	0.0
Law	Civil Division	Oil and Gas and Mining	3,033.1	2,948.2	0.0	0.0	3,033.1	2,948.2	0.0	0.0
Law	Civil Division	Special Litigation	1,844.3	2,149.0	0.0	0.0	1,844.3	2,149.0	0.0	0.0
Law	Civil Division	Transportation Section	1,895.3	1,895.3	0.0	0.0	1,895.3	1,895.3	0.0	0.0
Law	Civil Division	Timekeeping & Support	719.9	719.9	15.8	15.8	704.1	704.1	0.0	0.0
Law	Statehood Defense	Statehood Defense	1,005.0	980.0	1,005.0	980.0	0.0	0.0	0.0	0.0
Law	Oil and Gas Litigation and Leg	Oil & Gas Litigation	5,990.4	5,590.4	5,496.9	4,113.4	493.5	1,477.0	0.0	0.0
Law	Oil and Gas Litigation and Leg	Oil & Gas Legal Services	375.7	295.7	375.7	295.7	0.0	0.0	0.0	0.0
Law	Administration and Support	Office of the Attorney Gene	334.2	334.2	334.2	334.2	0.0	0.0	0.0	0.0
Law	Administration and Support	Administrative Services	1,102.7	1,102.7	549.4	549.4	553.3	553.3	0.0	0.0

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

Date: March 31, 1999

Prepared by: Kathryn Daughhete

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Criminal Division Criminal Justice Litigation	(\$82.2)	GF

**Impact Analysis:**

This reduction carries the FY 1999 austerity measures in this component into the FY 2000 budget. There is significant uncertainty as to whether the department will be able to sustain this reduction beyond FY 1999. The FY 1999 reduction was made possible only through an abnormally high level of attrition. If similar levels of attrition in budgeted attorney positions are not experienced overall in FY 2000, the department would need to hold one additional attorney position vacant in order to operate within budget constraints. Should this additional vacancy be required, a total of five prosecutor positions would not be filled. Although Anchorage has seen the largest rise in felony cases over the last several years, the Anchorage office would absorb the additional vacancy because it has the greatest number of positions. This vacancy probably would be sustained by the felony property unit, which means fewer prosecutions for burglary, theft, and malicious destruction of property.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Criminal Division Third Judicial District	(\$95.7)	Tobacco Settlement Revenue

**Impact Analysis:**

This reduction denies the Child Protection increment the department requested. This increment would have funded a paralegal position to work more closely with victims of child sexual and physical abuse and their families. Without this position, the Anchorage District Attorney's office will be unable to respond adequately to the increase in such

cases resulting from more social workers and a renewed emphasis on crimes against children under the Smart Start program.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Civil Division Fair Business Practices	(\$190.0)	Tobacco Settlement Revenue

**Impact Analysis:**

This reduction denies the increment requested in order to increase the level of consumer protection and antitrust services the department provides. The increment would have allowed the department to add an additional attorney, half-time paraprofessional, and half-time secretary. Alaska is a target state for many types of consumer fraud. Many Alaskans are cheated by telemarketing operations and other "scam artists" who attempt to sell deceptive home business opportunities, promote fraudulent sweepstakes and prize giveaways, engage in unfair or deceptive advertising and market a variety of bogus retail products and services. This reduction would force the Department of Law to continue to decline many legitimate cases of consumer fraud and to limit investigation to situations most substantially affecting the public interest. Even with such limitations imposed, there are not enough resources for all situations involving a large number of consumers or large dollar amounts.

Using existing resources the department has developed a self-help consumer information packet and established a database to track consumer complaints. The packet includes a form for individuals to file a complaint with the Attorney General's Office. Additionally, the state also relies on the Better Business Bureau to help protect consumer interests. Without adequate resources to pursue leads, investigate complaints, and bring enforcement actions, however, information from the BBB will not lead to better protection for Alaska's consumers.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Civil Division Human Services	(\$118.9)	GF

**Impact Analysis:**

This reduction denies the Child Protection increment that would have completed funding for positions added and partially funded in FY 1999. The Civil Division's Human Services section represents the Division of Family and Youth Services (DFYS) in all

cases where the division seeks legal or temporary custody of a child or termination of parental rights. Legal intervention to remove a child to a safe location can be a temporary measure until the family situation improves, or a permanent measure when all efforts to improve the home situation have failed and the child's best interests warrant it.

In FY 1999, three new full-time attorneys and one full-time paraprofessional were authorized to respond to child protection caseload increases generated by policy, legal, and budgetary changes. The FY 1999 funding request intended for the staff additions to be staggered, in conjunction with DFYS plans for hiring social workers, with full funding to be requested in FY 2000. The Department of Law requested \$134.0 to annualize the funding.

At the recommended House subcommittee level, one full-time attorney position in Fairbanks will be funded to handle only a half-time child protection caseload. In addition, the department's efforts to manage an overwhelming child protection caseload in Bethel, Anchorage, Kenai, Palmer, and Dillingham will be seriously impaired by the funding shortfall.

Caseloads have increased more than anticipated. Changes in state and federal laws have accelerated the schedule of child protection cases to more quickly achieve permanency in the lives of the affected children. The department is working on a backlog of cases with the new deadlines, and new cases arrive daily. The new deadlines also require the attorneys to spend more time in court, at the expense of other necessary casework.

Attorneys simply cannot manage these caseloads without trial postponements and other delays. This crisis control management is not good for the children, and is not permitted under the new state and federal law.

Without this funding, the department will have an extraordinarily difficult time attempting to comply with deadlines in termination cases. Although it was the wish of House subcommittee to fund this increment, such funding would only have been made possible through an offsetting reduction to some other area of the department's existing funds. The department is unable to increase efforts in this critical area at the expense of other work we are currently required to do as a matter of statute, public interest, or public safety.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Civil Division Human Services	(\$291.0)	Tobacco Settlement Revenue
<b>Impact Analysis:</b>		

This reduction denies the increase in child protection legal services requested as part of the Governor's Smart Start initiative. The department requested \$291.0 for two attorney positions for child protection legal services. This request was in response to steadily increasing caseloads and recent changes in the law that shorten child protection deadlines and thus intensify the attorneys' duties.

Five additional attorney positions and one paraprofessional position requested in FY 1999 were not funded. Because of the staggered hiring of DFYS social workers funded in FY 1999, and the relatively recent effective date of the new state child protection law, the department did not request the full increment again in FY 2000. The department decided instead to reassess the effect of the law in a few months. However, events in the past year have underscored the need for some additional child protection legal services.

Staff attorneys are being exhausted by large, intense caseloads maintained over an extended period of time. Anchorage Human Services has seen a high turnover rate attributable to this "burn out". Since October 1998, four experienced trial attorneys have left the section, and two newly hired attorneys quit - one within two months of starting. While no attorneys in the other offices have left the section, complaints about their heavy caseloads and trial schedules are common.

Legal caseloads will continue to increase. In October 1997, DFYS projected that legal intervention would be necessary in 7.5 percent of the reports of harm assigned for investigation during FY 1999. Actual data for FY 1998 was well above that estimate - 10.6 percent, before any new social workers were funded and hired. New projections estimate an 11 percent rate for FY 1999, for a total of 313 more children requiring legal services than in FY 1997. Anchorage Human Services alone has had 128 more new cases filed in the first eight months of the fiscal year - many involving more than one child - than during the same period in FY 1997.

As stated in the impact statement on the Annualization increment, attorneys simply cannot handle caseloads this high. The result will be more burn out, and/or delays in meeting scheduled deadlines in older cases. Without this funding, the Department of Law will be another bottleneck in the child protection system.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Oil & Gas Litigation	(480.0)	GF

**Impact Analysis:**

The Department of Law recognizes the need to reduce state expenditures. Since FY 1994, the Oil and Gas Litigation appropriation has been reduced from over \$31 million to \$6 million. This reduction has been accomplished in part by concluding a huge backlog of major tax and royalty cases. Further reduction is due to the development of in-house expertise, allowing the department to move prosecution of the smaller tax, royalty, and tariff cases away from expensive outside counsel to in-house legal staff in most cases. This transition has been a long-term goal, and the department is close to achieving it. However, some outside counsel and, to a greater extent, expert witnesses will continue to be necessary.

The House Finance Subcommittee's proposed net \$480.0 reduction to the FY 2000 Oil and Gas Litigation budget will speed up this transition. It will preclude the planned use of outside counsel with years of experience with the issues the state is facing in certain selected cases. Recent changes in the scope of anticipated litigation appear to allow this. The department believes it can sustain this level of reduction with its current anticipated caseload. However, the department has yet to assess the impact of the ARCO/BP merger and may require substantial resources to evaluate it. This effort may change our projected budget needs.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Statehood Defense	(\$25.0)	GF

**Impact Analysis:**

This reduction carries the austerity measures made by the department in FY 1999 into the FY 2000 budget. Statehood Defense will not be able to sustain this reduction and maintain the current level of services it provides. Moreover, in FY 2000, it is anticipated that Statehood Defense will have a substantial increase in caseload demands on its limited resources. Foremost among the demands is the attorney time required to sustain and support the Glacier Bay/Tongass Submerged Lands Quiet Title lawsuit. It is anticipated that the Glacier Bay/Tongass litigation will require the full time work of two attorneys and one paralegal for the state to research and construct its litigation claims thoughtfully and strategically. In addition, *Alaska v. United States* (RS 2477 Harrison Creek/ Portage Creek Trail) is likely to go to trial in FY 2000. This case would ensure continued access to one of Alaska's historic mining districts. The trial will require at a minimum the full time work of one and a half attorneys. With these increased demands for its legal services, sustaining this reduction will mean that Statehood Defense will not be able to maintain its current caseload responsibilities in areas such as navigability, other RS 2477 cases, the Pacific Salmon Treaty, Indian law issues, potential defense in Endangered Species Act cases, and ANILCA/ANCSA land entitlement issues.

LEGIS.

## Agency Totals - FY00 Operating Budget

Agency: Legislature

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
<b>Totals for Agency</b>	<b>30,986.5</b>	<b>32,018.6</b>	<b>32,018.6</b>	<b>31,626.3</b>	<b>-392.3</b>	<b>-1.2%</b>
<u>Obiects of Expenditure:</u>						
Personal Services	22,502.8	22,976.6	22,976.6	23,285.7	309.1	1.3%
Travel	2,495.2	2,419.1	2,419.1	2,430.4	11.3	0.5%
Contractual	4,879.2	5,631.8	5,631.8	4,898.8	-733.0	-13.0%
Commodities	531.7	678.2	678.2	642.3	-35.9	-5.3%
Equipment	577.6	312.9	312.9	369.1	56.2	18.0%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	0.0	0.0	0.0	0.0	0.0	%
Miscellaneous	0.0	-0.0	-0.0	-0.0	-0.0	%
<u>Funding Sources:</u>						
1004 Gen Fund	30,694.7	31,680.9	31,814.0	31,437.3	-243.6	-0.8%
1005 GF/Prgm	134.2	126.3	126.3	124.0	-2.3	-1.8%
1007 I/A Rcpts	99.7	78.3	78.3	65.0	-13.3	-17.0%
1053 Invst Loss	57.9	133.1	-0.0	-0.0	-133.1	-100.0%
<u>Positions:</u>						
Perm Full Time	217.0	218.0	218.0	219.0	1.0	0.5%
Perm Part Time	270.0	271.0	271.0	274.0	3.0	1.1%
Non-Perm	0.0	0.0	0.0	0.0	0.0	%

**House Finance Subcommittee on  
the Legislature  
Recommendations for FY 00 Budget**

Representative Eldon Mulder, Subcommittee Chair

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

The subcommittee limited all components to FY 99 levels. In addition, it accepted the Legislative Council's recommendation for reductions in the amount of 371.2.

The proposed budget represents approximately 1.2% reduction from the FY 99 budget.

March 31, 1999

## FY00 House Finance Legislature Subcommittee Recommendations

(5000)

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
		<b>Total</b>	<b>32,018.8</b>	<b>31,626.1</b>	<b>31,940.3</b>	<b>31,661.1</b>	<b>78.3</b>	<b>55.0</b>	<b>0.0</b>	<b>0.0</b>
		FY99 Supplemental	0.0		0.0		0.0		0.0	
		FY99 Base	32,018.8		31,940.3		78.3		0.0	
		FY00-FY99		-392.7		-379.2		-13.3		0.0
		% Change		-1.23%		-1.18%		-16.99%		#DIV/0!
Legislature	Budget and Audit Committee	Legislative Audit	2,602.0	2,602.0	2,602.0	2,602.0	0.0	0.0	0.0	0.0
Legislature	Budget and Audit Committee	Legislative Finance	2,959.1	2,959.1	2,959.1	2,959.1	0.0	0.0	0.0	0.0
Legislature	Budget and Audit Committee	Ombudsman	503.2	491.8	503.2	491.8	0.0	0.0	0.0	0.0
Legislature	Budget and Audit Committee	Committee Expenses	143.2	143.2	143.2	143.2	0.0	0.0	0.0	0.0
Legislature	Legislative Council	Salaries and Allowances	4,162.1	4,162.1	4,162.1	4,162.1	0.0	0.0	0.0	0.0
Legislature	Legislative Council	Administrative Services	6,890.1	6,732.8	6,845.1	6,697.8	45.0	35.0	0.0	0.0
Legislature	Legislative Council	Session Expenses	5,947.0	5,947.0	5,913.7	5,917.0	33.3	30.0	0.0	0.0
Legislature	Legislative Council	Council and Subcommittees	709.3	574.2	709.3	574.2	0.0	0.0	0.0	0.0
Legislature	Legislative Council	Legal and Research Services	2,239.3	2,150.8	2,239.3	2,150.8	0.0	0.0	0.0	0.0
Legislature	Legislative Council	Select Committee on Ethics	143.2	143.0	143.2	143.0	0.0	0.0	0.0	0.0
Legislature	Legislative Operating Budget	Legislative Operating Budget	5,720.1	5,720.1	5,720.1	5,720.1	0.0	0.0	0.0	0.0
		March 30, 1999 5:00PM								



DMVA # 1

House Finance

w/D

**Department of Military and Veterans Affairs**

Disaster Planning and Control

DELETE \$630.2 interagency receipts

ADD \$630.2 general fund

Restores funding that was formerly obtained through Interagency receipt from the Disaster Relief Fund, which has no money,

## Agency Totals - FY00 Operating Budget

Agency: Department of Military and Veterans Affairs

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
<b>Totals for Agency</b>	<b>34,746.7</b>	<b>36,373.7</b>	<b>34,742.4</b>	<b>34,616.7</b>	<b>-1,757.0</b>	<b>-4.8%</b>
<u>Objects of Expenditure:</u>						
Personal Services	11,446.1	11,570.9	12,206.7	12,206.7	635.8	5.5%
Travel	642.6	492.9	549.3	549.3	56.4	11.4%
Contractual	7,379.2	11,490.5	10,217.4	10,217.4	-1,273.1	-11.1%
Commodities	966.4	1,328.8	1,366.4	1,366.4	37.6	2.8%
Equipment	513.3	228.2	229.7	229.7	1.5	0.7%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	13,799.1	2,262.4	1,172.9	1,172.9	-1,089.5	-48.2%
Miscellaneous	0.0	9,000.0	9,000.0	8,874.3	-125.7	-1.4%
<u>Funding Sources:</u>						
1002 Fed Rcpts	21,623.0	25,139.7	23,406.2	23,406.2	-1,733.5	-6.9%
1003 G/F Match	2,238.1	2,130.5	2,130.5	2,130.5	0.0	0.0%
1004 Gen Fund	7,731.8	5,845.8	5,850.7	5,725.0	-120.8	-2.1%
1005 GF/Prgm	19.6	28.4	28.4	28.4	0.0	0.0%
1007 I/A Rcpts	1,488.4	1,774.7	1,863.9	1,863.9	89.2	5.0%
1036 Cm Fish Ln	125.0				0.0	%
1053 Invst Loss		4.9	0.0	0.0	-4.9	-100.0%
1055 IA/OIL HAZ	1,013.3	1,121.2	1,134.2	1,134.2	13.0	1.2%
1061 CIP Rcpts	503.6	313.5	313.5	313.5	0.0	0.0%
1108 Stat Desig	3.9	15.0	15.0	15.0	0.0	0.0%
<u>Positions:</u>						
Perm Full Time	203.0	210.0	219.0	219.0	9.0	4.3%
Perm Part Time	1.0	1.0	3.0	3.0	2.0	200.0%
Non-Perm	17.0	17.0	5.0	5.0	-12.0	-70.6%

# **House Finance Subcommittee on the Department of Military and Veterans Affairs Recommendations for FY00**

Representative Richard Foster, Subcommittee Chair

This narrative describes the effect of the budget numbers proposed for the Department of Military and Veterans Affairs 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 Department of Military and Veterans Affairs is funded at the FY 99 level with a 125.7 decrement that carries forward the Governor's "Belt Tightening" measures for FY 99.

### Contracting/Project Management Branch

To provide specified and unspecified minor construction services supporting new construction, maintenance and repair, and to implement energy conservation measures that will enable the Alaska Army National Guard to meet established Department of Defense energy goals.

### Operations and Maintenance Branch

To provide maintenance, repair, minor construction and operational services in support of facilities of the Department of Military and Veterans Affairs and other governmental agencies in a cost-effective manner.

### Major Construction Branch

To provide major construction services for safe, secure, high quality facilities, training areas and ranges for the Alaska Army National Guard on a cost effective basis which meet or exceed unit mission requirements, environmental compliance standards, energy efficiencies and plan for future major construction and Real Property needs.

### Alaska Air National Guard

Global Mission: To provide strategically positioned units in Alaska that are effective and highly trained for rapid global response and joint operations as a part of our nation's total force policy.

Alaska Mission: To provide our communities and state with effective, top quality units and people who protect life and property, preserve peace and order, enhance public safety and participate in programs that add value to America.

### Alaska Army National Guard

Global Mission: To organize, man, equip and train units as a part of our nation's total force policy that are capable of rapid response from Alaska's strategic location to conduct tactical, stability, and joint operations in support of worldwide U.S. military missions.

Alaska Mission: To organize, man, equip and train quality units capable of rapid air and land response for State emergency missions.

### Alaska National Guard Youth Corps

To use proven United States Military methodology and techniques to motivate 16 to 18 year old "at risk" youth to become productive and successful citizens (AS 44.35.020(b)).

**FY00 Subcommittee Recommendations**  
**House Finance Subcommittee on Military and Veterans Affairs**

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
		<b>Total</b>	<b>36,373.7</b>	<b>36,248.0</b>	<b>6,009.6</b>	<b>7,883.9</b>	<b>3,224.4</b>	<b>3,224.4</b>	<b>25,139.7</b>	<b>25,139.7</b>
		FY99 Supplemental	-125.7		-125.7		0.0		0.0	
		FY99 Base	36,248.0		7,883.9		3,224.4		25,139.7	
		FY00-FY99		0.0		0.0		0.0		0.0
		% Change		0.00%		0.00%		0.00%		0.00%
Military & V	Disaster Planning & Control	Disaster Planning & Control	3,454.0	3,454.0	489.3	489.3	1,453.3	1,453.3	1,511.4	1,511.4
Military & V	Disaster Planning & Control	Local Emergency Planning Commil	534.4	534.4	0.0	0.0	534.4	534.4	0.0	0.0
Military & V	Alaska National Guard	Office of the Commissioner	1,534.0	1,408.3	1,164.7	1,039.0	102.6	102.6	266.7	266.7
Military & V	Alaska National Guard	National Guard Military Headquar	196.4	196.4	196.2	196.2	0.0	0.0	0.2	0.2
Military & V	Alaska National Guard	Army Guard Facilities Maintenance	11,734.2	11,734.2	2,374.8	2,374.8	1,019.1	1,019.1	8,340.3	8,340.3
Military & V	Alaska National Guard	Air Guard Facilities Maintenance	4,665.7	4,665.7	830.6	830.6	0.0	0.0	3,835.1	3,835.1
Military & V	Alaska National Guard	State Active Duty	115.0	115.0	0.0	0.0	115.0	115.0	0.0	0.0
Military & V	Alaska National Guard	Youth Corps	3,467.0	3,467.0	1,281.0	1,281.0	0.0	0.0	2,186.0	2,186.0
Military & V	Alaska National Guard Benefits	Educational Benefits	28.5	28.5	28.5	28.5	0.0	0.0	0.0	0.0
Military & V	Alaska National Guard Benefits	Retirement Benefits	1,104.5	1,104.5	1,104.5	1,104.5	0.0	0.0	0.0	0.0
Military & V	Veterans' Affairs	Veterans' Services	540.0	540.0	540.0	540.0	0.0	0.0	0.0	0.0
Military & V	Front Section Appropriation	Disaster Relief Fund	9,000.0	9,000.0	0.0	0.0	0.0	0.0	9,000.0	9,000.0



**Department of Military and Veterans Affairs**  
**Impact Statements in Response to**  
**House Finance Subcommittee Budget Proposals**

Date: April 2, 1999

Prepared by: Phillip Oates, Commissioner

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Commissioner's Office	(\$125.7)	GF

**Impact Analysis:**

Unallocated budget reduction applied to the Commissioner's Office by the House Finance Budget Subcommittee. No direction was given on program areas to reduce.

The Commissioner's Office in the Department of Military and Veterans' Affairs includes the Division of Administrative Services and has a general fund budget of \$798.7 and a general fund match amount of \$285.5. The general fund match amount is applicable to the Division of Administrative Services. A reduction of \$125.7 in the general fund portion of the Commissioner's Office represents a 16% reduction.

The reduction would require the elimination of three positions in the Commissioner's office leaving the Commissioner/Adjutant General without either secretarial, telecommunications, mail processing for headquarters, or special project support. The Adjutant General is responsible for a state mission and a federal military mission. The staff in the commissioner's office respond to work related to both the federal and state side. There are over 4000 employees with a multitude of issues. The commissioner is also the point of contact for state officials with the Active Military, coordinating issues of joint concern. With the many changes that may be coming to Alaska in the future (National Ballistic Missile program and BRAC deliberations), it would be unwise for the Department to eliminate the staff that support the Commissioner in enabling these many projects to proceed.

The Department believes it is unrealistic to apply the entire reduction to the Commissioner's Office. In order to respond to this reduction, the following services will be reduced.

Reprogram coordination of Veterans Services: Reassign grant responsibilities to the Division of Administrative Services for contract management; support to the Veterans

Advisory Council and individual veterans will be divided among Air and Army Guard and the Deputy Commissioner. There will be no focal point in the Department for veterans seeking assistance from the department or airing of veterans concerns. The Veterans Service Grant is retained (\$80.5).

Air Guard will hold vacant one position for 12 months. This position is a storekeeper and provides inventory control and maintenance. Maintenance projects will be deferred as others pick up the duties of these vacant positions. (\$12.4)

Eliminate remaining maintenance at the Juneau Armory due to planned replacement in next two years. (\$7.0)

Reduce Administrative Services and increase allocation of costs to programs for accounting services. (\$25.8)

NAT. RES.

NAT R A

By Kohring

AMENDMENT 8A

Adopted

4/9 eve

ADD

Department of Natural Resources

BRU: Land Management

Component: Land Management  
(Planning)

100.0 GF

DELETE

Department of Natural Resources

BRU: Land Management

Component: Land Management  
(Shore Fisheries)

100.0 PR

NAT R B

By Kohring

AMENDMENT 9A

ADD

Department of Natural Resources

BRU: Parks and Recreation Management

Component: State Historic Preservation Program

100.0 GF Match

adopted

4/19 eve

DELETE

Department of Natural Resources

BRU: Land Management

Component: Land Management  
(Shore Fisheries)

100.0 PR

NAT R # 1

By Kohring

AMENDMENT

ADD

Department of Natural Resources

BRU: Information/Data Management

accepted  
4/19 eve

INTENT:

It is the intent of the legislature for the Recorder's Office to be able to fulfill its statutory responsibilities under AS 40.17.070, including the creation and maintenance of a daily log and index for recorded documents to their owners after recording. If workload impacts the ability of the existing Recorder's Office staff to index documents within 24 hours of recording, then it is the intent of the legislature that the Recorder's Office should hire non-permanent employees to assist with the workload and request supplemental funding for fiscal year '00.

NATR #2

By Kohring

AMENDMENT

ADD

Department of Natural Resources

BRU: Resource Development

Component: Mental Health Trust Lands Administration \$46.4 MHTAAR

Withdrawn

# Replacement

HOUSE BILL 50(FIN)

**DNR # 3**

AMENDMENT NO \_\_\_\_\_

BY Rep. Richard Foster

*Withdrawn*

Agency Natural Resources  
BRU Information Management  
Component Recorders Office/UCC #802

**DECREASE:**

Personal Services General Fund	\$32.6
Travel	.8
Contractual	7.5
Supplies	1.0

**ADD**

BRU Nome Recorders Office  
Component Recorders Office

Personal Services General Fund	\$32.6
Travel	.8
Contractual	7.5
Supplies	1.0

# Replacement NAT R#4

Amendment

Representative John Davies

ADD

Department of Natural Resources

BRU: Mining, Geological and Water Development

Component: Water Development      \$135. SDPR

Failed  
4191 eve

NAT R # 5

AMENDMENT # \_\_\_\_\_

OFFERED IN HOUSE FINANCE COMMITTEE

TO CSHB 50(FIN)

*Withdrawn*

ADD

Department of Natural Resources  
Mining, Geological, Water Development  
Water Development

135,000 general funds

Restore funding to cover Water Rights Adjudication program.

(Note: Page 34, line 27 and line 31)

NAT R # 6

Amendment

Representative John Davies

ADD

Department of Natural Resources

BRU: Information / Data Management

Component: Information Resources Management

\$100 GF

Failed

4/9 eve

Nat R # 7

w/d

Amendment

Representative John Davies

ADD

Department of Natural Resources

BRU: Information Data Management

Component: Records Office

\$308. GF / PR

NAT R # 8

Amendment

Representative John Davies

ADD

Department of Natural Resources

BRU: Land Development

Component: Land Development

\$600.2 GF

Withdrawn

NAT R # 9

Amendment

Representative John Davies

ADD

Department of Natural Resources

BRU: Parks and Recreation Management

Component: State Historic Preservation Program \$100.GFM

Withdrawn

## Agency Totals - FY00 Operating Budget

Agency: Department of Natural Resources

	<u>FY98 Act</u>	<u>FY99Auth</u>	<u>Gov Amd</u>	<u>HseDraft</u>	<u>FY99Auth to HseDraft</u>	
<b>Totals for Agency</b>	<b>86,682.2</b>	<b>64,468.2</b>	<b>67,280.6</b>	<b>65,607.6</b>	<b>1,139.4</b>	<b>1.8%</b>
<u>Objects of Expenditure:</u>						
Personal Services	48,633.4	42,463.5	43,478.3	43,006.0	542.5	1.3%
Travel	1,172.1	1,280.3	1,304.0	1,312.0	31.7	2.5%
Contractual	30,287.5	17,247.9	19,244.5	19,156.6	1,908.7	11.1%
Commodities	4,329.1	2,320.6	2,530.2	2,477.6	157.0	6.8%
Equipment	2,079.7	865.3	698.6	698.6	-166.7	-19.3%
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	%
Grants, Claims	180.4	290.6	25.0	25.0	-265.6	-91.4%
Miscellaneous	0.0	-0.0	-0.0	-1,068.2	-1,068.2	%
<u>Funding Sources:</u>						
1002 Fed Rcpts	12,380.4	10,693.7	11,429.3	11,429.3	735.6	6.9%
1003 G/F Match	407.0	409.4	409.4	309.4	-100.0	-24.4%
1004 Gen Fund	51,950.8	31,598.3	32,049.8	30,014.5	-1,583.8	-5.0%
1005 GF/Prgm	7,297.5	7,529.3	7,829.3	7,521.3	-8.0	-0.1%
1007 I/A Rcpts	5,349.6	2,314.6	4,174.1	4,165.8	1,851.2	80.0%
1018 EVOSS	1,425.2	2,114.0	2,114.0	2,114.0	0.0	0.0%
1021 Agric Loan	1,477.9	1,785.4	1,785.4	1,785.4	0.0	0.0%
1053 Invst Loss		51.5	0.0	-0.0	-51.5	-100.0%
1055 IA/OIL HAZ	115.7	64.5	82.5	82.5	18.0	27.9%
1061 CIP Rcpts	2,685.1	3,028.9	2,427.6	2,427.6	-501.3	-19.9%
1066 Pub School		432.5	0.0	0.0	-432.5	-100.0%
1092 MHTAAR	661.3	892.1	938.5	892.1	0.0	0.0%
1105 PFun Rcpt				600.0	600.0	%
1108 Stat Desig	2,931.7	3,554.0	4,040.7	4,265.7	711.7	20.0%
<u>Positions:</u>						
Perm Full Time	555.0	556.0	578.0	569.0	13.0	2.3%
Perm Part Time	240.0	247.0	243.0	243.0	-4.0	-1.6%
Non-Perm	815.0	816.0	78.0	78.0	-738.0	-90.4%

**House Finance Subcommittee  
Department of Natural Resources  
Recommendations for FY 00 Budget**

Rep. Vic Kohring, Chair

This narrative describes the effect of the budget numbers proposed for the Department of Natural Resources on the attached spreadsheet. The subcommittee work is based from the FY 99 authorized budget.

The subcommittee recommended a total budget of \$65,807,700 including \$37,845,200 in General Funds. The General Fund budget declined by \$1.84 million compared to the authorized FY 99 budget. Six budget units were affected:

General Funds in the Information/Data Management unit was reduced by \$33,000. This reduction will not impact existing services.

Forest Management was reduced by \$200,000 in recognition of savings resulting from the pending consolidation of offices and fire fighting facilities into Palmer.

The Land Development component was reduced \$600,000. This line item was reduced due to low land sales revenues compared to the costs of making the sales. The subcommittee also recognized the high costs to the state for infrastructure needs to many of those sold lands.

General Funds for the Oil & Gas Division were reduced \$600,000 and were replaced by other funds. The fund replacement will ensure that certain department activities relating to royalty and oil leases will continue.

The State Historic Preservation program was reduced \$100,000. These funds were transferred into the Water Development unit to ensure that past water rights activities would be continued.

A net of \$135,000 reduced Water Development. This unit provided many free information services to large industries.

The subcommittee also restored funding for the Citizens Advisory Commission on Federal Areas, which the Administration had been cut from the budget.

**FY00 House Finance DNR 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
		<b>Total</b>	<b>64,468.2</b>	<b>65,607.6</b>	<b>39,588.5</b>	<b>37,845.2</b>	<b>14,186.0</b>	<b>16,333.1</b>	<b>10,693.7</b>	<b>11,429.3</b>
		<b>FY99 Supplemental</b>	<b>-443.2</b>		<b>-443.2</b>		<b>0.0</b>		<b>0.0</b>	
		<b>FY99 Base</b>	<b>64,025.0</b>		<b>39,145.3</b>		<b>14,186.0</b>		<b>10,693.7</b>	
		<b>FY00-FY99</b>		<b>1,582.6</b>		<b>-1,300.1</b>		<b>2,147.1</b>		<b>735.6</b>
		<b>% Change</b>		<b>2.47%</b>		<b>-3.32%</b>		<b>15.14%</b>		<b>6.88%</b>
Natural Resource	Management and Administration	Commissioner's Office	507.5	507.5	507.5	507.5	0.0	0.0	0.0	0.0
Natural Resource	Management and Administration	Administrative Services	2,103.8	2,103.8	1,540.2	1,540.2	563.6	563.6	0.0	0.0
Natural Resource	Management and Administration	Trustee Council Projects	2,114.0	2,114.0	0.0	0.0	2,114.0	2,114.0	0.0	0.0
Natural Resource	Information/Data Management	Recorder's Office/Uniform Commercial Code	2,314.3	2,306.3	2,314.3	2,306.3	0.0	0.0	0.0	0.0
Natural Resource	Information/Data Management	Information Resource Management	2,441.3	2,382.5	1,818.5	1,791.5	514.6	430.8	110.2	160.2
Natural Resource	Information/Data Management	Interdepartmental Data Processing Chargeback	353.1	523.1	353.1	353.1	0.0	170.0	0.0	0.0
Natural Resource	Resource Development	Oil and Hazardous Waste Spill Response Plan	68.5	86.5	0.0	0.0	68.5	86.5	0.0	0.0
Natural Resource	Resource Development	Mental Health Trust Lands Administration	892.1	892.1	0.0	0.0	892.1	892.1	0.0	0.0
Natural Resource	Resource Development	Development - Special Projects	500.0	500.0	0.0	0.0	500.0	500.0	0.0	0.0
Natural Resource	Resource Development	Emergency Firefighters Non-Emergency Projects	250.0	250.0	0.0	0.0	250.0	250.0	0.0	0.0
Natural Resource	Land Development	Land Development	8,334.7	7,739.0	7,342.7	6,742.5	942.2	946.7	49.8	49.8
Natural Resource	Forest Management and Development	Forest Management and Development	8,885.9	8,423.3	7,151.7	6,951.7	317.6	330.6	1,416.6	1,141.0
Natural Resource	Oil and Gas Development	Oil & Gas Development	4,414.6	4,389.6	4,277.1	3,677.1	45.6	620.6	91.9	91.9
Natural Resource	Oil and Gas Development	Pipeline Coordinator	3,346.5	3,665.0	429.9	429.9	2,751.6	3,070.1	165.0	165.0
Natural Resource	Mining, Geological, Water Development	Mining Development	2,028.0	2,003.0	1,208.8	1,208.8	121.4	96.4	697.8	697.8
Natural Resource	Mining, Geological, Water Development	Geological Development	4,048.3	3,855.5	2,106.2	2,106.2	400.0	294.6	1,542.1	1,454.7
Natural Resource	Mining, Geological, Water Development	Water Development	1,223.1	1,088.1	1,021.1	886.1	180.5	180.5	21.5	21.5
Natural Resource	Parks and Recreation Management	State Historic Preservation Program	1,256.4	1,156.4	285.5	185.5	638.6	638.6	332.3	332.3
Natural Resource	Parks and Recreation Management	Parks Management	5,500.1	5,533.3	5,411.8	5,411.8	88.3	121.5	0.0	0.0
Natural Resource	Parks and Recreation Management	Parks Access	1,827.2	2,503.6	0.0	0.0	1,804.5	1,880.9	22.7	622.7
Natural Resource	Agricultural Development	Agricultural Development	1,159.8	1,183.4	320.8	245.8	718.2	718.2	120.8	219.4
Natural Resource	Agricultural Development	North Latitude Plant Material Center	1,453.9	1,803.9	14.4	14.4	636.1	636.1	803.4	1,153.4
Natural Resource	Agr Revolving Loan Pgm Admin	Agriculture Revolving Loan Program Administration	638.6	691.3	0.0	0.0	638.6	691.3	0.0	0.0
Natural Resource	Statehood Defense	Citizen's Advisory Commission on Federal Affairs	93.2	93.1	93.2	93.1	0.0	0.0	0.0	0.0
Natural Resource	Statehood Defense	RS 2477/Navigability Assertions and Litigation	115.0	115.0	115.0	115.0	0.0	0.0	0.0	0.0
Natural Resource	Facilities Maintenance	Facilities Maintenance	0.0	1,100.0	0.0	0.0	0.0	1,100.0	0.0	0.0
Natural Resource	Facilities Maintenance	Fairbanks Office Building Chargeback	103.6	103.6	103.6	103.6	0.0	0.0	0.0	0.0
Natural Resource	Statewide Fire Suppression	Fire Suppression	8,494.7	8,494.7	3,175.1	3,175.1	0.0	0.0	5,319.6	5,319.6

**Department of Natural Resources  
Impact Statements in Response to  
House Finance Subcommittee Budget Proposals**

Date: April 5, 1999

<b>Program Area:</b>	<b>Dollar</b>	<b>Fund</b>
Commissioner's Office	<b>Amount(s):</b>	<b>Source(s):</b>
(Prepared by Marty Rutherford, Deputy Commissioner)	(\$76.2)	GF

**Impact Analysis:**

The Governor's budget requested a transfer of \$76.2 GF into the Commissioner's Office to restore funding the legislature removed in the FY99 budget. The funding reduction was associated with the O&G stakeholders work on the proposed Cook Inlet areawide oil and gas lease sales. The Commissioner's Office cannot operate fully without this level of funding.

The DNR Commissioner's Office is one of the leanest organizations in State Government, with only the Commissioner, Deputy Commissioner, Special Assistant and four staff to support the Commissioner's operations in both the Juneau and Anchorage locations. If this reduction is not restored, the impact will be the inability of the Commissioner's Office to adequately manage and guide the department responsible for managing the State of Alaska's natural resource programs, including its Oil & Gas, Mining, Forestry, Geology, Land, Parks and Agriculture programs.

Options to be considered include:

- Eliminate one position (out of a total of seven). Only three positions cost more than the \$76.2 cut; the Commissioner, Deputy Commissioner, and Special Assistant. To meet this cut any other way would require the elimination of two of the remaining four positions.
- Reduce all seven positions to 10-month seasonal status.
- Charge DNR resource programs for Commissioner's Office services. This would reduce funding available for the individual resource programs.
- Some combination of the above.

<b>Program Area:</b>	<b>Dollar</b>	<b>Fund</b>
Recorder's/UCC Component	<b>Amount(s):</b>	<b>Source(s):</b>
(Prepared by Sharon Young, State Recorder)	(\$308.0)	GFPR

**Impact Analysis:**

This HFSC reduction eliminates a \$300.0 increment that is critical to the ongoing operation of the statewide recording system, and includes an additional reduction of \$8.0. These reductions fail to recognize the growing volume of land transactions in Alaska and the extreme workload pressures that continue to envelope the recording system. With the proposed reduction of \$308.0, the component will find it difficult to continue basic recording services to the public in FY00.

The volume of real estate recordings and UCC filings has increased significantly in recent years. During FY98, volumes statewide increased more than 11 per cent over FY97. For the first half of FY99, volumes increased an additional 13 per cent over the same period in FY98. Most of the increase has occurred in the state's three largest recording offices - Anchorage, Fairbanks, and Palmer - where spikes in volume have occasionally topped 20 to 30 per cent and higher at various times in the past two years. For example, in the first two months of the current calendar year, the Anchorage office processed a 22 per cent higher workload than in the same period last year. The trend continues upward.

The impact of this \$308.0 reduction is that the component will not have the minimum staffing, contractual and supply resources necessary to continue basic recording services to the public. The component's options for handling a budget at this level with the projected workload are limited and will result in immediate impacts for the public at large. These options include implementation of one or more of the following stopgap measures, which we will review with our key customers and industries:

1. Closure of the Palmer Recorder's Office and transfer of the districts handled by that office to Anchorage.

The Palmer office currently has an authorized staff of four permanent employees, one non-perm employee, and one program service aide. Four title companies located in the Valley would need to transmit their recordings daily to Anchorage instead of to Palmer. The volume of recordings would not decline under this option, but would merely shift to the larger office where it is easier to reallocate resources to handle the volume. Closing the Palmer office would result in some savings in contractual and supply costs, DOA's lease costs, and some personnel savings, although most of the staff would have to be transferred to Anchorage. It would, however, increase costs for the public at large to travel to Anchorage for recording or research.

2. Reduced public hours or weekly closures of one day or more in Anchorage, Fairbanks, Palmer, and Kenai.

Reduced public hours and/or periodic closures will be necessary in order to continue operating a Recorder's Office in each location. The volume of work would not be reduced under reduced hours because the workload is entirely governed by external factors. The impacts of reduced hours are less staff time to process the workload and less time for the public to conduct research in these offices. Initially, the component would close these offices at noon daily so as to allow a full half-day for data entry without customer interruptions. If this proved insufficient, the component would switch to closing to the public at least one day per week in order to address the growing workload.

3. Delayed reception reports and daily indexing.

Without adequate staffing to support the workload in Anchorage, Fairbanks, Palmer and Kenai, there may be significant delays in indexing new information into the public record. This can and will result in delayed reception report information being made available to the public in those offices. If title companies are unable to date down with current information, real estate closings in the private sector may have to be deferred, resulting in increased interest costs and delayed funding of loans for the general public, particularly in those four communities.

4. Delayed return of original documents to customers.

Customers in Anchorage, Fairbanks and Palmer can expect delays of six months or more in the return of original documents. Alaska already has the worst turnaround time in the nation for return of original documents, according to a study issued by the Real Estate Guide, a national publication. That publication found that Alaska routinely exceeds a thirty-day turnaround for return of originals to customers. The turnaround time will worsen significantly in high volume offices if the increment is not funded as the component would not have the necessary personnel to perform neither this function nor the additional funding to cover increased postage costs.

5. Delayed completion of UCC searches in larger offices.

UCC searches cannot be performed when there are backlogs in indexing and verification of the information into the public record. Failure to certify UCC searches on a prompt turnaround of 48 hours or less will adversely affect lending institutions who require the search information in order to close loan transactions. During the severe backlogs in the latter part of 1998, the Anchorage office experienced up to a two-month backlog in completion and certification of searches. Such delays could reoccur if the component does not receive the increment funding to assist with this function.

6. Delayed receipt of film images for public research in the larger offices.

Delays in indexing (number two above) will also impact the component's ability to produce daily film images of the recorded documents in a timely manner. The public will not be able to research film of recently recorded documents in Anchorage, Fairbanks, Palmer and Kenai while the backlogs persist.

7. Delayed production of conformed and certified copies.

With insufficient staffing, the component may have to delay production of conformed and certified copies at the time of recording. This would have significant adverse impact for lending institutions who require these copies in order to disburse funds on loan transactions.

8. Inability to pay DP chargeback costs for system operation.

Failure to fund the increment will mean that the component will have no resources available to fund the approximately \$40.0 annual operating cost of the indexing system on the state's mainframe. In order to free up funds to pay this expense, the component may have to consider one or more personnel layoffs during FY00. The component can ill afford to lose additional personnel when it is already critically understaffed for the current workload.

The above demonstrates that the impact of the HFSC reduction is far reaching and severely damaging to the general public who utilize our services, as well as totally demoralizing to the dedicated employees in the recording system who desire to provide excellence in customer service but are not given the resources to do so. The amount of the requested increment is small in comparison to the greatly increased revenues the component has produced as a result of the increased workload (FY98 excess was \$2.2 million; FY99 excess is projected to approach the \$3 million mark).

<b>Program Area:</b>	<b>Dollar</b>	<b>Fund</b>
	<b>Amount(s):</b>	<b>Source(s):</b>
Information Resource Management	(\$250.0)	GF

(Prepared by Rich McMahon, Chief, Land Records Information Section)

**Impact Analysis:**

This analysis is broken into three parts, to discuss the total \$250.0 reduction.

**1. Information Technology position salary increases (\$75.0)**

It is essential that we keep the computer programming staff to maintain the state's business programming systems. A reduction of \$75.0 will require us to assess all DNR programs for this function.

The loss of the \$75.0 would equate to funding of one full-time Analyst Programmer III. Such a position supports the department's mainframe business applications including the Land Administration System and the Revenue and Billing Sub-System. The loss of funding for this programmer position would make it more difficult to keep DNR business systems fully functional and responsive to the department's needs. This programmer directly supports numerous DNR business systems. For example, receipt of title from BLM, Oil & Gas leasing records, mining claim records, land sales and municipal entitlements. Data integrity would suffer from the lack of programming staff needed to maintain record types and code structures for changing business practices.

## **2. Mining Records (\$25.0)**

The loss of \$25.0 from our FY99 authorized base equates to half a cartographer position. The groups most affected by this cut are placer and hard rock miners.

IRM Cartographer's maintain the state status plat, the graphic record of state property rights and dispositions. Mining claims and prospecting sites are documented on the state plats as part of the public process to protect valid and existing property rights. These records represent the majority of our work in terms of volume and numbers.

In the past year, the department stopped updating Prospecting Sites on plats because Mining Division and IRM could not update records fast enough. This was not well received by the industry because plats no longer conveyed current state land status. We are seeking ways to put Prospecting Sites back on the plats using more automation.

In FY99 we will process over 17,000 changes in the status of mining claims (adds about 12,000; deletions about 5000). Loss of funding for cartography will increase our backlog (currently 3-6 months under normal filing conditions, not acceptable to the industry). We want to shorten the time it takes to update our plats. This cut means updates will take more time.

We strongly recommend this cut be restored until we succeed with our goals of automating most mining record updates (approximately FY02). We are working with Mining Industry and Division of Mining on statute changes and rule changes to advance automated record processing and mapping. Federal funds from the Mineral Information at Risk Program are helping to pay for the advances in automation, we need IRM cartographers to keep the records current as we fold in labor saving automation strategies.

Current and clear land records protect property rights for the state, for industry, and for individual Alaskans.

### 3. DNR Better Business Practices Plan (Electronic Commerce) (\$150.0)

DNR requested an increment of \$150.0 GF to bring electronic commerce to the department and thereby allow industry, agencies, the public, and vendors to conduct business transactions with the department electronically.

The loss of the \$150.0 GF increment for the DNR Better Business Practices Plan means that the department effort to take advantage of the cost savings offered from electronic commerce will be stalled. The three objectives were electronic receipting for Oil and Gas Royalty Lessees, electronic payments on mining claims, and expanding electronic commerce for routine business transactions. It costs more money to process paperwork than electronic files; this funding would be a low cost way to build electronic interfaces to our billing and accounting systems. Loss of this funding means DNR efforts to invest in new Internet technologies which attract competitive businesses to our state, reduce transaction processing costs, and provide convenience to the customer will be put on hold.

We have built a partnership with the federal BLM to promote electronic transaction processing of federal and state mining land records. We will continue to pursue federal funding to advance better business practices.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Interdepartmental DP Chargeback (Prepared by Rich McMahon, Chief, Land Records Information Section)	(\$17.0)	GF

#### **Impact Analysis:**

This component has a projected budget shortfall for FY2000 before this reduction is made. The component provides funding to pay DOA for DP Chargeback costs incurred by the department. Elimination of \$17.0 in GF results in the need to go to the resource programs within the department and ask them to pay more to cover these charges. Chargeback rates have risen more than 10% per year for the last two years; DNR usage has remained relatively constant. Increased deficits may force information systems from the mainframe and enterprise environment to internal department systems. This could contribute to a more fractured approach to statewide information systems.

**Program Area:**  
Division of Land  
(Prepared by Jane Angvik, Director)

**Dollar  
Amount(s):**  
(\$600.2)

**Fund  
Source(s):**  
GF

**Impact Analysis:**

A reduction to the Division of Land's FY00 operating budget of <\$600.2> will have the following immediate, and very specific, affect:

DNR will not complete the Central and Southern Southeast Area Plan - this will impede future timber harvest on state lands, prevent future land sales in this area, and prevent possible Wrangell and Petersburg boroughs from receiving municipal entitlement lands.

DNR will not complete the Kenai Area Plan - although nearing completion, if staff are eliminated in FY00, there will be no staff to complete this plan through its final drafting and appeals process. This plan is essential to fulfill municipal entitlements to the Kenai Borough, for state land sales, and land for timber harvest in the Kenai Borough. The time 200 people devoted to participation in planning meetings and the over 500 written comments on the plan will be for naught.

DNR will not do plan updates, which are necessary to accommodate new municipal entitlements. Without plan revisions, DNR will not be able to process most of the remaining selection applications for the Kenai, Aleutians East, Lake and Peninsula, Yakutat, and Denali Boroughs.

DNR will not do plan updates to encourage tourism and timber harvest. Plan updates to the Southwest Prince of Wales Island Area Plan (underway) and Susitna Area Plan (planned) are essential to several proposed economic development projects.

DNR will not participate in and review federal land use plans. DNR planning staff review all federal land use plans and federal polices and regulations that impact state land interests. Currently, DNR planners are actively involved in plans for the Gulkana River, Situk River, and Chugach National forest. As a result of this reduction, DNR will have no staff to participate in these efforts. The state will lose control over issues such as insuring the provision of access to state lands and management of state owned rivers that flow through National Wild and Scenic Rivers.

DNR will not review municipal plans and will have less through reviews of coastal management plans, some of which have the potential to restrict the use and development of state lands. Without DNR planning review, these documents will restrict opportunities on state land.

This reduction to the Division of Land's FY00 operating budget of <\$600.2> focuses upon

- (1) land use planning; the very foundation for authorizing land and resource use of state owned land, and
- (2) government interactions, another key effort in protecting state interests, such as our public access, in decisions being made by the federal government.

The State of Alaska cannot sell or lease land unless it has been classified through an Area Plan. Therefore, these cuts will significantly reduce the ability of the state to develop and use its land and resources and will result in lost revenue and lost economic development opportunities to the state. Many of the proposed cuts support oil and gas, mining, forestry, tourism, and other development on state lands.

The Division has already significantly reduced its services due to past budget cuts. The number of employees will have been reduced in half in the past ten years, from almost 200 in 1990 to 110 in the House budget. This proposal eliminates all land use planning and inter-agency coordination within DNR. The following are some of the generic impacts that will result from these cuts:

- DNR will be unable to conduct land sales, timber sales, land leases (including for tourism facilities), issue rights-of-way, gravel sales, or other disposal actions in areas with ongoing or no land use plan. This includes the Kenai Peninsula, Central and Southern Southeast, and the 37% of state land areas where DNR does not currently have a land use plan (the Brooks Range, Kodiak, and the middle and upper Yukon areas). Regional plans or site-specific plans are required prior to any disposal in these areas.
- DNR will be unable to conduct timber sales on state land in the Ketchikan, Petersburg and Wrangell areas (Central-Southern Southeast plan) and will not be able to increase the timber base for sustained yield in these areas.
- DNR will be unable to process over 450,000 acres of municipal land entitlements for the Kenai, Aleutians-East, Denali, Lake and Peninsula, Northwest Arctic, North Slope, and Yakutat boroughs.

- DNR will not be able to accommodate new commercial recreation in Prince William Sound. Therefore, the US Forest Services' Chugach planning process, rather than state planning, will drive decisions about where development can and cannot occur in the Sound.
- DNR will lose control over state lands that are subject to federal and certain local planning efforts. DNR currently participates in, or reviews, federal or local planning that impacts state land. This allows the State of Alaska to ensure that these plans protect state interests. These cuts also eliminates DNR's participation in planning and management of state owned navigable waters in National Parks (such as Denali and Katmai), Refuges (such as Togiak), and Wild and Scenic Rivers (such as Gulkana).
- DNR will be unable to secure ownership of the state's outstanding land selections from the federal government.

#### **Additional effects of Budget Reduction**

- eliminates public participation in land use decisions;
- defers conflict resolution;
- creates haphazard land use patterns with no long term guidance to assure a balance of uses;
- it forces the public to appeal or litigate land-use decisions (versus using an established administrative adjudication process), thereby potentially further clogging our Court System.

The Division of Land budget has already been cut beyond the critical point. Current demand for the use of state land and resources far exceeds the ability of the division to meet the services requested. The Division of Land has three basic functions. They are:

- (1) Facilitate the use of state land and resources;
- (2) Provide for the allocation and use of state land and resources; and
- (3) Acquire title and defend Alaska's interests in state land and resources.

The Division of Land activities are integral to the state's economic engines, whether its oil and gas development, tourism, fisheries, forestry, mining, transportation, or conveying land to municipalities or selling land to the public through land disposal programs. These activities cannot occur on state land if the Division of Lands is unable to plan and dispose of lands due to a lack of staff. Without land use plans, DNR cannot sell or lease land or transfer land to municipalities under the municipal entitlement program. Without land use plans, every significant decision about mining, recreation, tourism, agriculture, grazing, and habitat protection will be hashed out on a project specific basis between those who want to develop the project and those who oppose the development. This means there will

be contentious ad hoc, time consuming and inefficient processes for each decision. In addition to being less efficient, these processes may fail to withstand appeals and legal challenges. This will result in more uncertainty about how state land can be used, and ultimately less use of state lands.

A \$600.2 reduction will completely eliminate all land planning functions within the Department. The positions to be eliminated include 5 positions that are located in Anchorage and assigned to area plan development. (a portion of their time is also allocated to represent the state on federal planning projects). This cut also eliminates a position in Juneau and one position in Fairbanks allocated to site-specific plan development for projects proposed in unplanned areas (areas without Area Plans). This cut would also eliminate two support staff (a graphics person and a clerk) that support the professionals noted above.

Finally, it should be noted that the DNR planning functions have been significantly reduced in past years. The planning staff has been eliminated from the Divisions of Parks and Forestry, who manage large tracts of state land. Division of Land planning staff have provided essential planning services for these divisions, including the Kenai River plan update and the ongoing Tanana Valley State Forest Management Plan revision. DNR planning unit is 1/3 the size it was ten years ago.

If the Legislature intends to reduce the Division of Land's budget in this amount, in this particular area, it will be necessary to amend Title 38. This will ensure that the resulting impacts do not halt DNR's ability to dispose of state lands. We will provide a package identifying those areas requiring statutory change.

	<b>Dollar</b>	<b>Fund</b>
<b>Program Area:</b>	<b>Amount:</b>	<b>Source:</b>
Forest Mgmt. & Development (Presuppression)	(\$200.0)	GF

**(Prepared by Jeff Jahnke, Director)**

**Impact Analysis:**

A decrement of \$200.0 to the Division of Forestry's Wildland Fire Program will have a serious impact on the presuppression program. Presuppression or preparedness funding is utilized to accomplish the myriad of activities required by the Division to be prepared for Alaska's annual wildland fire season. Wildland fire season in the state has been starting earlier in the last few years and the Division must be prepared to meet its responsibilities as mandated in AS 41.15.010 starting in early April and lasting through September.

Some of the more serious impacts will be:

- The loss of approximately 45 staff-months of preparedness, fire prevention, and initial attack activities across the state.
- Cancellation of critical urban interface training opportunities for the Division's wildland firefighters as well as opportunities for local government cooperators.
- Cancellation of fire prevention and education visits to Alaskan schools across the state.
- Initial attack fire engines will not be ready to fight fires as early as the Division's firefighters require them.
- Critical warehouse, equipment maintenance, and other preparedness activities will have to be delayed until they can be funded against already burning fires.
- The Division will be unprepared to respond to early season wildland fires forcing local government cooperators to accomplish the Division's responsibilities. Local government cooperators are not adequately funded or trained for this added workload which will negatively impact their structure protection responsibilities.
- Safety of fire personnel, the general public, and improvements will be compromised because the Division will be less prepared to adequately respond to wildland fires in a timely manner.

The consequence of these serious impacts will be that more wildland fires will escape initial attack and become larger and more difficult to safely control and extinguish. These larger extended attack and project fires will ultimately cost the State of Alaska more money. The potential for loss of private property due to wildland fires escaping initial attack will also be greatly increased.

<b>Program Area:</b>	<b>Dollar</b>	<b>Fund</b>
Division of Oil and Gas	<b>Amount(s):</b>	<b>Source(s)</b>
(Prepared by Ken Boyd, Director)	(\$200.0)	GF

**Impact Analysis:**

The combination of a series of small but consistent cuts by the Legislature, and unrealistic vacancy factor, rising "overhead" costs, and the normal erosion from inflation (COLA,

merit increases, etc.) will result in a budget shortfall of about \$160.0 for FY00. To alleviate the shortfall and to meet program needs, particularly the exploration licensing program, we sought a \$200.0 increment. The subcommittee eliminated the increment in the operating budget. They indicated that they recommend including \$100.0 GF of that increment for exploration licensing in the capital budget.

On the assumption that \$100.0 for exploration licensing activities will be in the capital budget, this impact statement will address the net loss of \$100.0 GF. Since our budget is now over 93% "people money" there is no opportunity to make up this shortfall in the "other" line items. Without an increment, one way to meet the shortfall will be to lay off people. Cutting staff means something(s) won't get done. The most likely cut would be to take the \$100.0 from the Permitting and Compliance section. This would equate to the cutting of one and a half natural resource manager positions (\$86.0) and cutting 14 of 20 North Slope inspections (\$14.0). These positions conduct inspections of oil and gas activities across the entire North Slope to ensure compliance with permit and lease terms. Additionally, these positions issue all lease and unit operations approvals for all surface activities on oil and gas lands on the North Slope (Badami, Northstar, Alpine, etc.).

The consequence of cutting these positions is that certain permits will not be issued and other permits will be delayed. Industry may miss seasonal construction windows and the state may suffer a loss of revenues. Another consequence is that the lack of inspections will jeopardize the credibility of the leasing program with the environmental community and we can expect more time delaying lawsuits. Moreover, deleting these positions may require that the best interest findings for the state oil and gas leasing program be revised as they presently reference inspection and monitoring. This could jeopardize the lease sale schedule and further antagonize industry.

Our other option is to shut the division down and force some or all employees to be on leave without pay. This also would result in delay of Division work. Delaying oil and gas activities or actions will almost always have some negative financial impact. In general our activities have statutorily (or regulatory) mandated time lines and deadlines. Failure to meet these time constraints may have fiscal and legal consequences.

The expectation of continued low oil prices is certainly one reason for fiscal concern and constraint. However, we must remember that oil prices are low everywhere-in all oil producing states and nations. Moreover, given the recent announcements by OPEC, some prices have surged. OPEC cuts are aimed to lift prices to a \$17 - 19 (Brent crude) level. Hobbling the division that conducts the lease sales, forms the Units, and counts the state royalties (among other things) is not a prudent way to save a few dollars. The consequences of slowing down, or stopping, any of our functions will have the effect of sending a very unfortunate message to industry. We are the focal point for our most

important resource; we simply must continue to effectively and efficiently maintain our oil and gas programs.

We continue to ask for the additional \$100.0 increment just to keep us whole. We have received any number of unfunded mandates from the legislature in the last few years-new programs, more work-but no funding.

With about \$90 million in recent sales and with new programs coming on-line our workload is going to increase. Sales of these leases will lead to increased exploration. Hopefully, this will lead to increased discoveries and ultimately to new production.

Cutting the division now seems particularly inappropriate. The division will play an instrumental role in evaluating the effects on the state of the proposed BP and Arco merger. The division should be kept whole so that it can protect the state's interest during this critical time in the history of Alaska oil and gas development and into the future.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Mining Development (Mineral Property Management) (Prepared by Bob Loeffler, Director)	(\$50.0)	GF

**Impact Analysis:**

The \$50.0 increment proposed for FY2000 was intended to add one additional staff to the Mineral Property Management Project for the Division of Mining and Water Management. The increment would have decreased processing time for new mineral locations from approximately 12 weeks to six weeks.

In the years before 1995, the historic level of new locations -- 2,000 to 3,000 per year -- was approximately balanced by the number of locations abandoned. As a result, the overall pool of mining locations remained approximately the same from year to year. This changed in 1995. Beginning in that year, Alaska experienced a claim-staking boom. The number of new locations increased from its historic level of 2,000 to 3,000 locations per year to over 10,000 in each of FY 96, 97, 98, and 99. The number of locations abandoned remained approximately at historic levels. As a result, staff is now required to process this large number of new locations as well as update a growing pool of existing locations for rental, royalty, annual labor, and ownership transfers. The claim-staking boom is expected to continue over the next few years despite low metal prices.

In FY95, new mining locations were processed in approximately six weeks. Deleting the increment from the FY2000 budget will mean that locations will be processed in approximately 12 weeks. The consequences of such an increase are greater uncertainty in mineral land tenure. In many cases, new locations will not be able to be processed within the same field season as they are staked. This will increase the cost and uncertainty for the mineral industry. Secure land tenure is fundamental to the mining industry. Maintaining an efficient and secure land tenure system is important for maintaining the high level of interest and investment by the industry.

Program Area:	Dollar Amount(s):	Fund Source(s):
Water Management & Development; <i>Water Rights Adjudication – AS 46.15.040 - .970</i> (Prepared by Bob Loeffler, Director)	(\$135.0)	GF

**Impact Analysis:**

**Summary.** The proposed 25%, 3-person cut in the water management section would leave the section unable to adjudicate all new water rights. This would produce the following impacts:

- Individuals and businesses that hold and have paid for existing water rights would not be protected from all new water withdrawals.
- Small and intermediate new users, mostly individuals and small businesses, would not be able to gain secure title to water needed for use and development.
- Revising the water management program to be consistent with available staff will require a change in regulation. Until new regulations become effective, intermediate users may be in technical violation of state regulation, guilty of a misdemeanor. In the interim, development projects may be vulnerable to lawsuit.

**Background.** A water right gives its holder the right to use water in spite of any withdrawal by those who acquire a later water right. When a new water withdrawal is proposed, the Division adjudicates the proposed withdrawal to ensure that it does not diminish use of water by existing water rights holders.

**Effect on Existing Water Rights and New Applicants.** The proposed budget reduction would leave the program without enough staff to adjudicate all of the 350 annual new water rights applications. Instead, staff would concentrate on those larger withdrawals that are most likely to affect existing rights holders. As a result, people and business that hold and have paid for water rights will not be protected from competing withdrawals that are not adjudicated. Those most likely to be affected are individuals and small business owners. When a water withdrawal affects a water right holder, Division

hydrologists work with parties to find an equitable solution. This help will no longer be available for all affected users. Finally, those individuals or business whose water rights applications are not adjudicated will not secure firm title to the water. This is most likely to affect individuals and small business, and may make it more difficult for the businesses to gain financing.

**Regulation Change Required.** Current law and regulation requires water users above a certain threshold to acquire a water right or permit before withdrawing water. Lack of staff will force the Division to raise the threshold via a regulation revision. Until the regulation is changed, those applicants whose requests are not being processed will be in technical violation of the law and be guilty of a misdemeanor. The regulation change is unlikely to become effective until fall 2000, at the earliest. In the interim, development projects may be vulnerable to lawsuit.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
State Historic Preservation Program (Prepared by Judy Bittner, Chief SHPP)	(\$100.0)	GFM

**Impact Analysis:**

A \$100.0 GFM budget cut to the State Historic Preservation Program, which is a 35% cut of the state's general fund support, means a loss of an additional \$150.0 in federal Historic Preservation Fund matching money. The total reduction is \$250.0 (\$100.0 GFM + \$150.0 fed. match) to the State Historic Preservation Program.

Although the Governor's budget for the State Historic Preservation Program component is \$1256.4, all but \$285.5 is authorization to receive non-state funds (primarily federal and interagency receipts). The Office of History and Archaeology has successfully leveraged the state's \$285.5 General Fund match allocation into a million-dollar program through partnerships, matching funds and reimbursable services projects. The \$100.0 cut puts the whole program at risk by jeopardizing the ability to maintain federal certification and thereby receive federal matching funds. Without federal certification, the Department of Interior will take over the historic preservation programs now run by the state. With the elimination of this program, Alaska will be the only state in the nation without a State Historic Preservation Office. Alaska will be the only state to give up control of these programs to the federal government.

The federal government provides a 60% matching grant to certified states. To be certified, states are required to administer the broad range of programs. Therefore, the \$100.0 cut jeopardizes the entire \$437.0 federal Historic Preservation Fund appropriation

and certification to Alaska. This \$100.0 cut will mean the direct loss of three positions, half of the professional staff who administer the State Historic Preservation Office programs. Without appropriate staffing, Alaska will not be able to carry out mandated responsibilities, will lose its federal certification, and resulting federal funds. The result is a loss of 5 additional jobs for a total job loss of 8 positions associated with this \$100.0 reduction.

Projects using federal dollars or permits, such as highway, port, and mining development, are required to be reviewed by the State Historic Preservation Program. This is a federal requirement that cannot be waived. If Alaska cannot provide this review locally, Alaskans will be required to submit projects to federal agencies in Colorado and Washington, D. C., whose staff do not now deal with the day-to-day work of the state historic preservation programs and do not have the State's best interest in mind.

Over 2500 development projects are reviewed each year by the State Historic Preservation Office. If the federal government takes over the program, State interests will no longer be taken into consideration during mandated reviews of impacts to historic properties and archaeological sites caused by federal undertakings. Local governments, a partner in the historic preservation program, will also lose their ability to directly participate in project reviews and address their concerns on how resources in their communities are impacted and managed. Major delays and a substantial increase in permitting costs will result. Assistance to developers with the federal regulatory compliance process will no longer be available. Some federal projects might be canceled.

Private industry and federal agencies are dependent on the State Historic Preservation Office to carry out environmental reviews, make financial incentives available to historic property owners, educate the public and agencies, and make sure the state's historic resources are taken into account before an action takes place that might destroy them. The cut increases the probability of litigation when historic and archaeological sites are not protected, particularly when there is an emergency. Litigation will cause projects to be delayed or halted, causing Alaskans to lose their jobs.

<b>Program Area:</b>	<b>Dollar Amount(s):</b>	<b>Fund Source(s):</b>
Mental Health Trust (Prepared by Steve Planchon, Executive Director)	(\$46.4)	MHTAAR

**Impact Analysis:**

The Trust Land Office (TLO) was established by the Legislature in 1994 to maximize revenue from Trust Land over time. The TLO, in consultation with the Alaska Mental Health Trust Authority, proceeded with a phased approach to building its staff to match

the long-term revenue goals of the Trust Authority. The \$46.4 increment approved by the Trustees in the FY2000 budget is the final step in this phased effort. The increment is intended to improve essential information management capabilities of the TLO, including those associated with land title records and revenue accounting. Without this improvement, information will be processed slower, resulting in delays to revenue-generating transactions. Such delays would be inconsistent with the increasing demand to produce revenue in a timely manner from Trust Land.