

ALASKA LEGISLATURE

1934

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

Office Impact

- The Glennallen, Talkeetna, and Elmendorf offices were closed in FY 99 and these positions have been eliminated. These closures were part of the FY99 austerity reductions. The employees in Glennallen and Talkeetna were replaced with contract agents and this will be done with the Kotzebue office in the very near future. This shows as a reduction in the operating budget but the contract agents take their payment from revenue that would have been sent to the state so the overall gain to the state is very minimal.
- DMV work load increases during summer months and seasonal positions have been used to increase staffing during these months. These positions were used in the Anchorage, Fairbanks, Palmer, and Soldotna offices. The large amount of underfunding that remains in personal services will not allow the hiring of these positions as well as some of the full time positions that will need to be left vacant. This will result in unsatisfactory waiting periods for service in these offices.
- There have been requests for offices in North Pole and Wasilla but these cannot be put in place with the funding reductions. DMV will continue other options for service in these areas. DMV will continue to monitor work loads and may be required to close other offices just to meet the demand of services in high volume areas.

**Senate Finance Subcommittee
Department of Commerce & Economic Development
Recommendations for FY 00 Budget**

Senator Lyda Green, Subcommittee Chair

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

The subcommittee work is based on growth from the FY99 authorized budget including Supplemental Appropriation passed in March 1999 and the transfer in of the International Trade Office from the Governor's Office. Components not mentioned below are funded at the Governor's FY00 requested level.

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

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

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

Denied Securities Examiner position increment (\$74.0).
Denied Hearing Officer Support increment (\$40.0).
Denied Department of Law contractual increment (\$45.0).
Accepted Analyst Programmer II position increment (\$51.6).

Component: Insurance Operations
BRU: Insurance Operations

Denied increment for two positions in data processing support. One was an Analyst Programmer IV (\$66.4) and one was an Analyst Programmer II (\$51.8).

Component: Occupational Licensing
BRU: Occupational Licensing

Accepted consolidation of components Operations and Licensing Boards into Occupational Licensing.

Denied License Database Programmer Support increment (\$51.6).

Nurse Aide Investigator reduced increment was accepted (\$78.3).

Component: Commissioner's Office
BRU: Executive Administration and Development

Denied the FY1999 unbudgeted management increment (\$94.1).

Component: Trade & Development
BRU: Executive Administration and Development

Deleted Development Specialist II position and funding (\$69.2).
Deleted Development Specialist II position and funding (\$84.6).

Reduced foreign trade contracts in Japan & Korea by \$80.0.

Component: Administrative Services
BRU: Executive Administration and Development

As part of the Cost Allocation Plan, Administrative Services requested a \$134,800 General Fund reduction. The subcommittee deleted an additional \$94.1 GF.

Components: Tourism Development and Alaska Tourism Marketing Council
BRU: Tourism

The Tourism Development and Alaska Tourism Marketing Council components were deleted since these two components will be taken up by full Senate Finance Committee and addressed in a fiscal note.

<p>The subcommittee's general fund allocation was \$20,375.8 The recommendations by the subcommittee total \$20,374.3</p>

Department of Commerce and Economic Development
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: April 14, 1999
Prepared by: Tom Lawson, Director

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

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

Impact Analysis:

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

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

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

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

Denial of Increment for Legal Services Expenses (\$45.0) GF/PR

Impact Analysis:

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

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

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

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

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

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

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

BRU: Insurance

Component: Insurance

Program Area:	Dollar Amount(s):	Fund Source(s):
Analyst Programmer II	(\$51.6)	GF/PR
Analyst Programmer IV	(\$78.3)	GF/PR

Impact Analysis:

This reduction deletes an Analyst Programmer IV and an Analyst Programmer II in the Division of Insurance. The impacts are as follows:

- No expansion or improvement of the information database interface with the conversion from WANG to ORACLE. No streamlining of the licensing process and expand on our search and reporting capabilities as a management tool to enhance our internal efficiency.
- Continued lack of access to the National Association of Insurance Commissioners (NAIC) database systems that include the following: Producer Database (PDB), a nationwide database; Complaints Database System (CDS), which records and retrieves complaint information on companies and producers; Special Activities Database (SAD) which records confidential information on ongoing investigations of persons and companies in insurance; Regulatory Information Retrieval System (RIRS) which records actions taken by state divisions of insurance against companies and producers; and System for Electronic Rate and Form Filing (SERFF) which receives and communicates regarding company policy from filings and company rate filings using electronic communication. Alaska is only minimally able to utilize these regulatory tools.
- No development of interactive databases (the ability to manipulate data accessed through webpages) or "online" services.

BRU: Occupational Licensing
Component: Occupational Licensing

Program Area:	Dollar Amount(s):	Fund Source(s):
Denial of Nurse Aide Investigator Equipment	(\$8.0)	GF/PR

Impact Analysis:

This action removes the one time equipment authorization requested in the fiscal note for Senate Bill 152. Although the division has never received this authorization, the additional equipment authorization should not necessary in FY2000.

Program Area:	Dollar Amount(s):	Fund Source(s):
Denial License Database Programmer Support	(\$51.6)	GF/PR

Impact Analysis:

This reduction deletes an Analyst Programmer II in the Division of Occupational Licensing.

The division is responsible for maintaining extensive databases for the various occupational licensure and business licensing functions.

The data processing unit has recently completed a migration from a Wang minicomputer onto a state-of-the-art Oracle based client-server database network. The department is now in a position to standardize and greatly enhance the database applications for the Division of Banking, Securities and Corporations, Division of Occupational Licensing, and the Division of Insurance. The department is poised and prepared to begin making many of our programs and applications Internet accessible, but this will require both effective data processing management and adequate programming staff.

This reduction deletes an Analyst Programmer II that was intended to be an entry level training position to work with the current Analyst Programmer IV. It is becoming increasingly more difficult to find, hire, and keep qualified data processing staff in State government. This position is necessary to provide means for on the job training and professional training opportunities, a career ladder for staff, and cross training opportunities.

Without adequate data processing support, the division will be unable to adequately maintain or improve its license databases with its single computer programmer. Consumers and licensing boards would like to use the Internet to apply for licenses and find out if professionals have unrestricted licenses to practice. Requests for public data have increased. The addition of a second occupational licensing programmer to the Division of Administrative Services data processing staff would have helped the division meet its goals of easy access and prompt service.

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

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

Impact Analysis:

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

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

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

Program Area:	Dollar Amount(s):	Fund Source(s):
Delete Minerals Development Specialist-Juneau	(\$69.2)	GF

Impact Analysis:

Proposed budget would eliminate the position for a Minerals Development Specialist based in Southeast Alaska. The loss of this position would have the following impact:

- Eliminates economic development expertise for the review of mine plans, permits, rules and regulations that impact Southeast and South-central industry interests.
- Eliminates a central point of government contact and assistance for Southeast industry projects such as Niblack, Calder, Kensington, Palmer, Greens Creek, A-J, Treadwell, and Chichagof.
- Reduces the ability of the Alaska Minerals Commission to produce an annual report and to research and respond to mineral industry issues. The commission relies completely on division personnel for its staff work.
- Reduces mining trade show interactions by 50 percent with a resulting reduction in industry connections and interest in Alaska project opportunities. Less contacts and less follow-up will result in Alaska losing millions of dollars worth of business from mining companies that base operations or conduct exploration activities in Alaska.
- Sends a negative message to the international mining industry at a time when mining is an economic bright spot in Alaska's natural resource industry and becoming more competitive on an International level (legislative resource/industry panel, Jan. 1999, Fraser Institute Report, January 1999).

Program Area:	Dollar Amount(s):	Fund Source(s):
Delete Industrial Development Specialist	(\$84.6)	GF

Impact Analysis:

Proposed budget would eliminate the position of the Development Specialist for Industrial Development. The position is dedicated to general business development programs including industrial attraction, promotion and marketing. The loss of this position would have the following impact:

- Eliminates technical, economic and feasibility analysis of projects proposing new uses or secondary processing of the state's natural resources and development of non-traditional sectors such as high technology, aerospace, communications, and general manufacturing.

- Eliminates business, finance and management expertise to facilitate business and industrial development.
- Eliminates technical expertise to corporations considering relocation or expansion to Alaska.
- Eliminates the state's contact for advanced technology business development and the staff liaison with the Alaska Aerospace Development Corporation.
- Eliminates state coordination of special projects such as Alaska participation in the QVC home shopping network, which exposed Alaska businesses to national marketing opportunities and resulted in approximately \$3 million additional business sales for Alaska businesses in FY1996 and FY1998. The FY1999 QVC project is ongoing with 86 businesses participating to date.
- Eliminates all general business recruitment and outreach efforts to Outside companies regarding Alaska's potential. Eliminates follow-up contacts and efforts on all corporate inquiries.
- Eliminates staff involved in working with trade publications that target companies interested in potential expansion or relocation opportunities. Eliminates arrangements for media advertising, and responses to requests for editorials, updated technical bulletins and annual surveys.
- Eliminates state review of companies to determine if they qualify for the Alaska Business Incentive Program, as passed by the Alaska Legislature in 1998. Regulations to carry out legislative intent were drafted and are now in review.
- Stops industrial marketing/corporate cold-calls based on response cards from advertising to cruise ship passengers.
- Eliminates business assistance for companies involved in developing Alaska water export operations.
- Eliminates staff expertise for the internal review of definitive publications that assist Alaska businesses. The publications, updated on a continuing basis both in hard copy and electronic versions, include "Establishing a Business in Alaska," "Alaska Business Facts," "Economic Indicators," and "Annual Economy Performance Report."

Program Area:	Dollar Amount(s):	Fund Source(s):
Foreign Offices Reduction Japan/Korea	(\$80.0)	GF

Impact Analysis:

Under the budget cut passed by the Senate Finance Subcommittee, the state's trade contracts in Japan and Korea would be reduced by \$80.0.

The DCED budget as passed by the Senate Finance Subcommittee would reduce Alaska's trade presence in Japan and Korea by 16%. This reduction represents a decrease in Alaska's trade promotion commitments in Japan, our largest market, and Korea, our second largest market. **The Japan and Korea markets together accounted for \$1.2 billion of Alaska exports in 1998, over 60% of our total exports.**

The budget passed by the Senate Finance Subcommittee represents a 16% reduction in funding for Alaska's trade presence in Japan, from \$250.0 to \$210.0. The current Japan contract is at approximately \$500.0 from the general fund, funded 50% by Division of Trade and Development (DTD) and 50% by Division of Tourism. The state created this combined contract two years ago, merging trade and tourism to reduce expenses. However, on the tourism side, there is legislation pending that would make major changes to the state's tourism marketing program, which may impact the availability of tourism funds to support the operations of the Japan office. If so, the combined actions would likely result in significant reduction of total state presence in Tokyo, from \$500.0 to \$210.0

The budget passed by the Senate Finance Subcommittee also represents a 16% reduction in funding for Alaska's trade presence in Korea. The current Korea contract is approximately \$250.0 from the general fund.

Alaska was the first American state to open a trade office in Japan (1965) and the first in Korea (1985). A retreat from these markets diminishes the long-term benefits of the experience, capabilities and investment the state has made over the past thirty years. Further, it sends a negative signal to the business communities of these countries, that Alaska no longer finds it as important to maintain trade and investment representation in their countries.

The reduction would mean the following:

- Reduced trade presence in Japan and Korea. In each country, the state currently works with a contractor functioning as Alaska's trade representative. This reduction will result in a 16% smaller contract, and less help available to Alaska businesses. This cut would be noticeable to Alaska companies using the services of our overseas contractors. Examples:
 - Reduce assistance to small and medium-sized Alaska businesses in export marketing and promotion, such as the Alaska Products Catalogs in both countries, the Tokyo International Gift Show and the American State Offices in Korea Catalog Show.
 - Increase response time for customized market reports on specific Alaska products – these reports are frequently requested by Alaska businesses to assist them in making educated decisions regarding whether or where to export.

- Reduce timely information to the state regarding energy (LNG, oil, coal) markets, Japanese and Korean government policies, etc., including quarterly energy market reports keeping Alaskan officials informed of the Japan and Korea markets.
- Reduce the state's ability to effectively promote Alaska LNG, oil and coal, currently accomplished through contact with Japanese and Korean government agencies, private industry, utility companies, and other possible trading partners. For example, state offices provide assistance to Marubeni Corp., a participant in the North Slope Gas Line Sponsor Group, and to Usibelli Coal Mine and Alaska Railroad in their recent successful negotiations with the Korea Electric Power Corporation and Hyundai Merchant Marine Corp. The Usibelli contract is currently the only export of Alaska's coal.
- Reduce the promotion of Alaska technical services. Environmental services and other technical services diversify our economic base and show great promise as potential exports from Alaska to Japan and Korea. Examples:
 - Japan: The division plans a mission to Alaska in July by representatives of the Petroleum Association of Japan to inspect Alaska's oil spill prevention and response systems. This will be a first step towards (1) establishing cooperative working relationship between Japanese oil companies and Alaska oil spill prevention/response industry and (2) marketing Alaska's oil spill services, technology and equipment to Japanese companies. With the reduction of the trade contract in Japan, follow-up to this mission would be jeopardized.
 - Korea: the division plans a mission to Alaska by interested potential customers of Alaska's services in the Korean public and private sectors in FY 2000. It will follow the successful 3/99 mission to Korea which initiated cooperative working relationships between Korean companies and Alaskan environmental industries, and likely sales of Alaska's services and technologies. Recruitment of Korean participants becomes more difficult, and a follow-up mission less likely.
- Reduce export promotion of Alaska seafood to Japan and Korea, including identification of new contacts, supplying information and market trends to Alaskans, and assistance to Alaska seafood suppliers by "matchmaking" between suppliers and customers. Although the Alaska Seafood Marketing Institute (ASMI) would maintain an Alaska presence in Japan and would continue its generic marketing of Alaska seafood, there would be no assistance to individual companies, nor promotion of regional exports or niche-market exports such as high-value, fresh/live products or value-added. ASMI currently does not maintain a presence in Korea.
- In Japan, the reduction, coupled with a loss of tourism funds, would mean a severe disruption to Alaska's presence. With office space at a premium, the trade contractor would likely move to a space even smaller than the current location, and less convenient for Alaska businesses.

BRU: Tourism
Component: Tourism Development

Program Area:	Dollar Amount(s):	Fund Source(s):
Delete Division	(\$1,895.4)	GF
	(\$355.3)	GF/PR
	(\$127.2)	IA Receipts

Impact Analysis:

This proposal deletes all funding for the division, contingent on passage of HB136, the tourism marketing privatization bill. The stated intent is that the Legislature would move the division's FY2000 operating budget into the fiscal note for the bill. If the bill does not pass or is vetoed, there would be no tourism development funded in FY2000.

BRU: Tourism
Component: Alaska Tourism Marketing Council

Program Area:	Dollar Amount(s):	Fund Source(s):
Delete ATMC	(\$3,337.4)	GF
	(\$0.2)	GF/PR
	(\$1,299.9)	Stat Des Rec

Impact Analysis:

This proposal deletes all funding for the ATMC, contingent on passage of HB136, the tourism marketing privatization bill. The stated intent is that the Legislature would budget for the ATMC's wind down year authorization through the fiscal note attached to the bill. If the bill does not pass or is vetoed, there would be no tourism marketing funded in FY2000.

FY00 Senate Finance Subcommittee Recommendations--Commerce and Economic Development

(\$000)

Allocation: 20,375.8
 SubCommittee Report: 20,374.3
 Over (under): -1.5

Agency	BRU	Component	Total		GF Group			Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	Change	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	70,354.4	49,446.9	25,420.3	20,374.3	-6,046.0	40,284.0	25,422.5	3,850.1	3,650.1
		FY99 Supplemental	-457.1		-457.1			0.0		0.0	
		FY99 Base	69,897.3		25,863.2			40,284.0		3,850.1	
		FY00-FY99		-20,450.4		-5,568.9			-1,861.5		0.0
		% Change		-29.26%		-21.53%			-6.89%		0.00%
Commerce & Economic Dev	Banking, Securities, and Corp	Banking, Securities and Corporations	1,654.9	1,735.5	1,646.8	1,733.8	87.0	8.1	1.7	0.0	0.0
Commerce & Economic Dev	Insurance Operations	Insurance Operations	4,561.6	4,278.4	4,535.9	4,278.4	(257.5)	25.7	0.0	0.0	0.0
Commerce & Economic Dev	Occupational Licensing	Occupational Licensing	0.0	5,399.3	0.0	4,993.6	4,993.6	0.0	405.7	0.0	0.0
Commerce & Economic Dev	Occupational Licensing	Operations	5,651.0	0.0	5,082.5	0.0	(5,082.5)	568.5	0.0	0.0	0.0
Commerce & Economic Dev	Occupational Licensing	Licensing Boards	183.2	0.0	183.2	0.0	(183.2)	0.0	0.0	0.0	0.0
Commerce & Economic Dev	Alaska Public Utilities Commission Operations	APUC Operations	4,923.5	4,699.2	0.0	0.0	0.0	4,923.5	4,699.2	0.0	0.0
Commerce & Economic Dev	Executive Administration and Development	Commissioner's Office	452.2	452.2	297.6	118.1	(179.5)	154.6	334.1	0.0	0.0
Commerce & Economic Dev	Executive Administration and Development	Trade and Development	2,649.6	2,946.6	1,362.5	1,729.1	366.6	1,137.0	1,067.4	150.1	150.1
Commerce & Economic Dev	Executive Administration and Development	Administrative Services	1,217.8	1,188.6	681.3	452.4	(228.9)	536.5	736.2	0.0	0.0
Commerce & Economic Dev	Alaska Science and Technology Foundation	Alaska Science and Technology Foundation	22,502.2	8,984.6	0.0	0.0	0.0	22,502.2	8,984.6	0.0	0.0
Commerce & Economic Dev	Investments	Investments	3,301.5	3,295.5	0.0	0.0	0.0	3,301.5	3,295.5	0.0	0.0
Commerce & Economic Dev	Tourism	Alaska Tourism Marketing Council	4,640.2	0.0	3,340.3	0.0	(3,340.3)	1,299.9	0.0	0.0	0.0
Commerce & Economic Dev	Tourism	Tourism Development	2,363.1	0.0	2,235.9	0.0	(2,235.9)	127.2	0.0	0.0	0.0
Commerce & Economic Dev	AIDEA	AIDEA Facilities Maintenance	0.0	73.0	0.0	0.0	0.0	0.0	73.0	0.0	0.0
Commerce & Economic Dev	AIDEA	Alaska Industrial Development and Export Auth	4,048.1	3,952.2	0.0	0.0	0.0	4,048.1	3,852.2	0.0	0.0
Commerce & Economic Dev	AIDEA	Alaska Energy Authority Operations and Maint	1,049.5	1,049.5	0.0	0.0	0.0	1,049.5	1,049.5	0.0	0.0
Commerce & Economic Dev	Alaska Seafood Marketing Inst	Alaska Seafood Marketing Institute	10,554.3	10,568.9	7,054.3	7,068.9	14.6	0.0	0.0	3,500.0	3,500.0
Commerce & Economic Dev	Alaska Aerospace Devel Corp	Alaska Aerospace Development Corporation	601.7	823.4	0.0	0.0	0.0	601.7	823.4	0.0	0.0

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

Senator Pete Kelly, Subcommittee Chair

This narrative describes the effect of the budget numbers proposed on the attached spreadsheet for the Department of Community and Regional Affairs.

The Committee deleted \$300,000 General Fund (GF) to fund the Renters' Equivalency Rebate. This program provided for reimbursement to Senior Citizens and Disabled Veterans who rent property that is subject to a local property tax.

A component name change was made in the Local Government Assistance BRU at the request of the Department. The Training and Development component is now known as the Local Government Management component.

In the Local Government Management component, \$400,000 General Fund Match (GFM) was eliminated for the RUBA program. The authority to receive \$807,000 in federal funds for this program remains intact with the understanding that the Division can fund the RUBA match with GF saved through cuts elsewhere within the Department.

Child Care Grants were eliminated through three separate reductions:

\$200,000	GF
\$880,000	tobacco settlement funds
<u>\$2,515,100</u>	I/A federal receipts from Health and Social Services
\$3,595,100	

The I/A receipts for Child Care Grants were moved to the Day Care Assistance Program, which is being funded at \$2,669,000 over the FY 99 level.

Head Start is being funded at \$100,000 over the FY 99 level.

The Division of Energy's Bioenergy Grant request of \$25,000 GFM has been denied along with the authority to receive \$34,500 in federal funds.

Components not specifically addressed were approved at the level of the Governor's FY 00 request. The above reductions from the Governor's FY 00 budget request equal \$4,952,700 GF.

Department of Community and Regional Affairs
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: April 15, 1999
Prepared by: Yvonne M. Chase

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

Impact Analysis:

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

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

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

Impact Analysis:

RUBA currently assists 36 communities by providing direct administrative and utility management training. RUBA provides assistance to small rural communities statewide that are preparing to receive new or upgraded sanitation systems. This reduction eliminates the GF Match initially identified by the department. If DCRA cannot find an

adequate match within other department programs, this program would be at risk of elimination.

Program Area:	Dollar Amount(s)	Fund Source
Child Care Child Care Education and Training	(\$200.0)	GF

Impact Analysis:

The elimination of these funds ends the program established to maintain quality child care through comprehensive training and instruction. Caregivers used these training sessions to achieve and maintain an understanding of and instruction in basic health and safety practices as well as concepts and methodologies in handling children and disruptive situations. Many of the child caregivers are self-employed individuals who do not have the financial support to obtain these services on their own and, as a consequence, the children of our state bear the burden of a less than optimal environment.

Program Area:	Dollar Amount(s)	Fund Source
Child Care Child Care Grants	(\$2,515.1)	IA

Impact Analysis:

This reduction totally eliminates the Child Care Grant program and subsequently removes our ability to ensure child care providers meet minimally acceptable health and safety standards and puts our children in care in a precarious position. Only through the Child Care Grant and the Day Care Assistance Program funding have we been able to maintain a defined level of quality child care for the state's youth. Without these programs we cannot ensure the health and well being of Alaska's children.

In addition, the Senate Subcommittee eliminated a portion of the required 4% of total funds that must be used for quality improvement. The lack of \$790.0 I/A Receipts jeopardizes the total Child Care Development Funds of \$26.5 million.

Program Area:	Dollar Amount(s)	Fund Source
Child Care Child Care Grants	(\$880.0)	GF

Impact Analysis:

These funds were to come from the Tobacco Settlement funds to provide an incentive to childcare providers to become licensed and meet the minimally acceptable health and safety standards as prescribed in statute.

Program Area:	Dollar Amount(s)	Fund Source
Day Care Assistance Day Care Assistance Program	(\$2,515.1)	GF

Impact Analysis:

This action supplants general funds with interagency receipts (from federal funds) to sustain this child care subsidy program. Under the auspices of the federal program from which these funds will come, we can no longer require providers become licensed in order to receive the funding.

Program Area:	Dollar Amount(s)	Fund Source
Head Start Head Start Grants	(\$622.6)	GF

Impact Analysis:

This proposal in essence negates all but \$127.4 of the additional funds requested to expand services. The total increment (\$750.0 Interagency Receipts) would have allowed Head Start to expand services to approximately 150+ children and their families.

Program Area:	Dollar Amount(s)	Fund Source
Rural Energy Program – Energy Operations		
Energy Operations	(\$25.0)	GFM
	(\$34.5)	Federal

Impact Analysis:

The Division of Energy's FY99 operating budget includes \$25 General Fund Match and for the Bio-energy program. This program, in concert with \$34.5 in Federal Receipt Authority, provides contracts and grants to communities seeking alternative, cost-effective and practical alternatives for energy production and waste management.

FY00 Senate Finance Subcommittee Recommendations--Community and Regional Affairs

(\$000)

Allocation: 61,890.1
 Subcommittee Report: 61,224.3
 Over (under): -665.8

Agency	BRU	Component	Total		GF Group			Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	Change	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	161,581.8	155,053.6	70,012.1	61,224.3	-9,787.8	39,656.0	49,788.7	61,913.8	44,040.5
		FY99 Supplemental	-1,913.3		-1,913.3			0.0		0.0	
		FY99 Base	159,668.5		68,998.8			39,656.0		51,913.8	
		FY00-FY99		-4,615.1		-8,874.5			10,132.7		-7,873.3
		% Change		-2.89%		-10.09%			25.55%		-15.17%
Community & Regional Affairs	Administration and Support	Office of the Commissioner	530.8	530.8	420.4	420.4	0.0	110.4	110.4	0.0	0.0
Community & Regional Affairs	Administration and Support	Administrative Services	1,767.7	1,925.4	1,223.3	1,223.3	0.0	446.2	603.9	98.2	98.2
Community & Regional Affairs	Administration and Support	Data and Word Processing	738.2	798.2	397.0	397.0	0.0	241.0	301.0	100.2	100.2
Community & Regional Affairs	Administration and Support	One Stop	3,000.0	3,000.0	0.0	0.0	0.0	0.0	0.0	3,000.0	3,000.0
Community & Regional Affairs	Administration and Support	State Facilities Maintenance	0.0	6.7	0.0	0.0	0.0	0.0	6.7	0.0	0.0
Community & Regional Affairs	Renters' Equivalency Rebate	Renters' Equivalency Rebate	300.0	0.0	300.0	0.0	(300.0)	0.0	0.0	0.0	0.0
Community & Regional Affairs	National Forest Receipts	National Forest Receipts	10,000.0	10,000.0	0.0	0.0	0.0	0.0	0.0	10,000.0	10,000.0
Community & Regional Affairs	Municipal Revenue Sharing	State Revenue Sharing	21,583.8	21,583.8	21,583.8	21,583.8	0.0	0.0	0.0	0.0	0.0
Community & Regional Affairs	Municipal Revenue Sharing	Municipal Assistance	26,256.3	26,256.3	26,256.3	26,256.3	0.0	0.0	0.0	0.0	0.0
Community & Regional Affairs	Local Government Assistance	Local Government Management	9,272.6	2,583.8	1,825.6	1,425.6	(400.0)	159.3	159.3	7,287.7	998.9
Community & Regional Affairs	Local Government Assistance	State Assessor	150.2	150.2	150.2	150.2	0.0	0.0	0.0	0.0	0.0
Community & Regional Affairs	Local Government Assistance	Local Boundary Commission	248.3	248.3	248.3	248.3	0.0	0.0	0.0	0.0	0.0
Community & Regional Affairs	Local Government Assistance	Statewide Assistance	6,750.8	6,750.8	374.6	374.6	0.0	2,376.2	2,376.2	4,000.0	4,000.0
Community & Regional Affairs	Local Government Assistance	National Petroleum Reserve Program	50.0	50.0	0.0	0.0	0.0	0.0	0.0	50.0	50.0
Community & Regional Affairs	Community and Economic Development	Community and Economic Development	1,577.3	1,497.3	456.1	456.1	0.0	1,071.2	1,041.2	50.0	0.0
Community & Regional Affairs	Child Assistance	Child Care	3,555.1	1,028.4	2,128.4	195.7	(1,932.7)	1,406.7	726.7	20.0	106.0
Community & Regional Affairs	Child Assistance	Day Care Assistance Programs	18,966.1	21,635.1	7,211.1	1,696.0	(5,515.1)	11,669.0	19,939.1	86.0	0.0
Community & Regional Affairs	Child Assistance	Head Start Grants	5,929.2	6,029.2	5,729.2	5,114.2	(615.0)	50.0	765.0	150.0	150.0
Community & Regional Affairs	Employment Training/Rural Development	Job Training Partnership Act	15,875.4	14,361.4	84.2	70.2	(14.0)	56.6	56.6	15,734.6	14,234.6
Community & Regional Affairs	Employment Training/Rural Development	State Training and Employment	1,732.3	1,512.3	0.0	0.0	0.0	1,732.3	1,512.3	0.0	0.0
Community & Regional Affairs	Employment Training/Rural Development	Statewide Service Delivery	10,697.5	12,417.5	467.7	467.7	0.0	1,536.8	3,256.8	8,693.0	8,693.0
Community & Regional Affairs	Employment Training/Rural Development	Community Development Assistance	2,989.5	3,003.5	309.8	323.8	14.0	135.7	135.7	2,544.0	2,544.0
Community & Regional Affairs	Rural Energy Program--Energy Operations	Energy Operations	2,310.8	2,384.5	546.1	521.1	(25.0)	1,664.6	1,797.8	100.1	65.6
Community & Regional Affairs	Rural Energy Program--Energy Operations	Power Cost Equalization	17,000.0	17,000.0	0.0	0.0	0.0	17,000.0	17,000.0	0.0	0.0
Community & Regional Affairs	Circuit Rider Program	Circuit Rider	300.0	300.0	300.0	300.0	0.0	0.0	0.0	0.0	0.0

FY00 Senate Finance Subcommittee Recommendations--Corrections

(000)

Allocation: 143,705.9
 Subcommittee Report: 143,705.9
 Over (under): 0.0

Agency	SRU	Component	Total		GF Group			Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	Change	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	163,541.0	165,572.2	139,972.6	143,705.9	3,733.3	6,425.8	14,773.7	7,142.6	7,092.8
		FY99 Supplemental	3,548.3		3,548.3			0.0		0.0	
		FY99 Base	166,092.7		143,520.9			6,425.8		7,142.6	
		FY00-FY99		8,482.9		185.0			9,347.9		-50.0
		% Change		5.06%		0.13%			172.29%		-0.70%
Corrections	Administration & Operations	Office of the Commissioner	1,580.1	947.8	930.1	843.9	(86.2)	0.0		650.0	103.9
Corrections	Administration & Operations	Parole Board	484.0	484.0	484.0	484.0	0.0	0.0		0.0	
Corrections	Administration & Operations	Correctional Academy	664.4	664.4	664.4	664.4	0.0	0.0		0.0	
Corrections	Administration & Operations	Administrative Services	2,821.0	2,730.5	2,749.9	2,659.4	(90.5)			71.1	71.1
Corrections	Administration & Operations	Data and Word Processing	1,298.1	1,296.1	684.6	684.6	0.0	551.5	551.5	60.0	60.0
Corrections	Administration & Operations	Facility Capital Improvement Unit	209.5	209.5	0.0		0.0	209.5	209.5	0.0	
Corrections	Administration & Operations	Inmate Health Care	15,402.1	15,756.7	14,812.1	15,314.3	502.2	590.0	442.4	0.0	
Corrections	Administration & Operations	Inmate Programs	2,839.6	2,839.6	2,011.4	961.4	(1,050.0)	828.2	1,873.2	0.0	
Corrections	Administration & Operations	Correctional Industries Administration	1,163.9	1,163.9	1,163.9	1,163.9	0.0	0.0		0.0	
Corrections	Administration & Operations	Correctional Industries Product Cost	2,750.6	3,500.6	0.0		0.0	2,750.6	3,500.6	0.0	
Corrections	Administration & Operations	Institution Director's Office	914.2	867.9	692.1	595.8	(96.3)	222.1	272.1	0.0	
Corrections	Administration & Operations	Arrow Mountain Correctional Center	3,850.6	3,850.6	3,850.6	3,850.6	0.0	0.0		0.0	
Corrections	Administration & Operations	Combined Highland Mountain Correctional Center	7,168.1	7,168.1	7,132.6	7,132.6	0.0	0.0		35.5	35.5
Corrections	Administration & Operations	Cook Inlet Correctional Center	9,110.1	9,119.1	7,871.8	7,871.6	0.0	0.0		1,247.5	1,247.5
Corrections	Administration & Operations	Fairbanks Correctional Center	6,943.2	6,943.2	6,878.7	6,878.7	0.0	0.0		64.5	64.5
Corrections	Administration & Operations	Ketchikan Correctional Center	2,576.2	2,575.2	2,572.5	2,572.5	0.0	0.0		2.7	2.7
Corrections	Administration & Operations	Lemon Creek Correctional Center	5,917.3	5,917.3	5,908.9	5,908.9	0.0	0.0		8.4	8.4
Corrections	Administration & Operations	Matanuska-Susitna Correctional Center	2,711.6	2,711.6	2,711.6	2,711.6	0.0	0.0		0.0	
Corrections	Administration & Operations	Palmer Correctional Center	8,462.3	8,462.3	8,458.3	8,458.3	0.0	0.0		4.0	4.0
Corrections	Administration & Operations	Sixth Avenue Correctional Center	3,827.2	3,827.2	3,532.4	3,532.4	0.0	0.0		294.8	294.8
Corrections	Administration & Operations	Spring Creek Correctional Center	13,687.3	13,687.3	13,663.3	13,663.3	0.0	0.0		24.0	24.0
Corrections	Administration & Operations	Widwood Correctional Center	8,177.1	8,177.1	8,177.1	8,177.1	0.0	0.0		0.0	
Corrections	Administration & Operations	Yukon-Kuskokwim Correctional Center	3,953.1	3,861.6	3,953.1	3,861.6	(91.5)	0.0		0.0	
Corrections	Administration & Operations	Institutional Reduction	0.0	0.0	0.0		0.0	0.0		0.0	
Corrections	Administration & Operations	Community Jails	4,800.3	4,766.6	4,800.3	4,766.6	(33.7)	0.0		0.0	
Corrections	Administration & Operations	Community Corrections Director's Office	733.8	701.9	733.8	701.9	(31.9)	0.0		0.0	
Corrections	Administration & Operations	Northern Region Probation	2,522.4	2,449.4	2,522.4	2,449.4	(73.0)	0.0		0.0	
Corrections	Administration & Operations	Southcentral Region Probation	4,433.6	4,189.9	4,433.6	4,189.9	(243.7)	0.0		0.0	
Corrections	Administration & Operations	Southeast Region Probation	961.5	961.5	961.5	961.5	0.0	0.0		0.0	
Corrections	Administration & Operations	Transportation and Classification	1,020.6	1,243.5	746.7	1,104.6	357.9	273.9	138.9	0.0	
Corrections	Administration & Operations	Facility Maintenance	0.0	7,780.5	0.0		0.0	0.0	7,780.5	0.0	
Corrections	Out of State Contracts	Out-of-State Contracts	14,512.3	18,149.0	12,245.6	15,482.3	3,236.7	0.0		2,266.7	2,666.7
Corrections	Existing Community Residential Centers	Existing Community Residential Centers	13,539.5	15,243.6	11,454.6	13,158.7	1,704.1	0.0		2,084.9	2,084.9
Corrections	Culturally Relevant CRC in Nome	Nome Culturally Relevant CRC	766.5	1,016.5	490.2	740.2	250.0	0.0		276.3	276.3
Corrections	Culturally Relevant CRC in Bethel	Bethel Culturally Relevant CRC	144.0	144.8	92.6	92.6	0.0	0.0		52.2	52.2
Corrections	Point MacKenzie	Point MacKenzie Rehabilitation Program	1,992.1	1,952.3	1,992.1	1,952.3	(39.8)	0.0		0.0	
Corrections	CRC Offender Supervision	Community Residential Center Offender Supervisor	366.0	0.0	366.0		(366.0)	0.0		0.0	
Corrections	VPSO Parole Supervision Pilot Program	VPSO Parole Supervision Pilot Program	115.0	115.0	115.0	115.0	0.0	0.0		0.0	
Corrections	Alternative Institutional Housing	Alternative Institutional Housing	115.0	0.0	115.0	0.0	(115.0)	0.0		0.0	
Corrections	Alternative Institutional Housing	Food Services Apprenticeship Program	0.0	96.1	0.0	0.0	0.0	0.0		0.0	96.1

Senate Finance Subcommittee on the
Alaska Court System
Recommendation for FY 00 Budget

Senator Gary Wilken
Subcommittee Chair

Senator Dave Donley
Senator Robin Taylor
Members

Senator Drue Pearce
Senator Al Adams
Members

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

The subcommittee recommends that the General Fund appropriation to the Alaska Court System operating budget be funded at \$49,725,300. This amount is \$7,600 over the FY99 authorized budget. (An accounting error failed to add this amount to the Alaska Court System budget. HB 405, "Fleeing or Evading a Police Officer," was passed in 1998 with a fiscal note of \$7,600.)

The Alaska Court System's authority to receive federal funds has been increased by \$315,000 to allow the Court System to receive this amount in federal dollars. These grant receipts do not fund constitutional or statutory mandates or functions.

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

**Alaska Court System
Date: April 14, 1999
Prepared by: Bob Fisher**

Program Area:	Dollar Amount(s):	Fund Source(s):
Appellate Courts	(74.0)	GF

Impact Analysis:

All increments were denied.

(Funding was not approved for replacement computers, software upgrades, and furniture or for ADA modifications to a courtroom.)

Program Area:	Dollar Amount(s):	Fund Source(s):
Administration	(366.6)	GF

Impact Analysis:

All increments were denied.

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

Program Area:	Dollar Amount(s):	Fund Source(s):
Trial Courts	(2,012.1)	GF

Impact Analysis:

All increments were denied.

(Funding was not approved for the increased costs of operating and maintaining court facilities in Anchorage, Tok, St. Marys and Palmer. Increased funding was not approved for leasehold improvements in Ketchikan, travel to improve judicial service to rural Alaska, for an In-Court Clerk in Barrow, for a Computer Systems Technician in First District or for a Library Assistant I in Juneau. Increased funding was not approved to raise juror fees or for computers, a copier, microfilm reader/printers and furniture for the new space in Palmer.)

The Senate Subcommittee granted authority for acceptance of federal grant receipts. These grant receipts do not fund constitutional or statutory mandates or functions. The Subcommittee approved an increase of \$7.6 to correct an accounting error in the FY 99 authorized budget amount.

Alaska Judicial Council

Date: April 13, 1999

Prepared by: William Cotton

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

Impact Analysis:

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

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

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

Date: April 13, 1999

Prepared by: Marla Greenstein, Executive Director

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

Impact Analysis:

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

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

FY00 Senate Finance Subcommittee Recommendations--Court System

(\$000)

Allocation: 49,725.3
 Subcommittee Report: 49,725.3
 Over (under): 0.0

Agency	BRU	Component	Total		GF Group			Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	Change	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	49,717.7	50,040.3	49,717.7	49,725.3	7.6	0.0	0.0	0.0	315.0
		FY99 Supplemental	7.6		7.6			0.0		0.0	
		FY99 Base	49,725.3		49,725.3			0.0		0.0	
		FY00-FY99		315.0		0.0			0.0		315.0
		% Change		0.63%		0.00%			#DIV/0!		#DIV/0!
Alaska Court System	Alaska Court System	Appellate Courts	3,980.4	3,980.4	3,980.4	3,980.4	0.0	0.0		0.0	
Alaska Court System	Alaska Court System	Trial Courts	38,531.9	38,839.5	38,531.9	38,539.5	7.6	0.0		0.0	300.0
Alaska Court System	Alaska Court System	Administration and Support	6,285.2	6,285.2	6,285.2	6,285.2	0.0	0.0		0.0	
Alaska Court System	Alaska Court System	Unallocated Reduction	0.0	0.0	0.0		0.0	0.0		0.0	
Alaska Court System	Commission on Judicial Conduct	Commission on Judicial Conduct	226.3	226.3	226.3	226.3	0.0	0.0		0.0	
Alaska Court System	Judicial Council	Judicial Council	673.9	688.9	673.9	673.9	0.0	0.0		0.0	15.0
Alaska Court System	Judicial Council	Courtwatch	20.0	20.0	20.0	20.0	0.0	0.0		0.0	

Senate Finance Subcommittee on Education

Recommendations for FY 00 Budget

Senator Gary Wilken
Subcommittee Chair

Senator Randy Phillips
Member

Senator Kim Elton
Member

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

The subcommittee work is based on growth from the FY99 authorized budget. Alaska Housing Finance Corporation funds (\$17,444,000) that were used to fund department activities in FY99 have been reclassified as General Funds in the FY99 base. The formula programs funded under *K-12 Support*, totaling \$696,647,900 in FY99 (including AHFC funds), are not addressed in this report, but will be discussed at a later date.

Teaching and Learning Support

The *Quality Schools* component was increased by \$1,096,000 to allow the Department of Education to continue, expand, and complete work that was begun in FY99 on the development of the State's Comprehensive Student Assessment System and the High School Graduation Qualifying Exam. The high level of financial support recommended by the subcommittee is indicative of the legislature's recognition of the importance of this endeavor.

The *Quality Schools* component was reduced by a belt-tightening proposal of \$33,200 and state funding for the preschool certification program was eliminated -- a \$30,000 reduction. The subcommittee requests the department to review the existing preschool certification program and propose ways to improve and fund this program.

At the request of the Department of Education the Alaska Career Information System (AKCIS) funding of \$141,000 GF/PRGM receipts was eliminated. The program did not generate the necessary receipts to function.

In the component *Education Special Projects*, the GF/Match for the Alaska Mineral and Energy Resource Education Fund (AMEREF) was eliminated. This reduction was not taken lightly by the subcommittee. It is the hope that another entity will be able to continue the educational benefits offered through AMEREF.

In *Teacher Certification*, a technical fund source change moved \$1,100 from the General Fund to General Fund/Program Receipts.

Executive Administration

The *Commissioner's Office* and *Administrative Services* components were reduced by \$20,000 and \$20,200 respectively. An unallocated reduction, which totals \$84,000, targeted "travel expenses". All department employees are encouraged to reduce air travel and rely more on increased telecommunication contact with school districts and other clientele.

One position, a micro/network tech position, was eliminated from the *Information Services* component realizing a reduction of \$50,000. The subcommittee added \$250,000 to implement provisions outlined in SB 36 (passed in 1998) relating to fiscal accountability, monitoring, and updating cost factors. This needed addition is in the *District Support Services* component.

A department recommended belt-tightening proposal of \$47,300 continues.

Educational Facilities Support, the component that provides oversight for the statewide school construction program, was fully funded at \$135,200. The source of these funds was changed from General Fund to Interagency Receipts.

Alyeska Central School

Alyeska Central School's excess General Fund/Program Receipt Authority was reduced \$25,000. The remaining authority will still allow the department's centralized correspondence school to continue to receive receipts from its curriculum development and other services provided by the school.

Commissions and Boards

The subcommittee approved and funded the requests of the *Professional Teaching Practices Commission* (\$187,400) and the *Alaska State Council on the Arts* (\$464,800). A technical fund source change moved a General Fund request of \$3,000 to General Fund/Program Receipts.

Alaska Technical Center

A pass-through grant of \$634,000 to the Alaska Technical Center (otherwise known as the *Kotzebue Technical Center*) was eliminated. This grant supplemented other funds to help pay for instructional support staff, facility support and program administration for this vocational/technical training school. It is the hope of the subcommittee chair that other private or public entities within

the Northwest Arctic Borough or the University of Alaska will work with this institution to continue the necessary support of the Alaska Technical Center.

Alaska Vocational Technical Center

The tuition and fees collected by the *Alaska Vocational Technical Center* were recognized as statutory designated program receipts. The subcommittee increased the school's receipt authority in order to accommodate a 10% increase in tuition and fees. The General Fund was reduced by the corresponding increase -- \$100,000.

The department's belt-tightening proposal of \$37,000 was continued.

Mt. Edgecumbe Boarding School

The *Mt. Edgecumbe Boarding School* serves 301 students in three residential facilities managed by a private contractor. Since 1985, Dorm Management Services has provided 24 hour, 7 days per week, management and supervision of the residential students as well as cleaning the dorm facilities. An increment of \$150,000 was added to ensure adequate night coverage and enable the contractor to acknowledge long-term employees with a modest salary increase.

The belt-tightening recommendation of \$30,400 continues.

Vocational Rehabilitation

The General Fund increment of \$190,000 for *Client Services - Vocational Rehabilitation* was denied. This division has proposed regulatory changes to allow clients to assist in payment for services based on the ability to pay. A portion of this denied increment may be absorbed through this proposed business practice change. The subcommittee recommends the division curb its travel to ensure that no direct services to clients are denied or reduced due to this small reduction. (The division's total travel budget is in excess of \$600,000.)

A belt-tightening proposal of \$72,500 continues in *Vocational Rehabilitation*.

The statewide coordinator for *Americans with Disabilities* funding source was changed from General Fund to Interagency Receipts. This funding source matches how the Department of Administration supports Equal Employment Opportunity investigations.

Alaska Library and Museums

An increment of \$100,000 was added in *Library Operations* to enable the purchase of needed library materials. Centralized access to information is the

most cost-effective and efficient manner to ensure that current and accurate information is available to everyone. Excess General Fund/Program Receipt Authority within in *Library Operations* was reduced by \$50,000.

A 10% reduction in library grants is recommended -- \$71,200. The funding level of these grants has maintained constant for many years and it is the hope of the subcommittee that this small reduction can be absorbed through other fund sources available to the many libraries within the state.

The three designated grants within *Specific Cultural Programs*, \$41,700, were eliminated. Funding for these grants can be awarded through the Alaska State Museums competitive grant program

Alaska Postsecondary Education Commission.

The *WWAMI Medical Education* component contains funding for the second, third, and fourth year students who attend and pay resident tuition and fees at the University of Washington's School of Medicine. A portion of these funds is used to pay the program administration at the University of Washington, School of Medicine, and for the community clinical sites in Alaska. Support for the WWAMI program administration and the community clinical sites in Alaska was reduced \$150,000. Student tuition support is not expected to be effected by this reduction.

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

Date: April 14, 1999

Prepared by: Karen Rehfeld

Program area:	Dollar amount(s):	Fund source(s):
Quality Schools - Assessment	(\$404,000)	General Funds

Impact Analysis:

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

The department carefully reviewed the increment request and made adjustments to the estimated development and implementation costs. Based on that review, the Senate proposal funds \$1,096,000 of the increment and the department believes that this amount will be sufficient to fund the assessment program in FY2000.

Program area:	Dollar amount(s):	Fund source(s):
Austerity Measures	(\$240,600)	General Funds

Impact Analysis:

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

Quality Schools	(\$33.2)
Administrative Services	(\$20.2)
District Support Services	(\$47.3)
AVTEC Operations	(\$37.0)
Mt. Edgecumbe Boarding School	(\$30.4)
Client Services	(\$72.5)

Program area:	Dollar amount(s):	Fund source(s):
Preschool Certification	(\$30,000)	General Funds

Impact Analysis:

The Senate proposal eliminates general funds for preschool certification that support a portion of the position responsible for the certification program. Funding is not sufficient to do more than a cursory review of application for preschool certification or to validate the quality of a preschool program. Additional resources would be necessary to accomplish the preschool certification program as it is currently defined in AS 14.07.020(8) and 4 AAC 60.010-.180. The Senate proposal does not allow any funding to either phase out or transition this program.

Program area:	Dollar amount(s):	Fund source(s):
Alaska Career Information System	(\$141,000)	GFPR
	(\$106,000)	IA Receipts

Impact Analysis:

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

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

Program area:	Dollar amount(s):	Fund source(s):
Alaska Minerals and Energy Resource Education Fund (AMEREF)	(\$50,000)	GF Match

Impact Analysis:

The AMEREF match provided funds for educational materials. The Senate proposal will eliminate these funds and the department will not be able to produce updates of the minerals education curriculum and materials for distribution to school districts.

Program area:	Dollar amount(s):	Fund source(s):
Unallocated Reduction	(\$84,000)	General Funds

Impact Analysis:

The Senate proposal includes an unallocated reduction of \$84,000 based on limiting travel across all department programs. The department will evaluate all travel and look for ways to accommodate that reduction.

Program area:	Dollar amount(s):	Fund source(s):
Kotzebue Technical Center Operations Grant	(\$634,000)	General Funds

Impact Analysis:

The Senate proposal eliminates funding for a pass-through grant that supports the operation of the Alaska Technical Center (ATC) in Kotzebue. The ATC offers vocational training in the areas of health and office occupations, business and industrial technology, industrial mine maintenance, and adult basic education. This funding represents approximately 50% of ATC's budget. Elimination of this funding will have significant impact on ATC's ability to operate vocational training programs and will impact the availability of other funding as a result.

Program area:	Dollar amount(s):	Fund source(s):
Client Services	(\$190,000)	General Funds

Impact Analysis:

The Senate proposal denies the increment request included in the Governor's FY2000 related to state maintenance of effort for receipt of federal rehabilitation services grant funds. This reduction, combined with the \$72,500 decrease for austerity measures, will result in a dollar for dollar loss of federal funds in the amount that the state fails to meet the MOE requirement. This will impact the Division of Vocational Rehabilitation's ability to continue to provide the level of quality services to clients and will require changes to service delivery to minimize the impact to clients.

Program area:	Dollar amount(s):	Fund source(s):
Library Operations	(\$71,200)	General Funds

Impact Analysis:

The Senate proposal reduces public library assistance grants by approximately 10%. This program has not received an increase since 1982 and was decreased in FY86. The amount of funding available to public libraries has also decreased as more libraries come into the program. The grant funding has remained consistent for almost 20 years. To the extent possible, public libraries will have to rely on local sources to make up the shortfall in the state grant.

Program area:	Dollar amount(s):	Fund source(s):
Specific Cultural Programs	(\$41,700)	General Funds

Impact Analysis:

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

Program area:	Dollar amount(s):	Fund source(s):
WWAMI Medical Education	(\$150,000)	General Funds

Impact Analysis:

The Governor's FY2000 budget included an increase for the WWAMI Medical Education Program contractual costs for 2nd, 3rd, and 4th year program funding.

The impact of the proposed reduction of \$150,000 can only be determined by the University of Washington School of Medicine (UWSM). The stated intent of the Senate Finance Subcommittee is to reduce the costs for program administration and the community clinical sites. However, this budget item, while historically broken out in budget documents to indicate the various program expenses, is compensation for an integrated medical education program structure. Under the contract, a participating state is not given the option of identifying what components it elects to fund and what it does not.

FY00 Subcommittee Recommendations--Department of Education

(5000)

Allocation: 741,716.6
 Subcommittee Report: 741,701.6
 Over (under): -15.0

Agency	BRU	Component	Total		GF Group			Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	Change	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	968,567.1	988,888.0	725,949.2	741,701.6	15,752.4	101,243.5	104,908.0	139,374.4	142,278.4
		Note: Supplemental austerity measures (-309) are included in FY99 authorized GF numbers.									
		FY99 Supplemental	0.0		0.0			0.0		0.0	
		FY99 Base	968,567.1		725,949.2			101,243.5		139,374.4	
		FY00-FY99		22,318.9		15,752.4			3,664.5		2,902.0
		% Change		2.31%		2.17%			3.62%		2.08%
					721.2	16,473.6					
Education	K-12 Support	Foundation Program	680,728.2	695,660.3	652,818.5	667,256.5	14,438.0	7,118.7	7,612.8	20,791.0	20,791.0
Education	K-12 Support	Tuition Students	1,921.2	2,225.0	1,921.2	2,225.0	303.8	0.0		0.0	
Education	K-12 Support	Boarding Home Grants	185.9	185.9	185.9	185.9	0.0	0.0		0.0	
Education	K-12 Support	Youth In Detention	800.0	800.0	800.0	800.0	0.0	0.0		0.0	
Education	K-12 Support	Schools for the Handicapped	3,801.7	3,840.5	3,801.7	3,840.5	38.8	0.0		0.0	
Education	K-12 Support	Pupil Transportation	38,082.1	39,775.1	38,082.1	39,775.1	1,693.0	0.0		0.0	
Education	K-12 Support	Child Nutrition	26,000.0	26,000.0	0.0		0.0	0.0		26,000.0	26,000.0
Education	K-12 Support	Community Schools	500.0	500.0	500.0	500.0	0.0	0.0		0.0	
Education	School Debt Reimbursement	School Debt Reimbursement	76,133.6	71,923.3	0.0		0.0	76,133.6	71,923.3	0.0	
Education	Teaching and Learning Support	Special and Supplemental Services	50,345.6	50,345.6	1,860.7	1,860.7	0.0	209.6	209.6	48,275.3	48,275.3
Education	Teaching and Learning Support	Quality Schools	29,604.8	30,670.8	3,549.3	4,615.3	1,066.0	58.6	58.6	25,996.9	25,996.9
Education	Teaching and Learning Support	Education Special Projects	849.9	552.9	201.6	10.6	(191.0)	570.3	464.3	78.0	78.0
Education	Teaching and Learning Support	Teacher Certification	692.8	692.8	676.4	676.4	0.0	16.4	16.4	0.0	
Education	Teaching and Learning Support	Child Nutrition Administration	727.7	727.7	45.1	45.1	0.0	0.0		682.6	682.6
Education	Executive Administration	State Board of Education	93.4	93.4	0.0		0.0	93.4		93.4	0.0
Education	Executive Administration	Commissioner's Office	0.0	450.7	0.0	176.3	176.3	0.0	274.4	0.0	0.0
Education	Executive Administration	Office of the Commissioner	470.7	0.0	196.3	0.0	(196.3)	274.4		0.0	
Education	Executive Administration	Administrative Services	1,365.3	1,365.3	724.7	724.7	0.0	640.6	640.6	0.0	
Education	Executive Administration	Unallocated Reduction		(84.0)		(84.0)	(84.0)				
Education	Executive Administration	Information Services	797.8	747.8	422.7	372.7	(50.0)	273.9	273.9	101.2	101.2
Education	School Finance	District Support Services	828.9	1,078.9	777.5	1,027.5	250.0	51.1	51.1	0.3	0.3
Education	School Finance	Educational Facilities Support	685.6	685.6	135.2		(135.2)	550.4	685.6	0.0	
Education	School Finance	Donated Commodities	359.4	275.0	0.0		0.0	359.4	275.0	0.0	
Education	Alyeska Central School	Alyeska Central School	4,119.6	8,480.7	116.9	91.9	(25.0)	4,002.7	8,388.8	0.0	
Education	Commissions and Boards	Professional Teaching Practices Commission	187.4	187.4	187.4	187.4	0.0	0.0	0.0	0.0	
Education	Commissions and Boards	Alaska State Council on the Arts	1,157.9	1,107.9	464.8	464.8	0.0	50.0	50.0	643.1	593.1
Education	Kotzebue Technical Center	Kotzebue Technical Center Operations Grant	634.0	0.0	634.0		(634.0)	0.0	0.0	0.0	
Education	Alaska Vocational Technical Center	Alaska Vocational Technical Center Operations	4,919.0	5,368.1	4,217.7	3,347.7	(870.0)	626.3	1,845.4	75.0	175.0
Education	Mt. Edgecumbe Boarding School	Mt. Edgecumbe Boarding School	4,129.0	4,370.4	2,300.0	2,450.0	150.0	1,829.0	1,920.4	0.0	
Education	State Facilities Maintenance	State Facilities Maintenance	0.0	1,496.1	0.0		0.0	0.0	1,496.1	0.0	
Education	Vocational Rehabilitation	Client Services	11,520.4	13,415.0	3,161.2	3,172.8	11.6	165.0	215.0	8,194.2	10,027.2
Education	Vocational Rehabilitation	Federal Training Grant	56.3	56.3	5.6	5.6	0.0	0.0	0.0	50.7	50.7
Education	Vocational Rehabilitation	Vocational Rehabilitation Administration	1,124.0	1,383.0	167.5	167.5	0.0	0.0		956.5	1,215.5
Education	Vocational Rehabilitation	Independent Living Rehabilitation	1,273.5	1,348.5	592.4	592.4	0.0	160.3	160.3	520.8	595.8

Education	Vocational Rehabilitation	Disability Determination	4,205.0	4,955.0	0.0	0.0	99.1	99.1	4,105.9	4,855.9
Education	Vocational Rehabilitation	Special Projects	1,514.8	1,472.3	125.4	82.9	(42.5)	120.0	120.0	1,269.4
Education	Vocational Rehabilitation	Assistive Technology	980.7	843.7	0.0		0.0	158.0	96.0	822.7
Education	Vocational Rehabilitation	Americans With Disabilities Act (ADA)	115.0	190.0	115.0		(115.0)	0.0	190.0	0.0
Education	Alaska State Library	Library Operations	4,556.0	4,635.8	3,772.2	3,802.0	29.8	158.3	158.3	625.5
Education	Alaska State Library	Archives	649.4	689.4	555.0	555.0	0.0	94.4	94.4	0.0
Education	Alaska State Museums	Museum Operations	1,375.6	1,423.4	1,335.5	1,383.3	47.8	10.1	10.1	30.0
Education	Alaska State Museums	Specific Cultural Programs	41.7	0.0	41.7		(41.7)	0.0		0.0
Education	Alaska Postsecondary Education Commis	Program Administration	991.6	1,050.3	10.0	10.0	0.0	906.3	965.0	75.3
Education	Alaska Postsecondary Education Commis	Student Loan Operations	6,523.6	6,530.1	10.0	10.0	0.0	6,513.6	6,520.1	0.0
Education	Alaska Postsecondary Education Commis	Western Interstate Commission for Higher Educ	83.0	85.0	83.0	85.0	2.0	0.0		0.0
Education	Alaska Postsecondary Education Commis	WWAMI Medical Education	1,355.0	1,285.0	1,355.0	1,285.0	(70.0)	0.0		0.0
Education	Alaska Postsecondary Education Commis	Federal Student Aid	80.0	0.0	0.0		0.0	0.0		80.0
<p>Please Note: All components under District Support Services BRU are moved to Executive Administration BRU and all components under the Alaska State Library and Alaska State Museums are under the new BRU Alaska Library and Museums.</p>										

Department of Environmental Conservation – FY 00 Increment Requests and Suggested Decrements:

FY 99 Auth: \$12,748.4 (\$213.0-CH2 SLA 99) FY 99 BASE: \$12,535.4

GF Reduction: (\$ 1, 683.4) includes CIP receipts

FY00 Increment Requests:

\$2,425.9 for 15 new positions requested from following sources:

CIP Rcpts (470 Fund) :	\$352.1	(\$155.8)	Fund: \$196.3	(4 positions)
CIP Rcpts (FC&O)	\$ 64.0	(\$ 64.0)	Fund: \$0	(1 position)
CIP Rcpts	\$ 80.0	(\$ 80.0)	Fund: \$0	(1 position)
GF	\$180.0	(\$180.0)	Fund: \$0	(4 positions)
GF/Prgm	\$200.0	(\$200)	Fund: \$0	(1 position)
Fed Rcpts	\$1,150.0	(0)	Fund: \$1,150.0	(4 positions)
GF Match	\$150.0	(\$150.0)	Fund: 0	
Clean Wtr/ADWF	<u>\$249.8</u>	<u>(0)</u>	<u>Fund: \$249.8</u>	
TOTALS:	\$2,425.9	(\$829.8)	DENIED Fund: \$1,596.1	

TOTAL GF NOT FUNDED: (\$749.8)

Additional Subcommittee Decrements to Spill Prevention/Storage Tank Assistance:

CIP Rcpts (470 Fund) – Decrease the up front appropriation into the O/H Substance Prevention Account
(\$580.3)

I/A Rcpts: (\$65.3) (disallow transfer of PCN to storage tank division)

470 Fund: (\$227.2) Decrease the up front appropriation into the O/H Substance Prevention Account

TOTAL: **(\$872.8)**

TOTAL GF NOT FUNDED: **(\$807.5)**

Administration

Administrative Services \$64.0 CIP Receipts Fund 1 new position
\$50.0/personal services; \$8.0/contractual; \$1.0/commodities; \$5.0/equipment

- Rationale: Increased support for FC&O grants

Senate Chairman Recommendation: **Deny increment.**

GF DECREMENT:

Reduce budget by amount of 2 Information Officers: (\$126,093)

- Rationale: Although the positions are paid for with all types of funds, it is assumed the Division will make adjustments for its remaining employees.

Senate Chairman Recommendation: **Approve (\$126,093/GF) decrement**

Environmental Health

Food Safety & Sanitation \$180.0 GF \$150.0 GF/PR Fund 4 new positions
\$222.9/personal services; \$28.0/travel; \$48.5/contractual; \$5.6/commodities/ \$25/equipment

- Rationale: Increase inspection frequency

Senate Chairman Recommendation: Deny \$330.0 increment; Approve \$1,471.0 statutory program receipts; legislation being introduced to create local option.

DEC/Facility Construction and Operations

Facility Construction and Operations

**Replacement of Fed Funds &
Increased Loan Audit/Servicing**

\$9.0 Clean Wtr \$240.8 ADWF

\$0/personal services; \$12.0/travel; \$235.8/contractual; \$1.0/commodities; \$1.0/equipment

- Rationale: To contract out loan accounting/auditing for Drinking Water Program

Senate Chairman Recommendation: **Approve increment**

Increased Village Safe Water Project Management

\$352.1/CIP Rcpts

\$267.8/personal services; \$40.3/travel; \$20.0/contractual; \$4.0/commodities; \$20.0/equipment

- Rationale: Management costs for increased projects due to increased Federal Village Safe Water money. DEC has agreed that it will seek contractual assistance to primarily handle the administrative work on 27 feasibility studies with communities. It is expected that the contractual line includes expenses for that work including travel. (NOTE: Division of Admin Services is seeking \$64.0 from CIP Rcpts. for increased administrative tasks due to increased VSW projects.)

Senate Chairman Recommendation: **Deny personal services increment (\$267.8); approve partial travel \$12.3; approve \$180.0/contractual; \$4.0/commodities; deny (\$20.0) equipment**

DEC/Spill Prevention & Response

Spill Prevention & Response: \$872.8 Decrement

Storage Tank Program – Reduce from 30 employees to 15. Consolidate this program with Contaminated Sites Program. Deadline for compliance with UST program was Dec. 1998. \$5.0 million in the Operating Budget as grants to tank owners who have cleaned up their tanks.

Personal Services: (\$65.3) I/A Receipts (disallow transfer of PCN into Storage Tank Program) Position stays within Industry Preparedness & Pipeline Operations
(\$227.2) O/H Substance "470" Fund (decrease the up front appropriation into the O/H Substance Prevention Account by \$227.2)

(\$580.3) CIP Receipts (470 Fund) (decrease the up front appropriation into the O/H Substance Prevention Account by \$580.3)

Senate Chairman Recommendation: **Approve Decrement (\$872.8)**

New BRU: Local Emergency Planning Committees funded at FY 99 level: \$543.4

Senate Chairman Recommendation: **Approve new BRU and funding level**

**Department of Environmental Conservation
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: April 13, 1999**

Prepared by: Barbara Frank, Director, Division of Administrative Services

Program Area:	Amount(s):	Source(s):
Administrative Services	(64.0)	CIP

Impact Analysis:

The Department of Environmental Conservation's FY 2000 capital budget request for the Village Safe Water program includes engineering feasibility studies in 27 communities and construction projects in 44 communities. This represents almost a 40% increase over the number of projects in the fiscal year 1999 capital budget. The increase in projects results from a large increase in federal funding for village sanitation.

The Division of Administrative Services provides administrative support to Facility Construction and Operation for its grant programs. The number of grants being issued by FCO are increasing substantially. Requirements for frequency of payments are also being increased at the director of Legislative Audit.

Existing staff in Administrative Services are fully utilized.

The department will not be able to meet express payment requests and timelines for the FCO program without this increment.

Program Area:	Amount(s):	Source(s):
Administrative Services	(126.1)	GF

Impact Analysis:

Information officers are an essential part of the department's efforts to work closely, effectively and in partnership with the industry we regulate and the communities where we protect public health. Communication with the general public is a critical element of the public health and emergency response services in the Department of Environmental Conservation. Failure to communicate accurately and timely could result in the loss of human life or property. The two information officers in the Division of Administrative Services are responsible for external communications. The Department of Environmental Conservation must keep Alaskans and other consumers informed to help protect health

and resources from illness, contaminants, polluted water, oil spills, dirty air, vermin and disease associated with solid and hazardous waste, and contaminated foods of all types. Federal amendments to the safe drinking water act include a requirement to provide public information about public water systems.

Information officers develop communication plans for regulations and major permits. For regulations, this ensures that the packages have been ground truthed with the affected constituencies and are common sense based. These efforts have successfully reduced the number of appeals and adjudicatory hearing.

The department's information officers issue press releases and public service announcements on issues vital to the state such as:

- Spills of oil and hazardous substances;
- Safe food and public health alerts; (such as paralytic shellfish poisoning)
- Air quality advisories;
- Recycling, solid and hazardous waste;
- Contaminated soil and groundwater;
- Water quality;
- Permit and regulatory information; and
- Criminal deterrents to environmental crime.

The department's information officers are funded through the indirect cost allocation plan, thus only a portion of the costs are paid with general funds.

The department has had at least two, and many times more than two information officers since 1989. Actual numbers by year are:

1989	4
1990	7
1991	6
1992	6
1993	3
1994	3
1995	2
1996	2
1997	2
1998	2
1999	2
FY 2000 Request	2

Program Area:

Amount(s):

Source(s):

Food Safety and Sanitation	(180.0)	GF
	(150.0)	GFPR

Impact Analysis:

With denial of the increment, the department will not be able to increase the inspection frequency of those facilities that represent the highest risk to public health.

In a presentation before the International Conference on Food Safety last fall, it was reported that the greater the inspection frequency, the greater the increase in inspection scores. Inspection scores are a direct reflection of the number of violations found at a food service establishment. The higher the score, the fewer the violations.

Some of the violations found in the past few months by Department of Environmental Conservation inspectors include rodents in refrigerator units; a failed septic system that resulted in several inches of raw sewage in a kitchen area; raw foods stored next to cooked foods; employees with open sores on hands handling food; and raw chicken being held at room temperature. All of these situations can cause a food borne illness.

In addition, inspectors increasingly play the role of educators. More frequent inspections means a greater opportunity to teach food service staff about food safety. Food service staff are typically young with a very high turn-over rate.

Program Area:	Amount(s):	Source(s):
Food Safety and Sanitation	(887.0)	GF
	(584.0)	GFPR
	1,471.0	Stat Desig

Impact Analysis:

This fund source change does not impact service delivery. A small increase in fees will be necessary.

Program Area:	Amount(s):	Source(s):
Drinking Water	(50.0)	GFPR

Impact Analysis:

The department will not be able to respond to requests for information from the 455 public water systems that are required under the federal Safe Drinking Water Act to submit annual "Consumer Confidence Reports" to their customers.

Under the federal program, the state is required to keep all the information that is to be reported. At least for the first several years, the water systems will not have this information readily available.

It may be possible to eventually put this information on the internet or otherwise allow electronic access by the public water systems but the state lacks the capability at this time.

Program Area:	Amount(s):	Source(s):
Water Quality	(80.0)	CIP

Impact Analysis:

The State of Alaska does not have primacy for water quality decisions. Obtaining primacy means that decisions about permits for use of state waters will be made by the state not the federal government. The regulated industry has stated a clear preference that the state pursue assumption of primacy for water quality.

Preparing a plan for primacy assumption is no small task. The state must work closely with regulated industry, environmental groups and the federal government. Regulations must be prepared, fees structures determined, staffing plans prepared, and a transition plan from the federal government to the state prepared, submitted and approved.

With denial of this increment, the state will not pursue a plan for assumption of primacy.

Program Area:	Amount(s):	Source(s):
Water Quality	(150.0)	GF Match

Impact Analysis:

The department submitted an increment request for 150,000 in general fund match which would allow the state to capture 1,150,000 in federal funds. The sub committee has denied the general fund match and approved the federal funds. The decision to not fund the general fund match portion of the increment jeopardizes the state's ability to accept the federal grant funds.

Accepting these federal funds is essential to fund state efforts to collect factual data about the waters of our state. Factual information is essential to defensible resource decisions. Without these funds, the state will not be able to:

- determine if practices which are in place to protect salmon habitat are being used and are effective when used;
- collect actual data about pollution or impairment levels in water bodies;
- issue permits based on actual data and conditions rather than modeling or theory; and
- provide information accessible to the general public about the condition of Alaskan water bodies.

These efforts are important to businesses, industries and communities wanting to use water resources.

Program Area:	Amount(s):	Source(s):
Storage Tank Program - Transaction #1	65.3 (65.3)	I/A Rcpts CIP Rcpts
Storage Tank Program – Transaction #2	(65.3)	I/A Rcpts
Storage Tank Program – Transaction #3	(227.2) (580.3)	Resp Fund CIP Rcpts

Impact Analysis:

The cumulative impact of these transactions is to reduce the Storage Tank Program by 872.8 and 15 positions, about half of the total staff.

Underground Storage Tank Clean Up Program

- eliminates the state financial assistance program for storage tank clean up;
- less sites will be cleaned up, contamination will grow and migrate; and
- lower priority storage tanks sites will not be cleaned up; no further action reports will not be issued; and the property will not be available for economic reuse or property transfer.

Above Ground Storage Tanks

- eliminates prevention program for releases at small capacity above ground tanks;
- eliminates state program to ensure compliance at facilities threatened with closure by the federal government;
- increases the likelihood that releases will pollute nearby surface and drinking water supplies; and
- eliminates upgrade of state owned above ground tanks.

Board of Storage Tank Assistance

- eliminates all funding for the board; and
- the department will settle any disputes, prioritize funding, and modify regulations without the assistance of the board.

Program Area:	Amount(s):	Source(s):
Industry Preparedness and Pipeline Operations	65.3	I/A Rcpts

Impact Analysis:

This transaction moves inter agency receipts which are not collectible and a PCN back to Industry Preparedness and Pipeline Operations. There is no impact on service delivery.

Program Area:	Amount(s):	Source(s):
Response Fund Administration	(543.4)	Resp Fund

Impact Analysis:

This transaction moves funding to a separate allocation and appropriation for Local Emergency Planning Committees. The effect of this transaction will be to increase administrative work to prepare and manage a stand alone budget with no apparent benefits.

Program Area:	Amount(s):	Source(s):
Local Emergency Planning Committees	543.4	Resp Fund

Impact Analysis:

This transaction moves funding to a separate allocation and appropriation for Local Emergency Planning Committees. The effect of this transaction will be to increase administrative work to prepare and manage a stand alone budget with no apparent benefits.

Program Area:	Amount(s):	Source(s):
Village Safe Water	(155.8)	CIP

Impact Analysis:

The Department of Environmental Conservation's FY 2000 capital budget request for the Village Safe Water program includes engineering feasibility studies in 27 communities and construction projects in 44 communities. This represents almost a 40% increase over the number of projects in the fiscal year 1999 capital budget. The increase in projects results from a large increase in federal funding for village sanitation.

With a 40% increase in projects, the department submitted an increment to fund four new engineering positions – salaries and support costs. Project managers work directly with the communities and other state and federal agencies to complete the projects. Each project is assigned to a single engineer who is responsible for getting the project started, guiding the community to an appropriate project design, helping the community while safeguarding the investment of state and federal funding as the construction progresses, and ultimately seeing that the project gets built and operated by the community.

The sub committee proposal suggests that the department accomplish this work with contracts rather than employees. The department will pursue contracts but can not state for sure that the contracting option will be successful.

FY00 Senate Finance Subcommittee Recommendations--Environmental Conservation

(\$000)

Allocation: 12,185.4
 Subcommittee Report: 11,326.3
 Over (under): -859.1

Agency	BRU	Component	Total		GF Group			Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	Change	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	46,916.2	47,577.7	12,744.4	11,326.3	-1,422.1	20,704.0	21,634.6	13,462.8	14,612.8
		FY99 Supplemental	-213.0		-213.0			0.0		0.0	
		FY99 Base	46,702.2		12,531.4			20,704.0		13,462.8	
		FY00-FY99		875.5		-1,209.1			934.6		1,150.0
		% Change		1.87%		-9.65%			4.51%		8.64%
Environmental Conservation	Administration	Office of the Commissioner	391.8	391.8	290.1	290.1	0.0	0.0	0.0	101.7	101.7
Environmental Conservation	Administration	Administrative Services	3,464.2	3,338.1	1,071.9	945.8	(126.1)	1,425.7	1,425.7	966.6	966.6
Environmental Conservation	Administration	E Exxon Restoration	630.2	630.2	0.0	0.0	0.0	630.2	630.2	0.0	0.0
Environmental Conservation	Environmental Health	Environmental Health Director	168.4	168.4	168.4	168.4	0.0	0.0	0.0	0.0	0.0
Environmental Conservation	Environmental Health	Animal Industries	697.9	0.0	316.1	0.0	(316.1)	0.0	0.0	381.8	0.0
Environmental Conservation	Environmental Health	Sealood and Sanitation Inspections	2,783.3	0.0	2,496.0	0.0	(2,496.0)	175.0	0.0	112.3	0.0
Environmental Conservation	Environmental Health	Food Safety & Sanitation	0.0	3,481.2	0.0	1,516.1	1,516.1	0.0	1,471.0	0.0	494.1
Environmental Conservation	Environmental Health	Laboratory Services	2,259.3	2,232.7	1,309.3	1,309.3	0.0	193.6	193.6	750.4	729.8
Environmental Conservation	Environmental Health	Drinking Water	3,764.6	3,814.6	1,503.1	1,503.1	0.0	0.0	0.0	2,261.5	2,311.5
Environmental Conservation	Environmental Health	Solid Waste Management	0.0	1,078.3	0.0	1,051.7	1,051.7	0.0	0.0	0.0	26.6
Environmental Conservation	Environmental Health	Municipal Solid Waste	740.1	0.0	740.1	0.0	(740.1)	0.0	0.0	0.0	0.0
Environmental Conservation	Environmental Health	Industrial Solid Waste	311.6	0.0	311.6	0.0	(311.6)	0.0	0.0	0.0	0.0
Environmental Conservation	Statewide Public Services	Statewide Public Services	1,801.5	1,751.5	202.6	202.6	0.0	742.3	742.3	856.6	806.6
Environmental Conservation	Air and Water Quality	Air and Water Director	462.1	462.1	209.9	209.9	0.0	252.2	252.2	0.0	0.0
Environmental Conservation	Air and Water Quality	Air Quality	4,840.2	4,840.2	1,202.8	1,202.8	0.0	2,034.1	2,034.1	1,603.3	1,603.3
Environmental Conservation	Air and Water Quality	Water Quality	4,777.3	5,927.3	1,784.7	1,784.7	0.0	785.2	785.2	2,207.4	3,357.4
Environmental Conservation	Spill Prevention and Response	Spill Prevention and Response Director	193.1	193.1	0.0	0.0	0.0	193.1	193.1	0.0	0.0
Environmental Conservation	Spill Prevention and Response	Contaminated Sites	4,911.8	4,911.8	0.0	0.0	0.0	2,618.1	2,618.1	2,293.5	2,293.5
Environmental Conservation	Spill Prevention and Response	Storage Tank Program	2,310.2	1,502.7	0.0	0.0	0.0	1,534.8	727.3	775.4	775.4
Environmental Conservation	Spill Prevention and Response	Industry Preparedness and Pipeline Operation	2,407.8	2,407.8	0.0	0.0	0.0	2,399.3	2,399.3	0.5	0.5
Environmental Conservation	Spill Prevention and Response	Prevention and Emergency Response	3,109.9	3,109.9	0.0	0.0	0.0	3,109.9	3,109.9	0.0	0.0
Environmental Conservation	Spill Prevention and Response	Response Fund Administration	2,185.5	1,642.1	0.0	0.0	0.0	2,185.5	1,642.1	0.0	0.0
Environmental Conservation	Local Emergency Planning Committees	Local Emerg Planning Committees	0.0	543.4	0.0	0.0	0.0	0.0	543.4	0.0	0.0
Environmental Conservation	Facility Construction and Operations	Facility Construction and Operations	4,704.8	5,150.7	1,141.8	1,141.8	0.0	2,425.0	2,871.1	1,137.8	1,137.8

**Senate Finance Subcommittee Closeout Summary
FY 00 Operating Budget
Department of Fish & Game**

The challenge of developing operating budgets within the constraints of the State's projected billion dollar fiscal deficit has required careful review of every program and expenditure within the department's budget. Working closely with the department staff, the subcommittee developed a budget that we believe satisfies the basic needs of Alaskans who depend on services provided by the Department of Fish & Game.

When Legislative leaders recognized last fall that oil prices were showing no sign of improvement, they asked the Governor to take steps immediately to reduce state services provided with general funds, and lessen the strain on the growing budget gap. In response, the Department of Fish & Game tightened its general fund spending by \$548,100. Because the revenue outlook for FY 00 is no less bleak, the Senate Finance subcommittee has asked the department to extend those reductions into FY 00.

Commercial Fisheries – The subcommittee increased the FY 00 Test Fisheries budget by \$2,647,500. After the department reduced its FY 99 general fund spending in the Commercial Fisheries Division by over \$400,000, the subcommittee extended that austerity measure into FY 00. Also the subcommittee gave the department authority to use federal funds and Fish and Game Funds to replace an additional \$767,300 reduction in Headquarters Fisheries Management. A proposed fee increase in commercial fishing crew licenses is expected to provide the necessary funding from the Fish & Game Fund.

Glacier Bay Commercial/Subsistence Fishing Legal Defense – The subcommittee eliminated this budget item with the expectation that a legal defense budget will not be necessary due to pending Congressional action.

**FY 99 austerity measures were extended into FY 00 in the following divisions:
Wildlife Conservation \$-4,200; Administrative Services \$ 34,300.**

Subsistence – The subcommittee adopted a transfer from the Legal Defense budget unit into the Field Office component, increasing the budget by \$44,400. After numerous discussions about the potential transfer of management of navigable waters to the federal government, the subcommittee elected to maintain the subsistence division with the expectation that the department will collaborate with appropriate entities to provide necessary subsistence information in a cost effective manner.

Sport Fish – The subcommittee approved a \$530,000 net increase to the division with no change in the general fund spending level.

Habitat – The division's general fund spending remains unchanged from the FY 99 level.

Commissioner's Office – The division was funded at the current year's budget level.

**Department of Fish and Game
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: April 14, 1999
Prepared by: Kevin Brooks**

Program Area:	Dollar Amount(s):	Fund Source(s):
Austerity Measures	(506.1) (42.0)	GF GFPR
Additional Changes to Commercial Fisheries	(767.3)	GF
Federal Funds Offset	383.6	Federal
Fish and Game Fund Offset	383.7	F&G Fund

Impact Analysis:

The Senate proposal continues the FY99 Austerity Measures cuts which will result in position vacancies, reduced travel and purchasing, as well as some program restrictions within the Division of Commercial Fisheries, Glacier Bay Legal Defense, and the Commercial Fisheries Limited Entry Commission.

It also cuts an additional \$767.3 from the Commercial Fisheries Management budget. This additional reduction is offset by a fish and game fund increase of \$383.7 to be derived from an increase in the cost of a crewmember license, and increased federal receipt authority. The crewmember license fee increase will require a statutory change.

The division is concerned that additional federal funds will not be available by July 1, if at all. A large proportion of its expenditures occurs during the first quarter of the fiscal year. If the department is unsuccessful in reaching a contractual funding agreement with the federal government, the Division of Commercial Fisheries would be forced to reduce spending by an additional \$383.6 in FY2000, on top of the \$412.0 austerity measures reduction. The division has already described the potential impacts of a \$412.0 reduction to its management and stock assessment programs. A \$795.6 reduction would result in much greater impacts. At a minimum several area offices around the state would be closed and many longstanding stock assessment and fishery monitoring programs would be greatly reduced or eliminated (see following narrative). In addition, the division would be forced to reduce staff involvement with the North Pacific Fishery Management Council and the Alaska Board of Fisheries.

Division of Commercial Fisheries

Statewide Herring Management and Stock Assessment -- The department's herring stock assessment program is one of the most respected and technically sound herring research programs in the world. Careful management of herring fisheries is of paramount concern to the people of Alaska, not only because herring are a vital component of the marine ecosystem as a forage species but also because of the extreme importance of herring fisheries to local economies. The Senate's proposed cut will result in reductions in the herring spawn deposition research program in Southeast Alaska and in aerial surveys and fishery monitoring programs in other areas of the state (Kodiak, Norton Sound, and Prince William Sound). The department would become more reliant on aerial surveys as the only available method for estimating herring spawning biomass. Because aerial surveys are less reliable indicators of herring spawning abundance, department herring managers would be forced to use more conservative estimates of abundance resulting in reduced quotas and substantial income loss for commercial herring fishers.

Research Vessels -- Currently, the department operates five large research vessels: the R/V Sundance and R/V Medeia in Southeast Region, the R/V Pandalus and R/V Montague in Central Region, and the R/V Resolution in Kodiak Region. These vessels are used for a variety of fishery management and stock assessment activities. The reductions proposed by the Senate may make it impossible to afford to operate one or more of these vessels resulting in the need to surplus. Some of the management or stock assessment support functions provided by these research vessels would then be contracted out to more expensive private vessel contractors.

Fisheries Development -- Support for salmon fisheries development and mariculture activities would be reduced by the Senate budget reductions. The department would provide less support for management planning efforts with the regional aquaculture associations and would have to reduce involvement with Regional Salmon Planning Teams. The department would also seek approval to charge for pathology services to partially offset the proposed reductions. These costs would then be borne by private hatchery operators around the state.

Statewide Salmon Fisheries Stock Assessment -- The proposed reductions would mean the elimination or reduction of several inseason run strength enumeration programs (weirs, counting towers, sonar programs, etc). As a result, salmon fishery management programs would be based on less accurate aerial survey or fishery performance information. Lacking these programs, commercial fisheries would necessarily be managed more conservatively to help assure that spawning escapements are achieved and that adequate fish are available for subsistence fisheries. In years when the run is particularly poor it would be more difficult to make assessments early in the season resulting in greater risk to the resource.

Area Management -- The proposed reductions would mean that some area offices would need to be closed or operated on a seasonal basis. This would impact a variety of public services (e.g., subsistence, personal use fishing and commercial fishing permits, vessel registrations, and dissemination of information on regulations and fishery openings) and fishery management activities (shellfish and groundfish fishery monitoring, hatchery management plan reviews, regulations compliance).

Glacier Bay Legal Defense

Senator Murkowski has introduced legislation designed to reverse actions taken by Congress during the 1998 session. This legislation is likely to be active in Congress during the next fiscal year.

This funding was placed in the ADF&G budget specifically to enable participation by fishermen in defending their interests and the state's interests in the Glacier Bay commercial fisheries dispute. Deletion of this funding will mean that the Department of Fish and Game will be unable to pay for travel by fishermen to Washington DC to testify on this or other legislation related to commercial fisheries management in Glacier Bay.

Commercial Fisheries (Limited) Entry Commission

The Commercial Fisheries Limited Entry Commission (CFEC) will eliminate two seasonal licensing support positions and one seasonal paralegal position. CFEC will eliminate in-season, local licensing services in Dillingham and King Salmon. CFEC will cut travel funds required for local licensing services as well as additional travel funds. Reductions in CFEC's travel budget may impair CFEC's ability to provide due process hearings at locations near where members of the public live.

These general fund reductions are applied to the following components:

Commercial Fisheries – Southeast Region	(68.9)	GF
Commercial Fisheries – Central Region	(83.0)	GF
Commercial Fisheries – AYK Region	(65.8)	GF
Commercial Fisheries – Westward Region	(90.4)	GF
Commercial Fisheries – Headquarters	(831.4)	GF
Commercial Fisheries – Development	(39.8)	GF
Glacier Bay Legal Defense	(45.0)	GF
Wildlife Conservation	(4.2)	GF
Administrative Services	(15.9)	GF
Boards of Fish and Game	(12.2)	GF
Boards Advisory Committees	(6.2)	GF
Commissioner's Office	(10.6)	GF
Limited Entry Program Administration	<u>(42.0)</u>	GFPR
Total	(1,315.4)	

Program Area:	Dollar Amount(s):	Fund Source(s):
Habitat – North Slope Oil and Gas Implementation	(75.0)	GF

Impact Analysis:

The North Slope currently has seven Alpine-size projects under development and additional development is proposed, including NPRA. FY99 base funding for North Slope oil and gas activities is severely limited, consisting of \$8.0 GF in the Permitting/Title 16 component, \$42.9 GF in the Habitat Component, and approximately \$29.8 in the combined GF/IA ACMP Monitoring and Compliance project. Current funding is inadequate to credibly assess major development alternatives.

Without this increment the following activities will not be completed in a timely manner;

- 1) review and permitting of North Slope seismic exploration activities;
- 2) review of offshore oil and gas exploration and development projects;
- 3) review and permitting of winter ice road routing, construction, and operation for drilling, production and maintenance projects; and
- 4) ACMP project consistency reviews.

Industry will be adversely impacted by costly permitting delays.

FY00 Senate Finance Subcommittee Recommendations--Fish & Game

(\$000)

Allocation: 33,073.5
 Subcommittee Report: 33,073.5
 Over (under): 0.0

Agency	BRU	Component	Total		GF Group			Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	Change	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	109,130.5	113,781.6	34,388.9	33,073.5	-1,315.4	42,048.4	46,760.9	32,693.2	33,939.2
		FY99 Supplemental	-548.1		-548.1			0.0		0.0	
		FY99 Base	108,582.4		33,840.8			42,048.4		32,693.2	
		FY00-FY99		5,199.2		-767.3			4,720.5		1,246.0
		% Change		4.78%		-2.27%			11.23%		3.81%
Fish and Game	Commercial Fisheries	Southeast Region Fisheries Management	5,492.0	5,952.5	4,284.9	4,284.9	0.0	678.2	1,138.7	528.9	528.9
Fish and Game	Commercial Fisheries	Central Region Fisheries Management	6,120.8	6,165.8	5,158.7	5,203.7	45.0	962.1	962.1	0.0	0.0
Fish and Game	Commercial Fisheries	AYK Region Fisheries Management	4,258.9	4,258.9	4,091.8	4,091.8	0.0	167.1	167.1	0.0	0.0
Fish and Game	Commercial Fisheries	Westward Region Fisheries Management	6,877.0	9,327.5	5,621.9	5,624.9	3.0	1,055.1	3,702.6	0.0	0.0
Fish and Game	Commercial Fisheries	Headquarters Fisheries Management	4,048.3	3,636.3	4,048.3	2,869.0	(1,179.3)	0.0	381.6	0.0	383.7
Fish and Game	Commercial Fisheries	Fisheries Development	2,475.0	2,427.0	2,475.0	2,427.0	(48.0)	0.0	0.0	0.0	0.0
Fish and Game	Commercial Fisheries	Special Projects	11,023.3	10,957.8	52.0	52.0	0.0	3,745.6	3,285.1	7,225.7	7,620.7
Fish and Game	Commercial Fisheries	Capital Improvement Costs	632.7	632.7	0.0	0.0	0.0	632.7	632.7	0.0	0.0
Fish and Game	Commercial Fisheries	EVOS Restoration Projects	1,112.8	626.2	0.0	0.0	0.0	1,112.8	626.2	0.0	0.0
Fish and Game	Glacier Bay Commercial/Subsistence Fishing	Glacier Bay Commercial/Subsistence Fishing Legal De	100.0	0.0	100.0	0.0	(100.0)	0.0	0.0	0.0	0.0
Fish and Game	Sport Fisheries	Sport Fisheries	22,286.9	22,817.4	70.6	70.6	0.0	11,791.1	10,212.1	10,425.2	12,534.7
Fish and Game	Sport Fisheries	Special Projects	400.4	400.4	0.0	0.0	0.0	220.0	220.0	180.4	180.4
Fish and Game	Wildlife Conservation	Wildlife Conservation	15,246.1	11,676.2	299.2	295.0	(4.2)	7,748.1	10,231.2	7,198.8	6,150.0
Fish and Game	Wildlife Conservation	Special Projects	2,907.2	2,937.2	17.9	17.9	0.0	338.0	368.0	2,551.3	2,551.3
Fish and Game	Wildlife Conservation	Capital Improvement Position Costs	424.3	293.8	0.0	0.0	0.0	424.3	293.8	0.0	0.0
Fish and Game	Wildlife Conservation	EVOS Restoration Projects	539.4	539.4	0.0	0.0	0.0	539.4	539.4	0.0	0.0
Fish and Game	Wildlife Conservation	Assert/Protect State's Rights	200.7	200.7	0.0	0.0	0.0	200.7	200.7	0.0	0.0
Fish and Game	Wildlife Conservation	40 Mile Caribou Herd/GMU 19D Moose/Predator Mgm	236.1	0.0	0.0	0.0	0.0	235.9	0.0	0.2	0.0
Fish and Game	Administration and Support	Public Communications	135.7	135.7	0.0	0.0	0.0	135.7	135.7	0.0	0.0
Fish and Game	Administration and Support	Administrative Services	4,675.0	4,756.1	1,084.6	1,068.7	(15.9)	1,924.0	2,887.4	1,666.4	800.0
Fish and Game	Administration and Support	Boards of Fisheries and Game	915.0	903.6	745.9	733.7	(12.2)	169.9	169.9	0.0	0.0
Fish and Game	Administration and Support	Advisory Committees	376.1	369.9	376.1	369.9	(6.2)	0.0	0.0	0.0	0.0
Fish and Game	State Facilities Maintenance	State Facilities Maintenance	0.0	894.3	0.0	0.0	0.0	0.0	894.3	0.0	0.0
Fish and Game	Commissioner's Office	Commissioner's Office	834.4	834.4	533.9	533.9	0.0	41.9	81.9	258.6	218.6
Fish and Game	Subsistence	Subsistence	214.9	214.8	214.8	214.8	0.0	0.1	0.0	0.0	0.0
Fish and Game	Subsistence	Subsistence - Special Projects	1,566.8	1,666.9	0.0	0.0	0.0	109.8	109.9	1,457.0	1,557.0
Fish and Game	Subsistence	EVOS Restoration Projects	563.8	563.8	0.0	0.0	0.0	563.8	563.8	0.0	0.0
Fish and Game	Subsistence Field Offices	Subsistence Field Offices	1,329.2	1,373.6	841.8	866.2	44.4	487.4	487.4	0.0	0.0
Fish and Game	Habitat	Habitat	1,169.3	1,648.3	160.3	160.3	0.0	541.8	1,281.7	467.2	206.3
Fish and Game	Habitat	Special Projects	1,489.3	2,692.8	38.0	38.0	0.0	925.4	1,701.8	525.9	953.0
Fish and Game	Habitat	Habitat Permitting/Title 16	2,405.7	2,627.0	1,610.8	1,610.8	0.0	696.5	870.8	98.4	145.4
Fish and Game	Habitat	Exxon Valdez Restoration	6,601.0	4,621.0	0.0	0.0	0.0	6,601.0	4,621.0	0.0	0.0
Fish and Game	Limited Entry Program Administration	Limited Entry Program Administration	2,671.6	2,629.6	2,562.4	2,520.4	(42.0)	0.0	0.0	109.2	109.2

**Senate Finance Subcommittee
Office of the Governor
Recommendations for FY 00 Budget**

This narrative describes the effect of the budget allocations proposed for the Office of the Governor on the attached spreadsheet.

The subcommittee accepted the proposal from the Governor for FY 00 of 15,599.9. The Governor's FY 00 is reduced by 297.0 in "belt tightening" as follows:

Component: Executive Office
BRU: Executive operations

Reduction of 98.6 in Governor's "belt tightening"

Component: Contingency Fund
BRU: Executive operations

Reduction of 25.0 in Governor's "belt tightening"

Component: Lieutenant Governor
BRU: Executive operations

Reduction of 19.5 in Governor's "belt tightening"

Component: Office of Management & Budget
BRU: Office of Management & Budget

Reduction of 89.3 in Governor's "belt tightening"

Component: Governmental Coordination
BRU: Office of management & Budget

Reduction of 26.6 in Governor's "belt tightening"

Component: Elective Operations
BRU: Elections

Reduction of 30.0 in Governor's "belt tightening"

Component: Elective Operations
BRU: General and Primary Elections

Reduction of 8.0 in Governor's "belt tightening"

The Governor's FY 00 request was 15,599.9

Less 297.0 belt tightening

The recommendations by the subcommittee 15,302.8

FY00 Senate Finance Subcommittee Recommendations--Office of the Governor

(\$000)

Allocation: 15,302.8
 SubCommittee Report: 15,302.8
 Over (under): 0.0

Agency	BRU	Component	Total		GF Group			Other Funds		Federal Funds	
			FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00	Change	FY99 Authorized	Subcommittee Recommendation for FY00	FY99 Authorized	Subcommittee Recommendation for FY00
		Total	22,296.3	18,776.8	10,203.8	15,302.8	-2,901.0	1,019.7	400.2	3,072.8	3,072.8
		FY99 Supplemental	-297.0		-297.0			0.0		0.0	
		FY99 Base	21,999.3		17,906.8			1,019.7		3,072.8	
		FY00-FY99		-3,223.5		-2,604.0			-619.5		0.0
		% Change		-14.65%		-14.54%			-60.75%		0.00%
Governor	Commissions/Special Offices	Human Rights Commission	1,458.4	1,458.4	1,307.9	1,307.9	0.0	0.0	0.0	150.5	150.5
Governor	Commissions/Special Offices	Alaska Human Resources Investment C	1,019.7	400.2	0.0	0.0	0.0	1,019.7	400.2	0.0	0.0
Governor	Executive Operations	Executive Office	6,658.6	6,560.0	6,548.6	6,450.0	(98.6)	0.0	0.0	110.0	110.0
Governor	Executive Operations	Governor's House	318.0	318.0	318.0	318.0	0.0	0.0	0.0	0.0	0.0
Governor	Executive Operations	Contingency Fund	500.0	475.0	500.0	475.0	(25.0)	0.0	0.0	0.0	0.0
Governor	Executive Operations	Liautanant Governor	894.0	874.5	894.0	874.5	(19.5)	0.0	0.0	0.0	0.0
Governor	Executive Operations	Equal Employment Opportunity	271.8	271.8	271.8	271.8	0.0	0.0	0.0	0.0	0.0
Governor	Executive Operations	Agencywide Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Governor	Office of Intomational Trade	Office of International Trade	586.7	0.0	586.7	0.0	(586.7)	0.0	0.0	0.0	0.0
Governor	Office of Management & Budget	Office of Management and Budget	2,374.9	2,127.6	2,374.9	2,127.6	(247.3)	0.0	0.0	0.0	0.0
Governor	Office of Management & Budget	Governmental Coordination	4,277.3	4,250.7	1,465.0	1,438.4	(26.6)	0.0	0.0	2,812.3	2,812.3
Governor	Elective Operations	Elections	1,945.2	1,694.0	1,945.2	1,694.0	(251.2)	0.0	0.0	0.0	0.0
Governor	Elective Operations	General and Primary Elections	1,991.7	345.6	1,991.7	345.6	(1,646.1)	0.0	0.0	0.0	0.0

**Senate Finance Subcommittee on Health and Social Services
Recommendations for FY '00 Budget**

**Senator Pete Kelly, Chair
Senator Sean Parnell
Senator Mike Miller
Senator Kim Elton**

This narrative lists all changes in the DHSS budget made by the House Finance Subcommittee, as well as changes made in the Senate Finance Subcommittee. The House and Senate have accepted components not specifically mentioned here from the Governor's FY '00 budget.

- **Public Assistance**

All Public Assistance components were **fully funded** at the level requested by the Governor.

Adult Public Assistance, a state-funded program that provides cash assistance to needy, aged, blind and disabled persons, is **fully funded** at the Governor's request - \$2,249.4 over the FY '99 budget.

- **Medical Assistance**

Full funding of Denali Kid Care will provide increased health coverage for children and pregnant women.

In **Chronic Acute Medical Assistance**, was **fully funded** at the FY '99 level.

In **Medicaid Services**, the Governor's *increment* for Medicaid 'Base Program' Entitlement Increase of \$12,791.0 (\$4,000.0 GF) has been denied.

- **Medical Assistance Administration**

In **Children's Health Eligibility**, the Governor's *increment* for CHIP Program Annualization of \$943.5 (\$816.9 GF) has been **fully funded**.

The *increment* for CHIP (**Denali Kid Care**) Outreach Grants of \$405.0 in other funds has been accepted and we have worked with the Department to use these funds to secure \$1,315.3 in federal funds. This allowed the subcommittee to deny the GF increment in Health Services/Medicaid for CHIP Outreach Grants.

- **Purchased Services**

Foster Care components have been funded \$19,280.7 over the FY '99 budget.

In **Family Preservation**, the Governor's *increments* for Dual Track-Differential Response to Child Protection of \$672.9 (\$635.9 GF) and for an Independent Living Program of \$200.0 GF have been denied.

In **Foster Care Base Rate**, the Governor's *increment* for Caseload Growth of \$1,344.9 (\$1,106.9 GF) has been partially funded at \$476.0 (\$238.0 GF).

In **Foster Care Augmented Rate**, the Governor's *increment* for Therapeutic Foster Care of \$1,568.5 (\$276.4 GF) is partially funded at \$1,292.1 federal and I/A receipts.

In **Foster Care Special Need**, the Governor's *increment* for Foster Care Training of \$258.8 has been **fully funded**.

The Governor's *increment* for **Special Need Caseload Growth** of \$865.2 (\$648.9 GF) has been partially funded at \$432.6. (\$216.3 GF).

In **Foster Care – Alaska Youth Initiative**, the Governor's request for \$876.0 (\$476.0 GF and \$400.0 GF/MH) was **fully funded**.

- **Purchased Services (continued)**

In **Subsidized Adoptions and Guardianship**, the Governor's *increment* for Caseload Growth of \$2,440.8 (\$2,050.3 GF) has been partially funded at \$1,952.8 (\$1,562.3 GF).

The Governor's *increment* for **Training for Adoptive Parents of Special Needs Children** of \$250.0 has been **fully funded**.

Project Succeed, an effort to find permanent homes for children in State custody has been **fully funded** at the Governor's level of \$800.0.

In **Residential Child Care**, the Governor's *increment* for Emergency Shelter and Treatment Care for Children of \$1,368.4 (\$1,065.4 GF) has been partially funded at \$900.0 (\$497.0 GF). \$100.0 MHTAAR monies will be appropriated for training residential child care providers who assist special needs and developmentally disabled children in the community.

- **Front Line Social Workers**

In **Front Line Social Workers**, the Governor's *increment* for 28 New Child Protection Staff of \$2,156.9 (\$1,769.8 GF) has been denied. However, **full funding** to annualize the cost of the 28 social workers added in the FY '99 budget helps in our efforts to reduce child abuse and neglect.

The Governor's *increment* for Anchorage/Bethel/Sitka Lease and WAN Cost of \$421.2 (\$315.9 GF) has been **fully funded**.

- **Family and Youth Services Staff Training**

In this BRU, the Governor's *increment* for Staff Training of \$145.9 GF has been denied.

- **Youth Corrections**

In the **McLaughlin Youth Center**, the Governor's *increment* for the Opening and Staffing of the 30 bed expansion for the last three months of FY'00 of \$433.5 GF has been denied, delaying the opening until FY'01.

- **Youth Corrections (continued)**

In the **Nome Youth Facility**, the Governor's increment for Annualizing the cost for new staff partially funded in FY'99 of \$101.0 GF has been **fully funded**.

In the **Johnson Youth Facility**, the Governor's increment for annualizing the cost for a 22 bed treatment unit approved in FY'99 of \$571.0 GF has been **fully funded**.

In the **Mat-Su Youth Facility**, the Governor's increment for Opening and Staffing the facility for the last three months of FY'00 of \$461.4 (\$456.4 GF) has been denied, delaying the opening until FY'01.

In **Probation Services**, the Governor's increments for establishing a new Division of Juvenile Justice of \$297.3 GF and for Restructuring Management (\$43.9 GF) have been denied.

- **Kawerak Social Services**

In this component, the Governor's increment for an Additional Social Worker of \$63.2 GF has been denied.

- **Human Services Community Matching Grants**

Human Services community Matching Grants were **fully funded**. The Governor's increment for replacing School Based Underfunding of \$387.7 GF has had a fund source change to I/A receipts. In addition, language was added to the front section of the budget which allows the Department to award grants in a timely manner if the federal receipts fall short of the estimate.

- **State Health Services**

In **Maternal, Child and Family Health**, the Governor's increment for replacing School Based Underfunding of \$296.8 GF has had a fund source change to I/A receipts. In addition, language was added to the front section

- **State Health Services (continued)**

of the budget which allows the Department to award grants in a timely manner if the federal receipts fall short of the estimate.

In **Healthy Families**, the Governor's increment for Healthy Families Expansion of \$978.0 GF has been denied. \$100.0 MHTAAR funds have been accepted to conduct a Control Group Study. A reduction of \$388.5 GF will return the program to the FY '98 actual expenditure level.

In the **Bureau of Vital Statistics**, the Governor's increment for Anchorage and Fairbanks office rent of \$70.0 GF has been denied. In both locations the Court System must give the Department one-year's notice before asking them to relocate, and that notice has not been given.

In **Health Services/Medicaid**, the GF for the CHIP (Denali Kid Care) Outreach program increment is denied. The Outreach program has been funded in Medical Assistance Administration with a grant and federal funds.

In **Community Health/EMS Services**, the Governor's increment for an Administrative Assistant, Range 13 (\$73.6 GF) to maintain the Marijuana Registry of has been denied.

In the **State Medical Examiner** component, the Governor's increment for a new pathologist of \$193.0 GF is denied.

The Governor's increment for a new **Tobacco Prevention and Control program** of \$3,000.0 GF has been denied. The Department is encouraged to continue those grants and programs currently in place that address Tobacco Prevention and Control.

- **Alcohol and Drug Abuse Services**

In **Administration**, the Governor's increment for \$1,120.0 in federal receipts has been accepted. A reduction of \$781.1 GF in this component is due to the large federal increment for Administration. In addition, an increment for \$60.0 for a Project Assistant for Village Based MH and

Substance Abuse was denied. Despite the reductions, there is a **20% growth** to this component over FY '99.

- **Alcohol and Drug Abuse Services (continued)**

In **Alcohol and Drug Abuse Grants**, the Governor's *increments* totaling \$1,339.9 GF have been denied. The Governor's *increment* for Substance Abuse Treatment for Women has been partially funded with \$706.0 federal funds. Additionally, there has been a reduction of \$461.3 GF. This component has been funded at 91% of the Governor's request and allows for a 6% increase over the FY '99 authorized amount.

In **Rural Services Grants**, the Governor's *increment* for Village Based Mental Health and Substance Abuse Services was funded at \$540.4, or 97% of the \$555.0 that was requested.

- **Community Developmental Disabilities Grants**

Developmental Disability Institutional Prevention received an *increment* of \$649.8 over the FY '99 budget, to assist providers in addressing areas that they determine will have the most impact on the safety and quality of services that they deliver. The funds will be used to target recruitment, training and retention of highly qualified staff.

- **Unallocated Reductions**

The Austerity Program/Belt Tightening in the FY '99 Supplemental budget has been annualized into the FY '00 budget (\$1,146.3). In addition, there will be an unallocated reduction of \$200.0 to this component.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
FY 2000 Impact of Senate Finance Subcommittee Recommendations

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DH&SS FY2000 Budget Senate Subcommittee Highlights

The Senate Finance Subcommittee accepted the following essential GF increments in the Governor's Amended budget:

- Adult Public Assistance program is funded at the Governor's level.
- Increased health coverage is provided to children and pregnant women through full funding of the **Denali KidCare** program.
- **Project Succeed**, an effort to find permanent homes for children in state custody, is fully funded at the Governor's level.
- Funding is added to **annualize the costs of the addition of 28 Social Workers** in FY99, the first step in our move to achieve Zero Tolerance of child abuse and neglect.
- Funding is added to annualize the costs of the additional treatment beds and staff that were added in FY99 to the **Johnson Youth Center and Nome Youth Facility**.

Key areas of concern:

- Lack of funds in **foster care** components will require either a supplemental or a rollback of the \$2.36 per day pay raise authorized by the Legislature in FY 99 and denial of special needs funds to help children in the state's care.
- Lack of full funding in **subsidized adoption and guardianship** will result in a supplemental, or, at the Legislature's direction, denial of adoption subsidies for an estimated 69 children.
- Denial of annualization for **emergency shelter and treatment beds** for children in state custody will mean more than 25 children will not have residential placement.
- Denial of funding for **new child protection staff** (26 positions) will mean less progress in responding to all legitimate reports of child abuse and neglect. It will also result in extremely high caseloads for permanency planning workers to monitor the safety of children in foster care.
- No additional funds for **tobacco control** means none of the money from the landmark tobacco settlement will go to community-based tobacco control efforts.
- Reductions to **Alcohol and Drug Abuse** general fund base will substantially reverse efforts to enhance accountability and program improvement, reduce grant funding, and reduce federal funding.
- No additional funding for **substance abuse treatment** for children and pregnant women, and no additional progress on the Fetal Alcohol Syndrome prevention agenda.
- **Developmental Disability Institutional Prevention** increment is short-funded by \$361,000
- Lack of funds for formula growth in **Medicaid** will require a supplemental or significant cost containment action.

BRU	Medical Assistance			
Component	Medicaid Services			
Reduction Title	FY 2000 Medicaid Base Program			
Reduction Description	Deny increment for Medicaid Base Program Entitlement			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$12,791.0	0.0	(\$12,791.0)
	GF	\$4,000.0	0.0	(\$4,000.0)
	Federal	\$8,791.0	0.0	(\$8,791.0)
	Other			

Explanation of Impact:

The Governor's FY2000 Request for Medicaid "Base Program" Entitlement is intended to cover the cost of providing health services to individuals who are expected to become enrolled in Medicaid coverage in FY00. Most the requested funds are needed for health care services associated with new elderly and persons with disabilities. These people represent the fastest growing Medicaid beneficiary groups and their health care costs are between four to five times higher than for the children who account for the balance of the anticipated new enrollees.

FY99 Costs Applied to Persons Newly Eligible in FY00

	Elderly	Disabled	Children	Adults	Totals
Total FY99 Costs - New Eligibles	\$1,886,005	\$7,118,239	\$1,592,996	(\$214,011)	\$10,383,228
New Eligibles - FY99 to FY00	189	565	736	-82	1,409
Budgeted per Eligible - FY99	\$9,968	\$12,590	\$2,164	\$2,622	\$7,368

The Governor's "Base Program" Request did not include projected increases for price and utilization changes. The Department had planned to finance the increases by continuing and expanding existing cost containment and cost avoidance strategies.

To achieve the proposed funding reduction will require a combination of reimbursement and service cuts that could include:

- ◆ Elimination of optional services currently covered for the elderly, disabled, and other adults including all of the following service categories:

<u>Service Category</u>	<u>Expenditures - Jan-Jun 98</u>
Adult Dental Services	\$ 878.3
Direct Entry Midwives	\$ 222.8
Speech/Language Therapy	\$ 65.8
Vision Services	\$ 547.0
Occupational Therapy	\$ 4.1
Screening Mammography	\$ 24.9

Prosthetics - Med Equipment	\$ 1,528.8
Mental Health Clinic Services	\$ 6,376.5
Drug Rehab Services	\$ 913.5
TOTAL REDUCTION TO ACHIEVE TARGET	\$10,561.7

- ◆ Reductions to provider reimbursement rates that would primarily affect hospital, nursing home, pharmacy, physician, mental health clinic, transportation and waivers services providers.
- ◆ Restricting eligibility for services such as creating and maintaining wait-lists for home and community-based waivers services.

Actions that require changes in regulations take much longer to implement. This means that the effective period for achieving cost reductions would be limited to the second half of FY2000, forcing proportionally higher cuts to meet the \$4,000.0 general fund match reduction.

Aggressive cost management actions are expected to impact access to services for all Medicaid beneficiaries as providers withdraw from the program or otherwise cease taking new Medicaid patients.

BRU	Medical Assistance			
Component	Chronic Acute Medical Assistance			
Reduction Title	CAMA Entitlement and Service Level Restoration			
Reduction Description	Reduce CAMA increment to FY99 funding level with supplemental.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$1,637.5	\$1,145	(\$492.5)
	GF	\$1,637.5	\$1,145	(\$492.5)
	Federal			
	Other			

Explanation of Impact:

The Governor's Budget Request for Chronic Acute Medical Assistance (CAMA) is intended to cover the cost of providing a limited package of health services to those individuals with chronic medical conditions who do not qualify for the Medicaid program. The benefits include prescription drugs, limited physician visits and hospital care. The Senate Finance Subcommittee reduces the Governor's Request for FY00 to the amount approved for the FY99 (with supplemental.) The FY99 appropriation was underfunded and supplemental funding was requested to provide funds to complete the fiscal year. The initial supplemental request was subsequently reduced by the Department as a result of a one-time recovery of about \$300,000 that was used to pay for CAMA services in FY99. That level of recovery cannot be expected in FY00, which means the CAMA program will again be underfunded at the start of the fiscal year.

To achieve this reduction the department will need to eliminate paying hospitals for services for CAMA clients. This will increase the bad debt and charity care of hospitals and may mean that some individuals may not have access to some inpatient care.

BRU	Purchased Services			
Component	Foster Care Base Rate			
Reduction Title	Foster Care Base Rate Caseload Growth			
Reduction Description	Deny full funding of increment necessary to provide adequate payments to foster families.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$1,344.9	\$476.0	(\$868.9)
	GF	\$1,106.9	\$238.0	(\$868.9)
	Federal	\$238.0	\$238.0	0.0
	Other			

Explanation of Impact:

- The department's FY 2000 request is based on trends and analysis of expected need to care for children in foster care. During the past year, the number of children placed in foster care has risen steadily – so much so that the current FY99 authorization for foster care might not be adequate. That trend is expected to continue during the coming fiscal year.
- The department will not artificially limit the number of children placed in foster care. When a child has been abused or neglected and cannot remain safely in their own home, the department is required to place that child in a foster home or other appropriate out-of-home care.
- If there are not enough funds to cover the expected foster care caseload growth, the department will be left with two options: 1) request a supplemental or, 2) at the direction of the Legislature, reduce base rate payments to foster parents.
- A rate reduction will roll back the foster care base rate increase that was approved for FY99. This increase of \$2.36 per day raised the foster care base rate to the 1993 poverty level – and was the first pay increase foster parents had received in nearly a decade.
- Taking back this long-overdue pay increase will seriously hamper the state's ongoing efforts to recruit new foster parents – and could prompt more foster parents to quit the system.
- HB 161, currently pending in Senate Finance, would also have very negative effects on this and other formula programs.

BRU	Purchased Services			
Component	Foster Care Special Needs			
Reduction Title	Foster Care Special Needs Caseload Growth			
Reduction Description	Deny full funding of increment necessary to provide adequate payments to foster families.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$865.2	\$432.6	(\$432.6)
	GF	\$648.9	\$216.3	(\$432.6)
	Federal	\$216.3	\$216.3	0.0
	Other			

Explanation of Impact:

- Special needs funds are used to cover one-time and short-term costs for children in the department's foster care system. These costs include special cribs or adaptive devices for children with handicaps, winter clothing, transportation for medical care or counseling.
- In FY99, the need for special needs items has exceeded projections; but the department avoided the need for a supplemental request by making cuts elsewhere. The number of children in foster care has risen steadily during the past year and that trend is expected to continue. As the state's foster care caseload continues to grow, the need for additional special needs funds will also increase.
- If there are not enough funds to cover special needs costs in FY2000, the department will be left with two options: 1) request a supplemental or, 2) at the direction of the Legislature, limit special needs funding to only the barest necessities.
- Refusing to cover special needs costs will place additional burdens on foster parents. This, in turn, will hamper the state's ongoing efforts to recruit new foster parents – and could prompt more foster parents to quit the system.

BRU	Purchased Services			
Component	Subsidized Adoptions/Guardianship			
Reduction Title	Subsidized Adoption/Guardianship Caseload Growth			
Reduction Description	Deny full funding of increment necessary to provide adequate payments to adoptive homes..			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$2,440.8	\$1,952.8	(\$488.0)
	GF	\$2,050.3	\$1,562.3	(\$488.0)
	Federal	\$390.5	\$390.5	0.0
	Other			

Explanation of Impact:

- The state's subsidy program is growing, and that trend is expected to continue. Under recent changes to state and federal laws, the state is required to act faster in moving children from foster care and other temporary placements into permanent placements such as adoptive or guardian homes.
- The department can not arbitrarily reduce existing subsidy agreements without risking the loss of more than \$12 million in federal Title IV-E receipts. (Federal law prohibits a change in existing subsidy rates without concurrence of the adoptive parent.)
- If there are not enough funds to meet the projected growth in the adoption subsidy program, the department will be left with two options: 1) request a supplemental o., 2) reduce the number of new subsidy agreements. Based on the existing subsidy rate (\$592.64 per month) and on projected growth, the department would be forced to deny subsidies to 69 children in FY 2000.
- Denying adoption or guardianship subsidies would effectively force more children to linger longer in foster care or other temporary placements.

BRU	Purchased Services			
Component	Residential Child Care			
Reduction Title	Emergency Shelter & Treatment Care for Children			
Reduction Description	Deny increment for additional residential care beds.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$1,368.4	\$900.0	(\$468.4)
	GF	\$1,065.4	\$497.0	(\$568.4)
	Federal	\$303.0	\$303.0	0.0
	MHTAAR		\$100.0	\$100.0
	Other			

Explanation of Impact:

- The number of placements for children (infants to age 18) in emergency shelters rose to 1,217 in FY 98 from 983 in FY 97. This 19 percent increase continued in FY 99.
- The number of children needing specialized residential treatment care, including psychiatric treatment continues to increase. Currently, 55 Alaskan children in state custody are placed in residential psychiatric treatment centers in other states because the capacity and type of care needed for them does not exist in state.
- In response to needing more placements for children in custody, the division added 23 emergency shelter beds, using funding from foster care and AYI. A total of \$1,115.8 is needed to annualize the costs for adding these beds.

➤ Dillingham	3 beds	\$173/day	\$189.4 annual cost
➤ Fairbanks	5 beds	\$137/day	\$250.1 annual cost
➤ Ketchikan	1 bed	\$120/day	\$ 43.8 annual cost
➤ Anchorage	12 beds	\$120/day	\$525.6 annual cost
➤ Palmer	1 bed	\$120/day	\$ 43.8 annual cost
➤ Bethel	1 bed	\$173/day	\$ <u>63.1</u> annual cost
	Total Cost		\$1,115.8 annual cost

- **Without this funding, the number of residential care beds will be reduced and 25 children will be displaced and lose safe places to stay.** This calculation is based on an average daily cost of \$142.50 and an average stay of 90 days.

BRU	Front Line Social Workers			
Component	Front Line Social Workers			
Reduction Title	New Child Protection Staff – Moving to Zero Tolerance			
Reduction Description	Deny funding for all new child protection staff.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$2,156.9	0.0	(\$2,156.9)
	GF	\$1,769.8	0.0	(\$1,769.8)
	Federal	\$387.1	0.0	(\$387.1)
	Other			

Explanation of Impact:

- With no additional front line social workers, the division will continue to “workload adjust” – unable to respond to low risk reports of child abuse and neglect reported to them. The additional positions were proposed to be located as follows:
 - 3 Palmer
 - 3 Bethel
 - 6 Fairbanks
 - 11 Anchorage
 - 3 Kenai
 - 2 Other communities
- Children entering foster care will increase because the division will not be able to intervene at an earlier point in time. Family situations will worsen before intervention occurs, leaving removal from home and placement in foster care the only option.
- Caseloads for front line social workers will continue to be high, which means children in foster care will not be regularly checked for safety, children will have longer stays in foster care, more staff will turn-over, phone calls will not be answered, and more complaints will be received. HB375 will not be implemented in a timely manner.
- We are extremely concerned about the safety of children in custody at a time when the state is at an all-time high number of children in foster care. We strongly advise funding additional workers.

BRU	Purchased Services			
Component	Family Preservation			
Reduction Title	Dual Track Differential Response to Child Protection			
Reduction Description	Deny annualization cost for the Mat-Su project and deny expansion of services to Bethel.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$672.9	0.0	(\$672.9)
	GF	\$635.9	0.0	(\$635.9)
	Federal	\$37.0	0.0	(\$37.0)
	Other			

Explanation of Impact:

Reduction in funding will reduce the ability of the Division of Family and Youth Services to respond to Priority 3 reports as quickly and effectively. The initial project in the Mat-Su Valley will be underfunded and no funding will be available to initiate the program in Bethel.

The Division of Family and Youth Services is required to investigate every report of harm received and take appropriate action to prevent further harm to the child. Due to extremely high number of reports received in certain geographic locations, however, DFYS has had to prioritize reports of harm in an attempt to devote limited resources to the most serious reports received. The Division recognizes the only way to effectively address the problems of child abuse and neglect results from community involvement and collaborative partnerships. The independent Child Protection Review Team appointed by the Governor recommended coordination of child protection resources be aggressively pursued. Annualization funds are needed to fully fund the new Dual Track efforts in DFYS.

In the Bethel area, the Division will work with the Division of Public Health to provide this differential response. With adequate funding and coordination of services, some of the Priority 3 reports received by DFYS would be referred to a Public Health Nurse in the Bethel region for the initial assessment, provision of direct services, or referral to available community services. In addition to providing the necessary assessment of reports of harm, Public Health Nurses would likely be viewed as less threatening agents than a child protection agency. There will be great benefit to maintaining the initial differential response program in the Mat-Su Valley, conducted by a non-profit agency, while contracting with the Division of Public Health to provide the program in the Bethel region. Both are considered pilot projects which will measure their effectiveness over time.

BRU	Purchased Services			
Component	Family Preservation			
Reduction Title	Independent Living Program			
Reduction Description	Deny increment for Independent Living program			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$200.0	0.0	(\$200.0)
	GF	\$200.0	0.0	(\$200.0)
	Federal			
	Other			

Explanation of Impact:

The purpose of independent living services is to provide adolescents who are making the transition from out-of-home care to independence an opportunity to learn the necessary skills to attain self-sufficiency. Once foster children reach age 18, the State can no longer help them.

Areas of instruction include: high school or equivalency completion through GED or correspondence; job search skills to include resume writing, completing applications, interviewing skills, work job habits, transportation; daily living skills to include how to look for suitable living quarters, first and last month rent requirements, deposits, utility hookups and maintenance; money management to include budgeting, establishing a checking account, working with a bank; general life skills to include self-esteem, personal hygiene, personal safety, and making good choices.

Failure to receive funding for independent living services will result in:

- future dependence upon public agencies for support;
- abused and neglected children not receiving appropriate independent living skills are more likely to perpetuate the cycle of abuse or neglect in raising their own children;
- failure to learn daily living skills and work skills results in increased criminal activity and incarceration;
- ill-prepared youth become the ill-prepared adults responsible for the success or failures of their families and communities.

BRU	Purchased Services			
Component	Foster Care Augmented Rate			
Reduction Title	Therapeutic Foster Care			
Reduction Description	Reduce general fund increment to 50% match ratio for federal funds in the increment.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$1,568.5	\$1,292.1	(\$276.4)
	GF	\$276.4	0.0	(\$276.4)
	Federal	\$212.7	\$212.7	0.0
	Other	\$1,079.4	\$1,079.4	0.0

Explanation of Impact:

- This increment is to implement the new Levels of Care system for the placement of children in foster homes that are appropriate to their needs. This new system will provide consistency and uniformity in the placement of children in out-of-care and establish therapeutic foster homes in Alaska communities for severely emotionally disturbed children with complex needs that would otherwise necessitate more expensive institutional care.
- The impact of this reduction is the Department will not be able to match federal funding for approximately \$276.4 resulting in a total loss of \$552.8 from this program. The net result is that the Department will not be able to implement the Levels of Care system as planned and leaving children in foster homes without adequate services.

BRU	FYS Staff Training			
Component	FYS Staff Training			
Reduction Title	Family and Youth Services Staff Training			
Reduction Description	Deny increment for employee training.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$145.9	0.0	(\$145.9)
	GF	\$145.9	0.0	(\$145.9)
	Federal			
	Other			

Explanation of Impact:

- The training BRU covers much more than training for new workers. In addition to training and orientation for new employees (TONE), the funding is used for
 1. Regular, ongoing training for front line social work staff in special topics that keep their knowledge and skills current and increase their effectiveness in providing services for children and families. This year, social workers have received specialized training in concurrent planning, risk assessment, domestic violence, the new child abuse and neglect law, and the Indian Child Welfare Act.
 2. Recruiting qualified social workers by providing stipend support and real-world internship experience for senior-year Bachelor of Social Work students
- Trainers travel to hub cities when it is more cost-effective to deliver training.
- Workers who travel to the Academy for training stay in UAA dorms, saving 50 percent or more of lodging costs.
- The average cost of training each worker is \$1,860 using general funds only, and not counting stipend program and federal funds.
- A substantial part of the FY2000 increment request is for supervisory training. Many supervisors are hired because they were good front line workers but they are never given the supervisory training needed to make the transition. The division is planning on utilizing the certified public manager program at UAA and the Department of Administration.
- Additional special-topic training will be provided in FY 2000. This training includes more on risk assessment, adoption of children in foster care system, interviewing child sexual abuse victims, and the Indian Child Welfare Act.
- Without this funding, supervisors will not be able to receive special supervisory training that is directly related to staff retention and morale. Providing supervisors with the skills they need will work towards keeping more front line workers working at the division. The funds will allow us to spend excess federal authority in the budget from last year when federal participation was over estimated.

BRU	Youth Corrections			
Component	McLaughlin Youth Center			
Reduction Title	Open & Staff 30 Bed Detention Expansion at MYC			
Reduction Description	Delay opening 30 bed detention expansion at MYC			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$433.5	0.0	(\$433.5)
	GF	\$433.5	0.0	(\$433.5)
	Federal			
	Other			

Explanation of Impact:

A delay in the award of the contract bid and the anticipated construction schedule make it likely this expansion project will be completed near the end of FY 00. The operating increment for the MYC expansion can be deferred until FY 01.

BRU	Youth Corrections			
Component	Mat-Su Youth Facility			
Reduction Title	Three months funding for New Mat-Su Youth Facility			
Reduction Description	Delay opening the new Mat-Su Youth Facility			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$461.4	0.0	(\$461.4)
	GF	\$456.4	0.0	(\$456.4)
	Federal			
	Other	\$5.0	0.0	(\$5.0)

Explanation of Impact:

- Mat-Su is among the fastest growing population centers in the state. Delinquency referrals continue to increase in this geographic area and at any given time, the number of youth detained at McLaughlin Youth Center from the Mat-Su Valley account for 20 to 40% of the detention population at the Anchorage facility.
- McLaughlin Youth Center continues to operate beyond it's rated bed capacity and over the past 12 months has had a daily detention population count of 110% to 150% of capacity.
- The department has no control over the number of referrals to our youth corrections detention facilities and by law has a responsibility to ensure public safety and to provide appropriate care to offenders ordered detained by the courts.
- Over crowding at the McLaughlin facility results in increased overtime expenses related to the management of excess facility populations. Not opening the Mat-Su Youth Facility will contribute to increased transportation costs for law enforcement and contract guard hires who escort offenders to and from McLaughlin and the Mat-Su Valley. Inefficiencies will adversely impact department staff, prosecutors, public defenders, youth and victim advocates, and others when youth are detained outside of their home community.
- Construction of the Mat-Su facility is scheduled to be completed in the spring of 2000. Although opening could be delayed, this option should be considered within the context of the overall need for beds in the Youth Corrections system and the increasing need for detention beds from the Mat-Su area. Even if this facility were not opened, once construction was completed, there would be a minimum level of maintenance and security services required to protect the facility. To address these minimum levels of operations, the five probation officers in the Mat-Su juvenile probation office will be relocated to the office portion of the new facility. Their physical presence will increase the security of the facility

- If the opening of the facility were delayed until FY 2001, at a minimum, a facility superintendent, a half time maintenance mechanic and funds for utility costs will be necessary to take care of the physical plant and to complete the steps necessary to insure the program can begin services at the start of FY 01. The superintendent position must be filled in FY 00 to direct activities related to staff recruitment, coordinate education services with the borough school district, and develop final program guidelines so the facility will be brought on line without further delay. To protect the capital investment in the facility it is essential that this increment fund the following:

Superintendent	\$20.0
½-time maintenance worker:	\$7.5
Three months utilities:	<u>\$7.5</u>
Total:	\$35.0

BRU	Youth Corrections			
Component	Probation Services			
Reduction Title	Separate DFYS-Establish New Division of Juvenile Justice			
Reduction Description	Deny funding for new Division of Juvenile Justice.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$297.3	0.0	(\$297.3)
	GF	\$297.3	0.0	(\$297.3)
	Federal			
	Other			

Explanation of Impact:

- The department moved to implement the philosophic and programmatic changes enacted by the legislature regarding youth correction services in Alaska. With greater emphasis on public safety, victim restoration and offender accountability there is an increasing need to provide administrative support for juvenile justice activities to meet the intent of the law.
- Recognizing the state can not shoulder this responsibility alone, greater efforts have been made to develop local resources in collaboration with the state to respond to juvenile crime. The department also increased its federal delinquency prevention grant receipts by 300% and has committed the largest portion of these funds to programs at the local, community level.
- To insure these local program services support the statutory juvenile justice mandates established by the legislature, there must be a sufficient administrative organization at the state level to coordinate and integrate these activities and services.
- **Without an adequate administrative component to oversee statewide juvenile justice activities, the department may be unable to meet the requirements to maintain federal grant receipts at their current level. The department would not be able to continue efforts to secure new grant or other funding receipts to support state and local delinquency prevention and intervention services.**