

ALASKA LEGISLATURE

1935

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

BRU	Youth Corrections			
Component	Probation Services			
Reduction Title	Restructuring Management Based on Passage of HB 6 In FY99			
Reduction Description	Deny increment			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$43.9	0.0	(\$43.9)
	GF	\$43.9	0.0	(\$43.9)
	Federal			
	Other			

Explanation of Impact:

- Preservation of federal IV-E out of home client placement reimbursements required implementation of an administrative separation between Youth Corrections and Family Services Staff.
- Five positions fill key administrative and support positions insure the functioning of the Youth Corrections section. These positions function on a year round basis and are vital to the organization. These positions are necessary to allow the department to meet its mandates of the delinquency statutes and responsibilities as outlined in Title 47.
- **Failure to fund this annualized increment will result in reduced front line services. Funds would be diverted from the field or facilities to support state administrative functions or state level tasks would be assigned to direct service staff to ensure required functions are performed in response to demands for juvenile justice services around the state.**

BRU	Kawerak Social Services			
Component	Kawerak Social Services			
Reduction Title	Additional Social Worker for Caseload Growth			
Reduction Description	Deny increment for one social worker.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$63.2	0.0	(\$63.2)
	GF	\$63.2	0.0	(\$63.2)
	Federal			
	Other			

Explanation of Impact:

- Kawerak is responsible for providing all on-going services to Family and Youth Services in Nome and 15 villages in the surrounding area. Due to increase in the caseload, Kawerak workers cannot provide the necessary child protection services.
- This will result in workers not able to provide the necessary services to children in custody and they will remain in foster care for longer periods.

BRU	State Health Services			
Component	Healthy Families			
Reduction Title	Reduce authorization to FY98 Actual Level			
Reduction Description	Reduce authorization to FY 98 actual level.			
Funding	Fund Source	Gov. Request	Senate	Gov./Senate Diff
	Total	\$1,684.2	\$1,295.7	(\$388.5)
	GF	\$1,402.0	\$1,013.5	(\$388.5)
	Federal			
	Other	\$282.2	\$282.2	0.0

Explanation of Impact:

\$978.0 GF of this reduction is increments to the Healthy Family Program and the impact is discussed in the next impact statement.

The Healthy Families Alaska program budget for FY 99 is \$1,686.0. This funding is distributed to eight entities to deliver services at the local level. The Kenai Parent Support Program is delivered through the state public health nursing program and the remainder through non-profit grantees. The chart below lists each program, the FY 98 and 99 budgets and the number of families served each year.

Healthy Families Ak Grantces	FY98 Funding	FY98 Served	FY99 Funding	FY99 Served
Anchorage Center for Families - Mt. View	\$250,000	41	\$250,000	42
Bristol Bay Native Association - Dillingham	\$184,000	19	\$184,000	29
Catholic Community Services - Juneau	\$297,000	60	\$297,000	50
Kenai Parent Support Program **	\$209,200	55	\$229,700	40
Mat-Su Services for Children and Adults - Wasilla	\$310,000	75	\$310,000	85
Resource Center for Parents and Children - Fairbanks	\$225,000	32	\$225,000	38
RurAL CAP - Bethel	\$150,000	16	\$150,000	13
Southcentral Foundation *** - Anchorage Native	\$40,000	12	\$40,000	12
TOTAL	\$1,665,200	310	\$1,685,700	309
* <i>Families Served</i> refers to the number of families enrolled in the program at a given point in time during the fiscal year.				
** The Parent Support Program has lost staff and been reorganized into teams, thereby reducing the number of families it is able to serve.				
*** Southcentral Foundation's New Beginnings Program serves 45 additional families with non-state funding.				

The local programs have experienced different degrees of stability in their staffing, different levels of success in acceptance by the families offered the service and other variables that determine both the efficiency and effectiveness of their individual program. Since there are certain basic overhead costs related to operating any program, any reduction in financial support must be managed so as to maintain the greatest amount of service to the greatest number of families

Currently the individual annual cost for serving a family at the local level varies from \$11,538 for one rural program to \$3,587 for the Mat-Su Valley program. The average statewide is \$5,455.

Option One: Reduce all grants and the state-operated Kenai program. This would not be the most prudent choice because administrative and management costs would remain in order to operate the individual programs. All reductions would have to be in the direct service component, thus reducing dramatically the efficiencies within the individual programs.

Option Two: Eliminate approximately two of the smaller programs. While this is a very difficult choice, from a perspective of retaining services to the greatest number of families and operating in the most cost-effective manner, this seems to be the most viable option.

Summary:

These options translate to services being reduced by minimum of 25 children to more than 40 children. The cost of providing intensive, home visitation services to families at risk of abuse and neglect is not cheap. However, the long term financial and the societal costs of not preventing the abuse and neglect is significantly greater.

BRU	State Health Services			
Component	Healthy Families			
Reduction Title	Healthy Family Expansion			
Reduction Description	Deny increment for Healthy Family Program			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$978.0	0.0	(\$978.0)
	GF	\$978.0	0.0	(\$978.0)
	Federal			
	Other			

Explanation of Impact:

Alaska has unacceptably high levels of child abuse and neglect. Children who are abused and neglected often suffer long term consequences that place them at risk for mental health problems, antisocial behavior, prison, suicide, teen pregnancy and failure to complete basic education and or find employment.

Healthy Families Alaska (HFAK) is currently the only program with specific goals and objectives for preventing child abuse and neglect and other poor childhood outcomes. The HFAK increment for \$978,000 would have allowed for expansion of the existing programs that are currently closed to new clients because of program funding limitations. An additional 231 families would have been served by this increment. Without it, no new families will be enrolled in the programs that have full caseloads and no new sites will be added. Currently the 8 funded programs are able to serve only 7% of the population that is eligible and willing to receive the service. This percentage will remain the same if we are unable to expand services to additional families.

BRU	State Health Services			
Component	Bureau of Vital Statistics			
Reduction Title	Deny Increment for Lease Cost Increase			
Reduction Description	Deny funds for anticipated lease costs in Anchorage and Fairbanks.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$70.0	0.0	(\$70.0)
	GF	\$70.0	0.0	(\$70.0)
	Federal			
	Other			

Explanation of Impact:

Space in Anchorage and Fairbanks for the continuation of BVS services has not been identified once the Court System moves into their new buildings in Anchorage and Fairbanks.

Services presently provided in Anchorage and Fairbanks could be provided through telephonic or mail service but would be at greater inconvenience to the many residents served by these two communities.

BRU	State Health Services			
Component	Community Health/EMS Services			
Reduction Title	Marijuana Registry			
Reduction Description	Deny GF increment for operation of the Marijuana Registry (AS 17.35.010-AS 17.35.080)			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$73.6	0.0	(\$73.6)
	GF	\$73.6	0.0	(\$73.6)
	Federal			
	Other			

Explanation of Impact:

Initiative passed in November requires the Bureau of Vital Statistics process applications within 30 days. Without these funds the Bureau of Vital Statistics will process applications as quickly as possible, however, it is unlikely that we will be able to process within 30 days as required by law. This will result in automatic approval after 30 days with the review period gradually increasing. At some point the reapplication period will exceed the 1-year life of the card

BRU	State Health Services			
Component	State Medical Examiner			
Reduction Title	State Medical Examiner: HB375 Pathologist/Child Health			
Reduction Description	Deny GF increment for addition of a full-time forensic pathologist and clerk positions.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$193.0	0.0	(\$193.0)
	GF	\$193.0	0.0	(\$193.0)
	Federal			
	Other			

Explanation of Impact:

The medical examiner program has managed to stay within a budget that has equaled the spending rate experienced by the post mortem program that it replaced in 1995. They have been able to do this through the implementation of cost saving activities and controlling the type of cases that are autopsied. Doing their own laundry, local transportation of bodies, and the performance of embalming services are examples of these activities. The major cost control mechanism has been through the very strict prioritization of medial examinations, laboratory testing, and autopsies. In essence, cases are currently being selected that have a clear-cut chance of being prosecuted. Cases that may be hiding a potential homicide or have far reaching public health implications are not done, increasing the potential danger to the health and safety of the Alaskan population.

The Medical Examiner program has been denying increasing numbers of examinations at a risk to their responsibility for public health and public safety. The passage by the 1998 legislature of HB 375 requiring a child death review board is intended to address an increasing concern for the need to identify deaths related to child abuse and neglect.

The increment requested in FY2000 for the Medical Examiner program would provide the staffing and system support required to meet the increasing demands for achieving our commitment to public health and public safety.

BRU	State Health Services			
Component	Tobacco Prevention and Control			
Reduction Title	Comprehensive State Tobacco Prevention & Control Initiative			
Reduction Description	Deny increment for Tobacco Prevention and Control Initiative			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$3,000.0	0.0	(\$3,000.0)
	GF	\$3,000.0	0.0	(\$3,000.0)
	Federal			
	Other			

Explanation of Impact:

Tobacco use is the number one cause of preventable death in the U.S. Approximately 500 Alaskans die annually from tobacco related illnesses. In Alaska, 26.7% of adults are current smokers, and 78% of Alaskans who smoke report that they want to quit. The smoking prevalence among high school students nationally is 34.8% and rising (1997). In Alaska, four thousand youth become daily cigarette smokers each year. Medical expenditures attributable to smoking total \$154 million annually in the state

The impact of cutting these programs will be far-reaching and costly in both medical costs and lives lost. Because of the tobacco settlement, Alaska has a historic opportunity to establish a comprehensive tobacco prevention and control program that will significantly reduce tobacco use and initiation. The Centers for Disease Control and Prevention guidelines recommend a minimum of \$8.7 million per year for a comprehensive program, so the \$3.0 million request represents a very minimum level of funding. Based on evaluations of effective programs such as California and Oregon, the projected impact of cutting Alaska's statewide program from the budget will be substantial.

- ◆ School-Based Programs –Cutting the comprehensive tobacco prevention programs for children and youth reduces this forum for access to prevention and cessation.
- ◆ Statewide Partnerships –Cutting this funding means no statewide quit-line, minimal outreach to special populations such as pregnant women and rural communities, and minimal communication and sharing of effective strategies between statewide partners.
- ◆ Local Community Programs – Cutting this program component will result in decreased access to the cessation programs necessary to reduce youth and adult tobacco use prevalence and prevent the establishment of community indoor air protection ordinances to decrease the exposure of non-smokers and children to environmental tobacco smoke.
- ◆ Enforcement –Cutting this program component will result in minimal diversion programs for youth caught using tobacco, minimal merchant education efforts, and minimal enforcement of existing state laws relating to sale and placement of tobacco products, as well as enforcement of the state tobacco tax.

BRU	Alcohol and Drug Abuse Services			
Component	Administration			
Reduction Title	Reduction for office efficiencies and reprioritize projects			
Reduction Description	Decrease general fund base.			
Funding	Fund Source	Gov. Request	Senate	Gov./Senate Diff
	Total	\$3,264.7	\$2,472.6	(\$792.1)
	GF	\$403.9	0.0	(\$403.9)
	GF/MH	\$1,107.3	\$719.1	(\$388.2)
	Federal	\$1,597.5	\$1,597.5	0.0
	Other	\$156.0	\$156.0	0.0

Explanation of Impact:

The impact of this cut would be:

- Lay-off of 10-13 full-time positions, 6 in Anchorage and the balance in Juneau
- Delayed or decreased grants awards resulting from an inability to monitor grant in aid programs, lack of staff to prepare and evaluate Requests for Proposals and amendments, inability to adequately oversee approved programs
- Decreased quality assurance activities
- Decreased technical assistance to grantees
- Limited resources for monitoring SYNAR, compliance with federal block grant requirements and data collection and analysis efforts which could result in loss of federal funds.

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

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

BRU	Alcohol and Drug Abuse Services			
Component	ADA Grants			
Reduction Title	ADA Grant Reduction			
Reduction Description	Reduce general fund base for Alcohol and Drug Abuse grants.			
Funding	Fund Source	Gov. Amd. Request	Senate	Gov./Senate Diff
	Total	\$19,247.8	\$18,786.5	(\$461.3)
	General Fund	\$12,234.2	\$11,772.9	(\$461.3)
	Federal	\$5,706.9	\$5,706.9	0.0
	Other	\$1,306.7	\$1,306.7	0.0

Explanation of Impact:

- The governor's request includes two increments, Substance Abuse Treatment for Women (\$850.0 GF/MH) and Fetal Alcohol Syndrome (FAS), Alcohol Related Neurodevelopmental Disabilities (\$489.9 GF/MH), the impact of deleting these increments is listed separately. The balance of the reduction is \$461.3 to the general fund base. This reduction will translate to a pro rata reduction of 4 percent to grantees.

Examples based on the proposed funding level:

Fairbanks Native Association.....	(\$44.2)
Salvation Army in Anchorage.....	(\$31.0)
Nugen's Ranch in Wasilla.....	(\$33.2)
City and Borough of Juneau.....	(\$37.3)
Municipality of Anchorage	(\$17.0)

- The federal block grant requires Maintenance of Effort (MOE) with state funds. The requirement is based on a two year average of state expenditures. This decrease will have no impact in FY 2000 but will result in decreases to the federal block grant in the future.. If state expenditures fall below the two year average, there is a dollar for dollar penalty.

FFY Apply	State Average	Years included	State Exp.	MOE Penalty
1998	\$19,863.9	SFY 95-96	\$21,535.5	\$1,671.6
1999	\$21,133.3	SFY 96-97	\$22,993.6	\$1,860.3
2000	\$22,031.8	SFY 97-98	\$22,031.8	0.0
2001	\$22,264.6	SFY 98-99	\$22,031.8	(\$232.8)
2002	\$22,513.2	SFY 99-00	\$22,031.8	(\$481.4)

- The federal block grant does not allow supplanting of state funds. 45 CFR part 96.134(a) states "...The Block Grant shall not be used to supplant State funding of alcohol and other drug prevention and treatment programs." All other federal funds in this component are funds from competitive applications and are to be used only for the programs designated in the application.

For FY 2000 those programs are:

- Alaska Women's Resource Center in Anchorage \$677.2
- City and Borough of Juneau..... \$98.8
- Yukon Kuskokwim Health Corporation..... \$436.0

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

Explanation of Impact:

Denial of this increment will result in:

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

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

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

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

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

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

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

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

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

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

Explanation of Impact:

Denial of this increment will result in:

- No expansion of the effort to prevent FAS.
- Services that will be reduced and/or eliminated due to this loss of funding include:
 - Community development grant program for "community developed and driven" FAS activities—to support local FAS efforts/activities.
 - Development of specialized services for children/youth affected by FAS/E and in state custody.
 - Increased specialized training for professionals working with affected individuals and their families—social workers, probation officers, educator's, mental health clinicians, head start workers, public health staff, medical providers, etc.
 - Production, duplication and distribution of FAS Guides for Alaska professionals and educational videotape for statewide school district mandatory FAS training.
 - Funding to support the FAS Surveillance Project and Alaska Birth Defects Registry—to increase data related to the number of FAS births and tracking for improved service delivery.
 - Increased funding for the FACTS grant, providing consultation, training and support to school districts across the state in educating children affected by prenatal exposure to alcohol.
- Delay the development/implementation of screening tools for earlier identification of children affected by FAS and other alcohol-related birth defects—early screening and identification is proven to improve the long-term outcomes for affected individuals.

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

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

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

BRU	Alcohol and Drug Abuse Services			
Component	Administration			
Reduction Title	Project Assistant for Village Based Mental Health & Substance Abuse Services			
Reduction Description	Remove increment to fund an expansion of mental health and substance abuses services in rural Alaska.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$60.0	(\$60.0)	0.0
	GF/MH	\$60.0	(\$60.0)	0.0
	Federal			
	Other			

Explanation of Impact:

This increment provides administrative resources to manage an expansion of the mental health and substance abuse services in rural Alaska. The increment is tied to an increment in Alcohol and Drug Abuse Grants. That increment has also not been funded. See the impact statement for Village Based Mental Health & Substance Abuse Services for additional information on the impact of this budget action.

BRU	Alcohol and Drug Abuse Services			
Component	Rural Services Grants			
Reduction Title	Village Based Mental Health & Substance Abuse Services			
Reduction Description	Remove increment to fund an expansion of mental health and substance abuses services in rural Alaska.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total	\$405.0	\$390.4	(\$14.6)
	GF/MH	\$405.0	\$390.4	(\$14.6)
	Federal			
	Other			

Explanation of Impact:

This decrease in requested funding will result in a marginal reduction of the village based services expansion.

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

Explanation of Impact:

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

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

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

These funds will be used to:

- ◆ increase salary levels and benefits to attract and retain qualified staff;
- ◆ ensure that employees are furnished with adequate training to provide quality services in a safe and efficient manner; and
- ◆ ensure that programs meet or exceed program standards.

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

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

Explanation of Impact:

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

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

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

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

BRU	Administrative Services			
Component	Reduction will be allocated to components throughout the department.			
Reduction Title	Unallocated travel reduction			
Reduction Description	Decrease general fund for travel department wide.			
Funding	Fund Source	Gov. Inc. Request	Senate	Gov./Senate Diff
	Total		(\$200.0)	(\$200.0)
	GF and GF/MH		(\$200.0)	(\$200.0)
	Federal			
	Other			

Explanation of Impact:

This travel reduction is in addition to a \$1,146.3 of unallocated reduction. Much of the department's travel is entirely or partially funded from non-GF dollars. Matching federal amounts may also be lost based on the final distribution of the reduction at the component level.

Impacts on this reduction include:

- ◆ reduced direct services travel which will reduce the effectiveness of the delivery of some departmental provided services (as an example, itinerant nursing services)
- ◆ reduced client and consumer interaction
- ◆ reduced on-site technical training for providers and grantees
- ◆ reduced on-site training for department staff in locations outside of the larger urban areas

FY00 Senate Finance Subcommittee Recommendations--Department of Health and Social Services

(\$000)

Allocation: 435,534.9
 SubCommittee Report: 435,811.1
 Over (under): 276.2

Agency	BRU	Component	Total		GF Fund			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	938,018.3	997,063.1	428,353.3	435,811.1	10,457.8	73,208.8	81,861.5	439,458.2	480,020.7
		FY99 Supplemental	2,386.2		400.0			0.0		1,986.2	
		FY99 Base	940,352.8		425,762.3			73,208.8		441,421.4	
		FY00-FY99		56,700.1		10,058.8			8,042.7		38,599.3
		% Change		6.03%		2.36%			10.99%		8.74%
Health & S	Public Assistance	Alaska Temporary Assistance Prog	82,470.9	77,853.4	40,608.0	37,417.2	(3,188.8)	9,007.0	8,103.0	42,857.9	32,333.2
Health & S	Public Assistance	Adult Public Assistance	47,491.0	49,740.4	43,592.0	45,592.0	2,000.0	2,955.0	3,214.4	934.0	934.0
Health & S	Public Assistance	General Relief Assistance	1,041.9	1,041.9	1,041.0	1,041.9	0.0	0.0		0.0	
Health & S	Public Assistance	Old Age Assistance-Alaska Longev	2,088.1	1,907.2	2,098.1	1,907.2	(190.9)	0.0		0.0	
Health & S	Public Assistance	Permanent Fund Dividend Hold Hu	19,100.7	18,688.9	0.0		0.0	19,100.7	18,688.9	0.0	
Health & S	Public Assistance	Energy Assistance Program	5,505.6	5,505.6	0.0		0.0	0.0		5,505.6	5,505.6
Health & S	Public Assistance	Tribal Assistance	0.0	2,405.2	0.0	2,108.7	2,108.7	0.0	296.5	0.0	
Health & S	Medical Assistance	Medicaid Services	390,021.6	417,128.9	130,359.8	135,099.8	5,540.0	1,876.8	1,568.5	265,785.2	279,640.6
Health & S	Medical Assistance	Chronic Acute Medical Assistance	0.0	3,045.0	0.0	3,045.0	3,045.0	0.0		0.0	
Health & S	Catastrophic and Chronic Illness Assistan	Catastrophic and Chronic Illness A	1,900.0	0.0	1,900.0		(1,900.0)	0.0		0.0	
Health & S	Public Assistance Administration	Public Assistance Administration	1,692.3	1,525.0	996.2	803.9	(192.3)	0.0		696.1	721.1
Health & S	Public Assistance Administration	Quality Control	995.9	965.9	484.6	479.6	(5.0)	0.0		511.3	486.3
Health & S	Public Assistance Administration	Public Assistance Field Services	22,698.9	23,842.6	11,087.2	11,065.9	(21.3)	674.7	1,463.0	10,935.0	11,313.7
Health & S	Public Assistance Administration	Fraud Investigation	1,163.4	1,120.8	548.0	526.7	(21.3)	0.0		615.4	594.1
Health & S	Public Assistance Administration	Public Assistance Data Processing	4,903.4	4,823.4	2,472.1	2,472.1	0.0	141.4	61.4	2,289.9	2,289.9
Health & S	Public Assistance Administration	Alaska Work Programs	10,395.2	0.0	3,819.6	0.0	(3,819.6)	360.0		6,215.6	0.0
Health & S	Public Assistance Administration	Work Services	0.0	13,715.2	0.0	3,819.6	3,819.6	0.0	360.0	0.0	9,535.6
Health & S	Public Assistance Administration	Child Care Benefits	23,712.8	40,453.7	6,104.3	6,104.3	0.0	0.0		17,608.5	34,349.4
Health & S	Medical Assistance Administration	Medical Assistance Administration	1,256.9	1,091.2	848.6	405.5	(243.1)	0.0		608.3	685.7
Health & S	Medical Assistance Administration	Medicaid State Programs	14,688.3	15,914.5	2,369.5	2,359.9	(9.6)	0.0		12,310.8	13,554.6
Health & S	Medical Assistance Administration	Health Purchasing Group	15,525.3	15,273.6	4,921.8	4,746.4	(175.4)	0.0		10,603.5	10,527.2
Health & S	Medical Assistance Administration	Certification and Licensing	1,055.0	1,063.0	379.8	383.6	4.0	0.0		675.4	679.4
Health & S	Medical Assistance Administration	Hearings and Appeals	364.8	364.9	139.3	182.3	43.0	85.8		139.7	182.6
Health & S	Medical Assistance Administration	Audit	622.6	631.0	327.0	331.2	4.2	92.8	92.8	202.8	207.0
Health & S	Medical Assistance Administration	Children's Health Eligibility	1,408.6	2,701.5	490.4	923.4	433.0	0.0	405.0	918.2	1,373.1
Health & S	Purchased Services	Delinquency Prevention	1,090.2	3,338.0	0.0		0.0	0.0		1,090.2	3,338.0
Health & S	Purchased Services	Family Preservation	4,473.5	4,473.5	2,132.3	2,132.3	0.0	0.0		2,341.2	2,341.2
Health & S	Purchased Services	Foster Care Base Rate	7,884.8	8,360.8	8,352.2	6,590.2	238.0	0.0		1,532.6	1,770.0
Health & S	Purchased Services	Foster Care Augmented Rate	1,228.5	2,520.6	1,162.8	1,162.0	0.0	0.0	1,079.4	65.7	278.4
Health & S	Purchased Services	Foster Care Special Need	2,866.7	3,558.1	2,714.7	2,931.0	216.3	50.0	185.0	102.0	442.1
Health & S	Purchased Services	Foster Care Alaska Youth Initiative	876.0	876.0	876.0	876.0	0.0	0.0		0.0	
Health & S	Purchased Services	Subsidized Adoptions & Guardians	6,917.8	9,920.6	5,288.4	6,948.3	1,059.9	0.0	590.4	1,829.4	2,381.9
Health & S	Purchased Services	Residential Child Care	10,720.4	11,570.4	10,198.4	10,695.4	497.0	200.0	250.0	322.0	625.0
Health & S	Front Line Social Workers	Front Line Social Workers	17,064.3	18,560.8	7,703.2	8,784.7	1,081.5	491.7	491.7	8,869.4	9,284.4
Health & S	Family and Youth Services Management	Family and Youth Services Manage	4,815.8	4,443.8	2,366.6	1,747.8	(618.8)	186.1	186.1	2,203.1	2,509.9
Health & S	Family and Youth Services Staff Training	Family and Youth Services Staff Tr	1,094.0	1,037.0	420.0	420.0	0.0	0.0		674.0	617.0
Health & S	Child Protection Legal Assistance	Office of Public Advocacy	185.0	185.0	185.0	185.0	0.0	0.0		0.0	
Health & S	Child Protection Legal Assistance	Public Defender Agency	255.0	255.0	255.0	255.0	0.0	0.0		0.0	
Health & S	Youth Corrections	McLaughlin Youth Center	10,166.0	10,166.0	9,886.8	9,886.8	0.0	279.2	279.2	0.0	
Health & S	Youth Corrections	Fairbanks Youth Facility	2,820.1	2,820.1	2,751.1	2,751.1	0.0	69.0	69.0	0.0	

Health & S/Youth Corrections	Home Youth Center	574.5	675.5	574.5	675.5	101.0	0.0	24.0	24.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Johnson Youth Center	1,929.6	2,500.8	1,805.8	2,476.8	571.0	24.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Battell Youth Facility	1,940.7	1,903.3	1,903.3	1,903.3	0.0	37.4	37.4	37.4	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Mali-Su Youth Facility	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Probation Services	6,239.7	7,390.2	6,114.1	6,558.8	444.7	125.6	125.6	125.6	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Human Services Community Matri	1,751.9	1,751.9	445.9	445.9	0.0	1,306.0	1,306.0	1,306.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Human Services Community Matri	843.9	843.9	843.9	843.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Mental Health Services	901.3	901.3	901.3	901.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Mental Health and Drug Abuse S	983.1	983.1	983.1	983.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Mental Health and Drug Abuse S	350.0	350.0	350.0	350.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Nonon Sound Social Services	62.2	62.2	62.2	62.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Nonon Sound Public Health Serv	1,370.2	1,370.2	1,370.2	1,370.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Nonon Sound Alcohol and Drug Ab	540.0	540.0	540.0	540.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Nonon Sound Mental Health and C	402.4	402.4	402.4	402.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Nonon Sound Sanitation	96.3	96.3	96.3	96.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Southeast Alaska Regional Health	120.1	120.1	120.1	120.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Southeast Alaska Regional Health	331.4	331.4	331.4	331.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Southeast Alaska Regional Health	125.2	125.2	125.2	125.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Southeast Alaska Regional Health	372.7	372.7	372.7	372.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Kenai Social Services	239.3	239.3	239.3	239.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Tanaa Child Conference Public H	497.5	497.5	497.5	497.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Tanaa Child Conference Alcohol	534.0	534.8	534.8	534.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Tanaa Child Conference Mental	186.6	186.6	186.6	186.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Tripp-Held Social Services	11.9	11.9	11.9	11.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Tripp-Held Alcohol and Drug Ab	11.9	11.9	11.9	11.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Yukon-Kuskokwim Health Corporat	907.4	907.4	907.4	907.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Yukon-Kuskokwim Health Corporat	959.3	959.3	959.3	959.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Yukon-Kuskokwim Health Corporat	907.4	907.4	907.4	907.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Yukon-Kuskokwim Health Corporat	13,549.3	14,616.0	8,395.7	8,395.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Women, Infants and Children	20,542.2	20,542.2	0.0	0.0	0.0	4,139.1	5,204.8	1,015.5	1,115.5	0.0	0.0	0.0
Health & S/Youth Corrections	Maternal, Child, and Family Health	9,730.2	11,459.0	2,224.8	2,224.8	0.0	3,700.0	3,700.0	16,842.2	1,115.5	0.0	0.0	0.0
Health & S/Youth Corrections	Healthy Families	1,691.2	1,295.7	1,022.0	1,013.5	(388.5)	1,733.8	2,020.6	5,771.5	7,213.2	0.0	0.0	0.0
Health & S/Youth Corrections	Public Health Administrative Ser. &	809.0	936.4	504.9	132.3	(372.6)	182.2	282.2	77.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Epidemiology	8,211.8	7,391.9	2,076.7	2,076.7	0.0	405.5	455.6	304.1	804.1	0.0	0.0	0.0
Health & S/Youth Corrections	Bureau of Vital Statistics	1,412.8	1,412.8	878.8	878.8	0.0	27.3	285.3	5,729.8	4,859.6	0.0	0.0	0.0
Health & S/Youth Corrections	Health Services/Physicid	1,851.1	3,222.0	0.0	0.0	0.0	1,551.1	3,222.0	248.7	248.7	0.0	0.0	0.0
Health & S/Youth Corrections	Community Health/Emergency Me	2,681.7	3,019.7	884.4	777.5	93.1	326.5	326.4	1,670.8	1,915.8	0.0	0.0	0.0
Health & S/Youth Corrections	Emergency Medical Services Gran	1,596.1	1,596.1	1,246.1	1,246.1	0.0	0.0	0.0	350.0	350.0	0.0	0.0	0.0
Health & S/Youth Corrections	State Medical Examiner	1,760.1	1,760.1	1,710.1	1,710.1	0.0	50.0	50.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Initial Learning Program Grants	1,074.5	1,074.5	1,074.5	1,074.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Public Health Laboratories	5,052.6	5,052.6	4,721.9	4,721.9	0.0	330.7	330.7	330.7	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Radiological Health	2,846.6	2,846.6	2,165.1	2,165.1	0.0	38.0	468.0	213.5	213.5	0.0	0.0	0.0
Health & S/Youth Corrections	Tobacco Prevention and Control	284.6	284.6	136.2	136.2	0.0	0.0	0.0	148.4	148.4	0.0	0.0	0.0
Health & S/Youth Corrections	Alcohol and Drug Abuse Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Alcohol and Drug Abuse Services	2,069.7	2,483.6	1,511.2	730.1	(781.1)	81.0	156.0	477.5	1,597.5	0.0	0.0	0.0
Health & S/Youth Corrections	Alcohol and Drug Abuse Services	1,093.6	1,093.6	1,093.6	1,093.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Alcohol and Drug Abuse Grants	18,218.8	19,492.5	12,234.2	11,772.9	(461.3)	1,703.1	1,306.7	4,281.3	6,412.9	0.0	0.0	0.0
Health & S/Youth Corrections	Community Grant - Prevention	0.0	2,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Community Action Against Substa	177.3	177.3	177.3	177.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Correctional AOA Grant Services	563.6	563.6	563.6	563.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Rural Services Grants	2,355.6	2,746.0	2,205.6	2,596.0	390.4	150.0	150.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	General Community Mental Health	1,013.7	1,007.4	773.8	773.8	0.0	239.9	233.6	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Psychiatric Emergency Services	7,005.4	6,510.9	6,005.4	6,005.4	0.0	1,000.0	426.3	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Services to the Chronically Mental	11,227.7	11,406.7	10,801.4	10,801.4	0.0	426.3	426.3	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Designated Evaluation and Treatm	1,046.3	2,143.3	1,046.3	1,046.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Community Developmental Disab	7,556.4	7,556.4	6,218.4	6,218.4	0.0	1,337.0	1,350.0	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Community Developmental Disab	19,389.3	20,039.1	18,581.9	19,167.7	604.8	807.4	852.4	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Community Developmental Disab	4,316.3	4,835.7	2,837.5	2,673.3	(164.2)	1,446.2	1,937.3	32.6	225.1	0.0	0.0	0.0
Health & S/Youth Corrections	Alaska Psychiatric Institute	14,841.9	15,986.6	1,763.2	2,126.4	363.2	13,078.7	13,870.2	0.0	0.0	0.0	0.0	0.0
Health & S/Youth Corrections	Federal Mental Health Projects	2,298.6	2,369.6	0.0	0.0	0.0	250.1	321.1	2,048.5	2,048.5	0.0	0.0	0.0

Health & S	Mental Health Trust Boards	Alaska Mental Health Board	416.8	468.4	366.8	342.9	(24.0)	50.0	125.5	0.0	
Health & S	Mental Health Trust Boards	Governor's Council on Disabilities	979.5	1,690.5	15.0	10.0	(5.0)	543.0	726.0	421.5	954.5
Health & S	Mental Health Trust Boards	Advisory Board on Alcoholism and	311.2	294.4	311.2	294.4	(16.8)	0.0		0.0	
Health & S	Administrative Services	Unallocated Reduction	0.0	(200.0)	0.0	(200.0)	(200.0)	0.0		0.0	
Health & S	Administrative Services	Commissioner's Office	787.6	912.1	312.3	312.3	0.0	135.6	260.1	339.7	339.7
Health & S	Administrative Services	Personnel and Payroll	1,103.9	1,302.0	737.8	737.8	0.0	237.0	345.1	219.1	219.1
Health & S	Administrative Services	Administrative Support Services	3,023.8	3,342.3	1,949.5	2,002.1	52.6	246.8	308.4	825.4	1,031.8
Health & S	Administrative Services	Health Planning & Facilities Manag	926.6	981.9	233.8	181.2	(52.6)	565.3	709.3	127.5	91.4
Health & S	Administrative Services	COMMUNITY PARTNERSHIPS FOR ACCES	25.0	25.0	25.0	25.0	0.0	0.0		0.0	
Health & S	Children's Trust Programs	Children's Trust Programs	365.0	345.7	0.0		0.0	165.0	345.7	0.0	
Health & S	Facilities Maintenance	Facilities Maintenance	0.0	2,584.9	0.0		0.0	0.0	2,584.9	0.0	

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

Senator Lyda Green, Subcommittee, Chair

This narrative describes the effect of the budget allocations proposed for the Department of Labor on the attached spreadsheet.

The subcommittee work is based on growth from the FY99 authorized budget including Supplemental Appropriation, passed in March 1999. Components not mentioned below are funded at the Governor's FY00 request. The subcommittee also accepted the total position and funds transfer from the renamed Alaska Works Program to Work Services in the Employment Security BRU.

Component: Commissioner's Office
BRU: Office of the Commissioner

Deleted Special Assistant to the Commissioner PCN:07-1003. Position is currently vacant. Total general fund decrement is \$103.3.

Funding transfer for Internal Auditor to Commissioner's Office was accepted.

Component: Wage & Hour Administration
BRU: Labor Standards & Safety

Decrement to personal services line in the amount of \$88.0 with 2 positions deleted. The choice of elimination of two positions is left to the discretion of the department.

Component: Workers' Compensation
BRU: Workers' Compensation

Decrement to personal services line for \$36.0 (position change from PFT to PPT).
Decrement to contractual line for 20.0.

Component: Labor Market Information
BRU: Administrative Services

Decrement to personal services for \$55.0 and one position (eliminates Labor Economist II).

Component: Management Services
BRU: Administrative Services

Decrement to personal services for \$13.1 (downgrades a position when it becomes vacant).

Component: Mechanical Inspection
BRU: Labor Standards & Safety

Denied an increment of \$80.0 for Fairbanks boiler inspector.

Decrement to personal services in the amount of \$122.5 with 2 positions being eliminated and a miscellaneous decrement of \$36.2. The choice of elimination of two positions is left to the discretion of the department.

The subcommittee's general fund allocation was \$7,847.1.
The recommendations by the subcommittee total \$7,847.1.

**Department of Labor
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: 4/14/99
Prepared by: Remond Henderson, Director of ASD**

Program Area:	Dollar Amount(s):	Fund Source(s):
Commissioner's Office	(103.3)	GF

Impact Analysis:

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

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

With the transfer of the primary legislative liaison responsibilities to the Deputy Commissioner, this position was to assume responsibility for development of legislation and regulations and to complete special projects for the Commissioner and the Governor. The position was also going to represent the Department of Labor on the Salmon Cabinet and other policy cabinets, serve as a back-up for legislative liaison duties, and handle constituent inquiries and complaints.

Program Area:	Dollar Amount(s):	Fund Source(s):
Wage and Hour	(88.0)	GF

Impact Analysis:

This reduction will result in the elimination of two Wage & Hour Technicians. The technicians handle all notifications of obligations to contractors on public works projects,

disseminate information to contractors, set up projects for monitoring, file all certified payroll received, conduct audits on certified payrolls and collect prevailing wages for payroll errors discovered in those audits. These functions would cease with the elimination of these positions. No audits of certified payrolls will be performed except by an investigator in conjunction with a formal investigation or complaint. Collections for underpaid workers, generated by technicians as a result of enforcement actions the technicians also initiate, will disappear. Historically this has amounted to approximately 15 to 20% of the total Title 36 collections which exceeded \$1.3 million in FY 98.

Program Area:	Dollar Amount(s):	Fund Source(s):
Labor Market Information	(55.0)	GF

Impact Analysis:

This is the first of a number of reductions to address the 124.1 of austerity reductions taken by the Executive Branch in FY 99 and extended by the Senate Finance Subcommittee in FY 2000. This particular reduction will result in the elimination of Labor Economist II position located in Juneau. This position is the primary support for the state demographer and the Population Estimates and Projections for the state. The individual compiles and maintains nearly all of the databases used in the annual production of population estimates and projections for the state. The individual in this position also provides basic information to the US Census Bureau that is used to maintain the state's position in the Federal State Cooperative for Population Estimates (FSCPE).

The work described above will have to be performed by a professional which will cause a delay in providing population estimates and projections when and where required.

Program Area:	Dollar Amount(s):	Fund Source:
Workers' Compensation	(36.0) (20.0)	GF GF Prgm Receipt

Impact Analysis:

This reduction also responds to the Senate Finance Subcommittee's FY 00 austerity reduction of 124.1. This particular reduction of 56.0 translates into 36.0 GF reduction, or one half of one hearing officer position, and a 20.0 reduction of GF Program Receipt authority.

The one half reduction of the hearing officer position translates into a loss of approximately 8.4% of the hearing officer staffing. The hearing officers act as the Commissioner's designee on panels of the Workers' Compensation Board. The Board

must make decisions when there is a contested case between an employee and an employer in regards to workers' compensation claims. The Board must hold hearings, render decisions, issue decisions and orders and approve or deny compromise and releases in regards to disputed cases. The hearing officer aids the Board in the application of the appropriate statutory, regulatory and case law that applies to a specific case and is in charge of writing decisions and orders pursuant to Board panel deliberations.

This will result in a reduction of approximately 8.4% of our abilities to conduct formal hearings, compromise and release hearings and processing of compromise and releases (settlements).

The current workload will remain the same but our ability to perform the statutory duties will be reduced. This will result in delays in obtaining a hearing date, decisions being rendered and compromise and releases being approved. The ultimate result will mean compensation payments to disabled injured workers, who often have no income, will be delayed.

The program receipt reduction is the equivalent of the FY99 reductions this division absorbed as a result of the Governor's austerity program. This was accomplished by absorbing this reduction in the Contractual and Supply lines.

Program Area	Dollar Amount	Fund Source
Management Services	(13.1)	GF

Impact Analysis

This reduction also responds to the Senate Finance Subcommittee's FY 00 austerity reduction of 124.1. This particular reduction will result in the downgrading of a full time position when a position becomes vacant.

Program Area:	Dollar Amount(s):	Fund Source(s):
Mechanical Inspection	(158.7) (80.0)	GF GF Prgm Receipt

Impact Analysis:

This reduction will result in the loss of two existing positions and one newly requested position with the following impact.

Kenai Electrical Inspector and associated costs

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

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

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

Juneau Elevator Inspector

The loss of this existing position will result in elevator inspections changing from an annual to a biennial schedule through regulation change. This will expose the public to an increased potential for hazardous installations that will be undetected. One inspector can reasonably inspect about 250 units in a year. Biennial inspections may result in a higher incidence of accidents involving lifts, elevators, and/or escalators. However, older or problem elevators will continue to be inspected annually.

Fairbanks Boiler/Pressure Vessel Inspector

A new Boiler/Pressure Vessel Inspector position and associated costs was requested in the FY 00 budget request for the Fairbanks regional office. The position was requested to keep up with the current inspection workload and help alleviate an existing backlog of boiler/pressure vessel inspections. Funding for this position was to be based on hourly fees for special inspections required by regulation. As a result of the denial of this request for a new position, the backlog of boiler/pressure vessel inspections will not be addressed nor will there be any assistance with the current inspection workload.

FY00 Senate Finance Subcommittee Recommendations--Labor

(S000)

Allocation: 7,847.1
 SubCommittee Report: 7,847.1
 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	57,508.5	57,662.0	8,321.2	7,847.1	-474.1	15,028.0	14,955.6	34,159.3	34,859.3
		FY99 Supplemental	-124.1		-124.1			0.0		0.0	
		FY99 Base	57,384.4		8,197.1			15,028.0		34,159.3	
		FY00-FY99		277.6		-350.0			-72.4		700.0
		% Change		0.48%		-4.27%			-0.48%		2.05%
Labor	Employment Security	Employment Services	9,906.6	11,009.2	0.0	0.0	0.0	515.9	1,438.4	9,390.7	9,570.8
Labor	Employment Security	Unemployment Insurance	17,765.1	16,881.1	0.0	0.0	0.0	915.8	343.3	16,849.3	16,537.8
Labor	Employment Security	Alaska Work Programs	1,873.4	0.0	130.9	0.0	(130.9)	1,742.5	0.0	0.0	0.0
Labor	Employment Security	Work Services	0.0	1,720.1	0.0	130.9	130.9	0.0	1,589.2	0.0	0.0
Labor	Employment Security	State Training Employment Program	4,046.1	4,046.1	0.0	0.0	0.0	4,046.1	4,046.1	0.0	0.0
Labor	Data Processing	Data Processing	4,587.5	5,298.8				1,508.4	1,540.1	3,079.1	3,758.7
Labor	Administrative Services	Management Services	2,223.0	2,317.0	288.2	260.1	(28.1)	123.3	172.7	1,811.5	1,884.2
Labor	Administrative Services	Labor Market Information	3,359.6	2,919.1	561.9	506.9	(55.0)	1,546.2	1,160.7	1,251.5	1,251.5
Labor	Office of the Commissioner	Commissioner's Office	476.5	467.3	471.0	383.2	(88.3)	5.0	5.0	0.0	79.1
Labor	Office of the Commissioner	Alaska Labor Relations Agency	324.2	324.2	324.2	324.2	0.0	0.0	0.0	0.0	0.0
Labor	Fishermens Fund	Fishermens Fund	1,301.0	1,301.0	0.0	0.0	0.0	1,301.0	1,301.0	0.0	0.0
Labor	Workers' Compensation	Workers' Compensation	5,362.2	2,478.7	2,489.7	2,433.7	(56.0)	2,872.5	45.0	0.0	0.0
Labor	Workers' Compensation	Second Injury Fund	0.0	2,858.9	0.0	0.0	0.0	0.0	2,858.9	0.0	0.0
Labor	Labor Standards and Safety	Wage and Hour Administration	1,409.1	1,321.1	1,387.5	1,299.5	(88.0)	21.6	21.6	0.0	0.0
Labor	Labor Standards and Safety	Mechanical Inspection	1,836.1	1,681.3	1,429.5	1,270.8	(158.7)	406.6	410.5	0.0	0.0
Labor	Labor Standards and Safety	Occupational Safety and Health	2,931.4	2,931.4	1,131.1	1,131.1	0.0	23.1	23.1	1,777.2	1,777.2
Labor	Labor Standards and Safety	Alaska Safety Advisory Council	106.7	106.7	106.7	106.7	0.0	0.0	0.0	0.0	0.0

MEMORANDUM

To: Senator Sean Parnell
Co-Chair, Senate Finance Committee

From: Senator Dave Donley, Chair
Senator Tim Kelly
Senator Johnny Ellis
Department of Law Operating Budget Subcommittee

Re: Subcommittee Close-out Report for the Department of Law

Date: April 13, 1999

The Senate GF target for the Department of Law is \$26,067,800. The subcommittee met its target and closed at \$26,067,800. The attached spreadsheet indicates subcommittee action during the close-out on April 12 and a narrative of committee action is listed below.

Criminal Division

In the **Third Judicial Anchorage Office**, a new prosecutor (\$145,000) has been funded.

In the **Third Judicial Anchorage Office**, the Governor's increment for one paraprofessional (\$95,700) has been accepted.

Civil Division

In the **Deputy Commissioner's office**, the Governor's General Fund request has been reduced by (\$125,000). It is the intent of the subcommittee that this reduction apply to all sections of the division.

In the **Environmental Law** section, the Governor's General Funds/Programs Receipts request has been reduced by (\$100,000).

In the **Fair Business Practices** section, the Governor's increment (\$190,000) for one attorney, one half-time paraprofessional and one half-time secretary has been denied.

Senator Parnell
Page 2
April 13, 1999

An increment (\$180,000) in statutory designated receipt authority to increase consumer protection enforcement has been accepted.

In the **Governmental Affairs** section, the Governor's General Fund request has been reduced by (\$95,700).

In the **Human Services** section, the Governor's increment (\$291,000) for two attorneys has been accepted.

In the **Human Services** section, the Governor's increment for the annualization of positions hired in FY'99 has been accepted.

In the **Mental Health Lands** section, the Governor's General Fund request has been reduced by (\$47,000).

Statehood Defense

In this BRU, the Governor's General Fund request has been reduced by (\$25,000).

Oil and Gas Litigation and Legal Services

In the **Oil and Gas Litigation** section, the Governor's General Fund request has been reduced by (\$628,000). Additionally a fund source switch of \$983,500 from General Funds to Permanent Fund Corporate Receipts has been accepted.

In the **Oil and Gas Legal Services** section, the Governor's General Fund request has been reduced by (\$80,000). This \$80,000 reduction is a deletion of one vacant position and one telephone line.

If you have any questions, contact James Armstrong of my staff at 3887.

Attachment: one

cc: Kathryn Daughhete, Department of Law
 Phil Okeson, Legislative Finance Division

**Department of Law
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: April 15, 1999
Prepared by: Kathryn Daughhete**

Program Area:	Dollar Amount(s):	Fund Source(s):
Civil Division Deputy Attorney General	(\$125.0)	GF

Impact Analysis:

This unallocated reduction would allow just \$77.8 in funds in this component. The subcommittee proposed this decrement to provide a large part of the funding for an increment of \$145.0 to the Criminal Division, Anchorage District Attorney's Office, in order to add an additional prosecutor position. The governor's budget does not include a request for an additional prosecutor for the Third Judicial District and the Department of Law does not support this approach to providing additional positions to the prosecution effort.

The Deputy Attorney General component consists of just two positions (the Deputy Attorney General for the Civil Division and a secretary). This reduction simply cannot be sustained. The Deputy Attorney General is the chief of operations for the agency, and as such, is critical to the goals and objectives of not only the Civil Division, but also the agency as a whole. The department will be forced to examine all of its general fund resources in order to restore the reduction to this component. Restored funding will occur at the expense of some other effort the Civil Division currently undertakes with general funds as detailed in the impact analysis for the Governmental Affairs program area.

Program Area:	Dollar Amount(s):	Fund Source(s):
Civil Division Governmental Affairs	(\$95.7)	GF

Impact Analysis:

This decrement reduces funding in order to fund a paralegal for the Criminal Division, Anchorage District Attorney's Office, requested by the department as part of the governor's Smart Start initiative. The offsetting decrement in this component, if carried

out, would require a reduction in attorney staff. The department does not support and cannot sustain additions to the Criminal Division budget at the expense of funding in the Civil Division.

The Governmental Affairs section provides legal assistance needed for governmental management, including budget, public finance, elections, employment, labor relations, civil rights, procurement, retirement programs, Medicaid rate disputes and investment of treasury and Permanent Fund Corporation funds, Alaska Industrial Development and Export Authority (AIDEA) and the Alaska Public Offices Commission (APOC). Additionally, legal assistance is provided for problems associated with institutional relationships within state government, including the separation of powers between the branches of government and interaction between the state and local governments. Even without this decrement this component's funding is barely adequate - the department is constantly forced to try to seek additional interagency receipts from those agencies requesting legal assistance. A reduction of this magnitude will severely impact the entire component.

As a result of reduced funding, the department may be forced to settle employment cases short of litigation, or very early in the litigation process, at a potentially higher cost to the state. Also, legal advice related to procurement, contracts and employment matters which has heretofore been provided by attorney staff in the Governmental Affairs section on behalf of the criminal justice agencies, may need to be transferred to Criminal Division attorney staff.

Again, the department may have to examine all of its general fund resources in order to restore the reduction to this component. Taken in conjunction with the reductions proposed by the Senate subcommittee in the Deputy Attorney General and Mental Health Lands components (to fund the prosecution position which the department did not request), this reduction could force a total reduction of two general fund attorney positions. Restored funding will occur at the expense of some other effort the Civil Division currently undertakes with general funds. The impact of reduced legal services will affect one or more of the following agencies: Administration (labor relations, leasing, and motor vehicles), Commerce (trade and development, banking and securities, alcohol and beverage control), Fish and Game (Boards of Fish, Game and other agency issues), Health and Social Services (child protection and juvenile delinquency), Natural Resources (land, water, mining and forestry), executive branch issues in governmental coordination, elections, and the APOC. Additionally, legal services related to consumer protection/antitrust, budgeting, public finance, treasury, general labor relations and personnel may be reduced.

Program Area:	Dollar Amount(s):	Fund Source(s):
Civil Division Fair Business Practices	(\$190.0)	Tobacco Settlement Revenue
	\$180.0	Statutory Designated Program Receipts

Impact Analysis:

This decrement and offsetting increment will substitute revenues from the multistate tobacco settlement award with statutory designated program receipts. The increment was requested in order to increase the level of consumer protection and antitrust services the department provides to protect consumers and ensure market competition in Alaska. The replacement funding is a restricted revenue funding source and will allow the department to increase its efforts in consumer protection to the extent that it is able to obtain amounts from settlements and awards.

Alaska is a target state for many types of consumer fraud. Many Alaskans are cheated by telemarketing operations and other "scam artists" who attempt to sell deceptive home business opportunities, promote fraudulent sweepstakes and prize giveaways, engage in unfair or deceptive advertising and market a variety of bogus retail products and services.

It is the department's position that language in agreements directing that some amount of a consumer protection settlement or award be directed to the State's consumer/antitrust effort, meets the definition of statutory designated program set forth in AS 37.05.146. Should the department not receive this increment, no additional resources will be available to fund consumer protection in FY 2000.

Program Area:	Dollar Amount(s):	Fund Source(s):
Mental Health Lands	(47.0)	GF

Impact Analysis:

This reduction represents a continuation of the austerity measure of \$25.0 into the FY 2000 budget, with an additional reduction of \$22.0 directed toward funding the Criminal Division prosecutor added by the Senate subcommittee. In and of itself, this reduction does not represent a serious threat to the Civil Division's general funds. However, viewed in conjunction with the reductions proposed by the Senate subcommittee in the Deputy

BUDGETARY INFORMATION

Attorney General and Governmental Affairs components, the additional reduction taken to fund the prosecution position could force a total reduction of two general fund attorney positions, as discussed in the impact analysis for the Governmental Affairs program area.

Program Area:	Dollar Amount(s):	Fund Source(s):
Oil & Gas Litigation	(708.0)	GF

Impact Analysis:

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

The Senate Finance subcommittee's proposed net \$708.0 reduction to the FY 2000 Oil and Gas Litigation budget will speed up this transition. It will preclude the planned use of outside counsel with years of experience with the issues the state is facing in certain selected cases. While the department has a greater ability to control its workload in this area than in others because it often initiates, rather than reacts, to matters, we are not the only party in the cases and cannot always delay or postpone matters without mutual agreement among the parties. Furthermore, the department is now assessing the impact of the ARCO/BP merger and we may require substantial resources to evaluate that transaction. These variables may change our projected budget needs.

The Senate subcommittee reduction amount increases the decrement proposed by the House by \$228.0. The additional amount represents the subcommittee's desire to fund an additional Civil Division, Human Services component, child protection attorney and to hold the Criminal Division harmless from the carryforward of any FY 1999 austerity measures. The department is unsure whether this additional reduction can be sustained in FY 2000.

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

Impact Analysis:

This reduction continues the austerity measures from FY 1999 into the FY 2000 budget. Statehood Defense will not be able to sustain this reduction and maintain the current level of services it provides in areas such as navigability, RS 2477, the Pacific Salmon Treaty, Indian law issues, potential defense in Endangered Species Act cases, and ANILCA/ANCSA land entitlement issues.

Moreover, in FY 2000, it is anticipated that Statehood Defense will have a substantial increase in caseload demands on its limited resources. Foremost among the demands is the attorney time required to sustain and support the Glacier Bay/Tongass Submerged Lands Quiet Title lawsuit. It is anticipated that the Glacier Bay/Tongass litigation will require the full time work of two attorneys and one paralegal for the state to research and construct its litigation claims thoughtfully and strategically. In addition, *Alaska v. United States* (RS 2477 Harrison Creek/ Portage Creek Trail) is likely to go to trial in FY 2000. This case would ensure continued access to one of Alaska's historic mining districts. The trial will require at a minimum the full time work of one and a half attorneys.

FY00 Senate Finance Subcommittee Recommendations--Law

(\$000)

Allocation: 26,067.8
 SubCommittee Report: 26,067.6
 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	43,780.4	44,085.6	27,534.8	26,067.8	-1,467.0	16,769.6	17,541.7	476.1	476.1
		FY99 Supplemental	-617.0		-617.0			0.0		0.0	
		FY99 Base	43,163.4		26,917.8			16,769.6		476.1	
		FY00-FY99		922.2		-850.0			1,772.2		0.0
		% Change		2.14%		-3.16%			11.24%		0.00%
Law	Criminal Division	First Judicial District	1,167.7	1,180.6	1,167.7	1,180.6	12.9	0.0		0.0	
Law	Criminal Division	Second Judicial District	822.5	818.4	822.5	818.4	(4.1)	0.0		0.0	
Law	Criminal Division	Third Judicial District; Anchorage	3,492.5	3,681.1	3,104.9	3,293.5	188.6	387.6	387.6	0.0	
Law	Criminal Division	Third Judicial District; Outside Anchorage	2,119.1	2,138.0	2,119.1	2,138.0	18.9	0.0		0.0	
Law	Criminal Division	Fourth Judicial District	2,715.6	2,683.9	2,715.6	2,683.9	(31.7)	0.0		0.0	
Law	Criminal Division	Criminal Justice Litigation	1,407.0	1,450.4	1,241.1	1,284.5	43.4	165.9	165.9	0.0	
Law	Criminal Division	Criminal Appeals/Special Litigation Component	2,495.3	2,495.3	1,486.8	1,486.8	0.0	532.4	532.4	476.1	476.1
Law	Civil Division	Deputy Attorney General's Office	202.8	77.8	202.8	77.8	(125.0)	0.0		0.0	
Law	Civil Division	Collections and Support	1,860.4	1,773.0	338.6	338.6	0.0	1,521.8	1,434.4	0.0	
Law	Civil Division	Commercial Section	1,486.9	1,674.8	271.7	271.7	0.0	1,215.2	1,403.1	0.0	
Law	Civil Division	Environmental Law	1,383.1	1,254.2	783.9	603.9	(180.0)	599.2	620.3	0.0	
Law	Civil Division	Fair Business Practices	1,092.8	1,461.3	417.7	531.1	113.4	675.2	930.2	0.0	
Law	Civil Division	Governmental Affairs Section	2,091.8	2,095.0	890.7	795.0	(95.7)	1,201.1	1,300.0	0.0	
Law	Civil Division	Human Services Section	3,049.9	3,548.8	2,532.1	2,937.6	405.5	517.8	611.2	0.0	
Law	Civil Division	Legislation/Regulations	495.4	495.4	369.5	369.5	0.0	125.9	125.9	0.0	
Law	Civil Division	Mental Health Lands	252.3	189.0	227.3	164.0	(63.3)	25.0	25.0	0.0	
Law	Civil Division	Natural Resources	1,344.6	1,281.2	1,065.8	1,002.4	(63.4)	278.8	278.8	0.0	
Law	Civil Division	Oil and Gas and Mining	3,033.1	2,948.2	0.0		0.0	3,033.1	2,948.2	0.0	
Law	Civil Division	Special Litigation	1,844.3	2,149.0	0.0		0.0	1,844.3	2,149.0	0.0	
Law	Civil Division	Transportation Section	1,895.3	1,895.3	0.0		0.0	1,895.3	1,895.3	0.0	
Law	Civil Division	Timekeeping & Support	719.9	719.9	15.8	15.8	0.0	704.1	704.1	0.0	
Law	Statehood Defense	Statehood Defense	1,005.0	980.0	1,005.0	980.0	(25.0)	0.0		0.0	
Law	Oil and Gas Litigation and Legal Services	Oil & Gas Litigation	5,990.4	5,362.4	5,496.9	3,885.4	(1,611.5)	493.5	1,477.0	0.0	
Law	Oil and Gas Litigation and Legal Services	Oil & Gas Legal Services	375.7	295.7	375.7	295.7	(80.0)	0.0		0.0	
Law	Administration and Support	Office of the Attorney General	334.2	334.2	334.2	334.2	0.0	0.0		0.0	
Law	Administration and Support	Administrative Services	1,102.7	1,102.7	549.4	549.4	0.0	553.3	553.3	0.0	

**Senate Finance Subcommittee Closeout Summary
FY 00 Legislature's Operating Budget**

The Subcommittee recommends a \$379,200 reduction in the Legislature's FY 00 Budget, decreasing expenditures from the current year budget in the following areas:

Ombudsman - \$11,400

Administrative Services - \$147,300

Legislative Council and Subcommittees - \$135,100

Legal and Research Services - \$88,500

FY00 Senate Finance Subcommittee Recommendations--Alaska Legislature

(\$000)

Allocation: 31,561.3
 Subcommittee Report: 31,561.3
 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	32,018.6	31,626.3	31,940.3	31,561.3	-379.0	78.3	65.0	0.0	0.0
		FY99 Supplemental	0.0		0.0			0.0		0.0	
		FY99 Base	32,018.6		31,940.3			78.3		0.0	
		FY00-FY99		-392.3		-379.0			-13.3		0.0
		% Change		-1.23%		-1.19%			-16.99%		#DIV/0!
Legislature	Budget and Audit Committee	Legislative Audit	2,602.0	2,602.0	2,602.0	2,602.0	0.0	0.0	0.0	0.0	0.0
Legislature	Budget and Audit Committee	Legislative Finance	2,959.1	2,959.1	2,959.1	2,959.1	0.0	0.0	0.0	0.0	0.0
Legislature	Budget and Audit Committee	Ombudsman	503.2	491.8	503.2	491.8	(11.4)	0.0	0.0	0.0	0.0
Legislature	Budget and Audit Committee	Committee Expenses	143.2	143.2	143.2	143.2	0.0	0.0	0.0	0.0	0.0
Legislature	Legislative Council	Salaries and Allowances	4,162.1	4,162.1	4,162.1	4,162.1	0.0	0.0	0.0	0.0	0.0
Legislature	Legislative Council	Administrative Services	6,890.1	6,732.8	6,845.1	6,697.8	(147.3)	45.0	35.0	0.0	0.0
Legislature	Legislative Council	Session Expenses	5,947.0	5,947.0	5,913.7	5,917.0	3.3	33.3	30.0	0.0	0.0
Legislature	Legislative Council	Council and Subcommittees	709.3	574.2	709.3	574.2	(135.1)	0.0	0.0	0.0	0.0
Legislature	Legislative Council	Legal and Research Services	2,239.3	2,150.8	2,239.3	2,150.8	(88.5)	0.0	0.0	0.0	0.0
Legislature	Legislative Council	Select Committee on Ethics	143.2	143.2	143.2	143.2	0.0	0.0	0.0	0.0	0.0
Legislature	Legislative Operating Budget	Legislative Operating Budget	5,720.1	5,720.1	5,720.1	5,720.1	0.0	0.0	0.0	0.0	0.0

Senate Finance

Budget Subcommittee Report

Department of Military and Veterans Affairs

To: Senator Sean Parnell, Co-Chair
Senate Finance Committee

From: Senator Randy Phillips, Chair
Senator Dave Donley
Senator Al Adams
Senate Finance Subcommittee

Date: April 12, 1999

Re: Department of Military and Veterans Affairs Finance Subcommittee
Closeout Report.

The budget subcommittee for the Department of Military and Veterans Affairs recommends the following changes from FY 99 authorized and adjusted:

The subcommittee recommends an unallocated general fund reduction of 301.7 in the Office of the Commissioner. This reduction annualizes the Governor's "belt tightening" measure for FY 99.

The subcommittee also accepts the transfer of 80.5 in the Office of the Commissioner to Veterans Affairs as proposed by the Governor.

The GF recommendation for DMV&A is 7,707.9

The all-funds total for DMV&A is 34,440.7, a -1,933.0 change from FY99. This funds 219 full time positions, 2 part time positions and 5 non-perm positions.

Department of Military and Veterans Affairs
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: April 14, 1999
Prepared by: Phillip Oates, Commissioner

Program Area:	Dollar Amount(s):	Fund Source(s):
Department unallocated reduction	(300.1)	GF

Impact Analysis:

The Adjutant General of the Department of Military and Veterans Affairs is responsible for a state and a federal military mission. There are over 4000 employees with a multitude of diverse missions. The Department is also the point of contact for state officials with the Active Military, coordinating issues of joint concern. With the many changes that may be coming to Alaska in the future (National Ballistic Missile program and BRAC deliberations), the Department will be responding to numerous issues of great consequence to the State of Alaska.

The Department captures \$160.0 million in federal funds (of which \$23,406.2 is recognized on the state budget) by contributing \$8.0 million in state funds. We are able to do this by fulfilling our basic federal military mission and maintaining the facilities which house the federal and state employees.

The programs below represent the Department of Military and Veterans Affairs state budget. Because the department is so highly leveraged with federal funds, a reduction in general funds will reduce our ability to obtain the federal funds available. Therefore a \$300.1 reduction in state funding will have far more serious consequences than those dollars in and of themselves represent. The department is unable to apply the reduction without definitive direction from the Senate Finance Committee on which programs it wishes us to reduce.

Air Guard Facilities Maintenance - 824.4 General Fund Match

The general funds in this component capture \$3,835.1 in federal funds (75/25 match). One of DMVA's basic responsibilities is to maintain and operate the facilities that support close to 2000 federal jobs in the State. This is the underpinning of the Alaska Air Guard. Reductions in this area will lead to deferred maintenance and finally facility closures.

It is important to note that the Air Guard is planning substantial growth in missions (Clear Air Force Base and Alaska North American Air Defense missions). However, it will be difficult to take on new opportunities and job growth in the state without legislative support for these missions.

A reduction in this area will cause loss of \$3 for every \$1 in general funds and will most likely cause facility closures and impact the missions associated with those facilities. Impacting missions leads to loss of federal positions associated with the missions. Air Guard bases are located in Anchorage and Fairbanks.

Army Guard Facilities Maintenance \$2,374.8 GF/GFM/GFPR

The funds in this component capture \$6,840.3 in federal funds and represent the basic job of DMVA: to support the federal Army Guard missions in the State of Alaska. By performing this function the state gains a viable Alaska Guard to perform state missions. Reductions in this component will translate to facility closures and reprogramming or elimination of federal jobs and missions. Again, without support from the legislature, growth of Army Guard missions (National Ballistic Missile Initiative) leading to new jobs in the state will be difficult to obtain.

Reductions in this area will lead to deferred maintenance, facility closures and loss of missions. This area is also highly leveraged with federal funds. These facilities are located in over 76 communities in the state and provide federal jobs in the state.

Disaster Planning and Control \$489.3 GFM

This is my most serious responsibility and my highest priority. The general funds in this budget are highly leveraged (captures \$1,395.0 in federal funds) and provide a very important service to the citizens of Alaska. Reductions in this program would disrupt the current system of emergency management in the state. Before any reductions are taken in this area, substantial thought will be needed to ensure the continued safety of our Alaskan residents.

Veterans Services \$620.5

This component provides coordination of information, staff to the Veterans Advisory Council and grants to Veterans Service Officers. The grant pays for Veterans Service Officers at the American Legion, Veterans of Foreign Wars, and Disable Veterans organizations. They in turn provide support to individual veterans in receiving benefits from the federal government. With over 60,000 veterans in the state, DMVA believes it is important to provide this coordinated assistance. This program is the focal point for veterans in the state.

Educational Benefits \$28.5

This amount is the only money available to Guard members to assist in getting a college education. It is important in our retention efforts. Both Air and Army Guard are experiencing difficulties in this area.

Retirement Benefits \$1,104.5

This amount is the required state contribution to the National Guard Retirement System. A contract actuary determines the amount. The benefit is \$100 a month for members who have served for at least 20 years in the military with at least 5 years in the Alaska National Guard. This is a statutory requirement.

Youth Corps \$1,281.0 General Fund

Serves 16-18 year old at-risk youth. This program is both a Governor and Legislative priority. Any reductions in the component also impact our ability to meet our FY 2000 federal match requirements. The Youth Corps receives \$2,069.1 in federal funds.

Departmental Management and Administration \$1,280.4 General Fund

This component provides the management and administration of the Department of Military and Veterans Affairs. In the partnership the state has with National Guard Bureau, the state is required to provide for top management of the department while the federal government provides the majority of the funds to build and maintain facilities and the payroll and operating costs of the men and women in the Air and Army Guard.

This component also provides the accounting, payroll, human resources, budget, telecommunications, and other administrative functions that support a department with over 4000 employees.

FY00 Senate Finance Subcommittee Recommendations--Military and Veterans Affairs

(5000)

Allocation: 7,707.9
 SubCommittee Report: 7,707.9
 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	38,373.7	34,440.7	8,008.6	7,707.9	-301.7	3,224.4	3,326.6	25,139.7	23,408.2
		FY99 Supplemental	-125.7		-125.7			0.0		0.0	
		FY99 Base	36,248.0		7,883.9			3,224.4		25,139.7	
		FY00-FY99		-1,807.3		-176.0			102.2		-1,733.5
		% Change		-4.99%		-2.23%			3.17%		-6.90%
Military & Veterans Affairs	Disaster Planning & Control	Disaster Planning & Control	3,454.0	3,397.1	489.3	489.3	0.0	1,453.3	1,512.8	1,511.4	1,395.0
Military & Veterans Affairs	Disaster Planning & Control	Local Emergency Planning Committee Grants	534.4	543.4	0.0	0.0	0.0	534.4	543.4	0.0	0.0
Military & Veterans Affairs	Alaska National Guard	Office of the Commissioner	1,534.0	1,487.2	1,164.7	1,084.2	(80.5)	102.6	136.3	266.7	266.7
Military & Veterans Affairs	Alaska National Guard	National Guard Military Headquarters	196.4	196.2	196.2	196.2	0.0	0.0	0.0	0.2	0.0
Military & Veterans Affairs	Alaska National Guard	Army Guard Facilities Maintenance	11,734.2	10,234.2	2,374.8	2,374.8	0.0	1,019.1	1,019.1	8,340.3	6,840.3
Military & Veterans Affairs	Alaska National Guard	Air Guard Facilities Maintenance	4,665.7	4,665.7	830.6	830.6	0.0	0.0	0.0	3,835.1	3,835.1
Military & Veterans Affairs	Alaska National Guard	State Active Duty	115.0	115.0	0.0	0.0	0.0	115.0	115.0	0.0	0.0
Military & Veterans Affairs	Alaska National Guard	Youth Corps	3,467.0	3,350.1	1,281.0	1,281.0	0.0	0.0	0.0	2,186.0	2,069.1
Military & Veterans Affairs	Alaska National Guard	Unallocated Reduction		(301.7)		(301.7)	(301.7)		0.0		0.0
Military & Veterans Affairs	Alaska National Guard Benefits	Educational Benefits	28.5	28.5	28.5	28.5	0.0	0.0	0.0	0.0	0.0
Military & Veterans Affairs	Alaska National Guard Benefits	Retirement Benefits	1,104.5	1,104.5	1,104.5	1,104.5	0.0	0.0	0.0	0.0	0.0
Military & Veterans Affairs	Veterans' Affairs	Veterans' Services	540.0	620.5	540.0	620.5	80.5	0.0	0.0	0.0	0.0
Military & Veterans Affairs	Front Section Appropriation	Disaster Relief Fund	9,000.0	9,000.0	0.0	0.0	0.0	0.0	0.0	9,000.0	9,000.0

Senate Finance

Budget Subcommittee Report

Department of Natural Resources

To: Senator Sean Parnell, Co-Chair
Senate Finance Committee

From: Senator Randy Phillips, Chair
Senator Pete Kelly
Senator Georgianna Lincoln
Senate Finance Subcommittee Department of Natural Resources

Date: April 12, 1999

Re: Department of Natural Resources Finance Subcommittee Closeout Report

The Senate budget subcommittee for DNR recommends the following changes from **FY 99 authorized**. Four budget units are affected:

Land Development was reduced by 1,008.5. This is a 13.7% reduction to the Division of Land.

Oil and Gas Development was reduced by 100.0. This is a 2.3% reduction to the division.

Water Development, permit adjudication section, was reduced by 125.0.

In Agricultural Development the subcommittee accepted the proposed 75.0 reduction for the export certification program at UAF.

The Senate Finance GF target for the Department of Natural Resources is 38,396.0.

The subcommittee GF recommendation is 38,280.0.

The recommended all fund source total agency expenditure is 65,225.7. It provides for approximately 559 full time positions, 243 permanent part time positions, and 78 non-perm positions.

**Department of Natural Resources
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: April 14, 1999**

Program Area: Commissioner's Office (Prepared by Marty Rutherford, Deputy Commissioner)	Dollar Amount(s): (\$76.2)	Fund Source(s): GF
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Impact Analysis:

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

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

Options to be considered include:

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

Program Area: Recorder's/UCC Component (Prepared by Sharon Young, State Recorder)	Dollar Amount(s): (\$300.0)	Fund Source(s): GFPR
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Impact Analysis:

The SFSC has included intent language that authorizes us to hire temporary employees when the workload warrants it and to request supplemental funding from the legislature for FY00 to fund it. This alleviates some of the impact of the loss of our increment request, however since the intent language only identifies personal services costs, there will still be impact to the overall operating budget.

This SFSC reduction eliminates a \$300.0 increment that is critical to the ongoing operation of the statewide recording system. The reduction fails to recognize the growing volume of land transactions in Alaska and the extreme workload pressures that continue to envelop the recording system. With the proposed reduction of \$300.0, the component will find it difficult to continue basic recording services to the public in FY00.

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

The impact of this \$300.0 reduction is that the component will not have the minimum staffing, contractual and supply resources necessary to continue basic recording services to the public. The component's options for handling a budget at this level with the projected workload are limited and will result in impacts for the public at large. These **options** include implementation of one or more of the following stopgap measures, which we will review with our key customers and industries prior to implementation:

1. Evaluation of the Palmer Recorder's Office workload and transfer some of the functions handled by that office to Anchorage.

The Palmer office currently has an authorized staff of four permanent employees, one non-perm employee, and one program service aide. The volume of recordings would not decline under this option, but would merely shift to the larger office where it is easier to reallocate resources to handle the volume.

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

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

3. Delayed reception reports and daily indexing.

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

4. Delayed return of original documents to customers.

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

5. Delayed completion of UCC searches in larger offices.

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

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

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

7. Delayed production of conformed and certified copies.

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

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

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

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

Program Area:	Dollar Amount(s):	Fund Source(s):
Information Resource Management (Prepared by Rich McMahon, Chief, Land Records Information Section)	(\$225.0)	GF

Impact Analysis:

This analysis is broken into two parts, to discuss the total \$225.0 reduction.

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

This \$75.0 was requested as a transfer of GF within DNR to maintain status quo services in the Information Resource Management component. This is the cost of maintaining the same level of staffing with the increased salary cost as a result of a 7% increase in Information Technology positions statewide. It is essential that we keep the computer programming staff to maintain the state's business programming systems. A reduction of \$75.0 will require us to assess all DNR programs for this function, thus reducing funding available in the resource programs.

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

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

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

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

Program Area:	Dollar Amount(s):	Fund Source(s):
Interdepartmental DP Chargeback	(\$17.0)	GF

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

Impact Analysis:

This component has a \$145.0 projected budget shortfall for FY2000 before this reduction is made. The component provides funding to pay DOA for DP Chargeback costs incurred by the department. Elimination of \$17.0 in GF results in the need to go to the resource programs within the department and ask them to pay more to cover these charges.

One of the reasons for the increased DP Chargeback costs is the higher level of public access. The House Finance Committee recognized this and authorized an increment of \$50.0 in statutory designated program receipts (SDPR) to allow the department to collect for DP usage through public access. We recommend the Senate Finance Committee increase this budget by \$50.0 in SDPR as well.

Program Area:	Dollar Amount(s):	Fund Source(s):
Division of Land	(\$858.5)	GF
(Prepared by Jane Angvik, Director)	(\$150.0)	GF/PR

Impact Analysis:

A reduction to the Division of Land's FY00 operating budget of (\$1008.5) will be crippling to DNR's ability to manage state land and resources. The cut backs will affect the Division's ability to provide services, which have already been strained by previous reductions and an FY00 vacancy factor to make up of 4.1% (an additional \$314.9). The Senate identified reductions in three areas.

1. Reduction - allocate/planning land & resources (\$726.4)

This reduction will completely eliminate all land planning functions within the Department and will be felt in the Fairbanks, Juneau and Anchorage offices of the Division. The focus will be:

- (1) land use planning; the foundation for authorizing land and resource use, and
 - (2) interaction with federal and municipal government planning programs where DNR protects state interests, such as our public access
- DNR will not complete the Central and Southern Southeast Area Plan - this will impede future timber harvest on state lands, prevent future land sales in this area, and prevent possible Wrangell and Petersburg boroughs from receiving municipal entitlement lands.

- DNR will not complete the Kenai Area Plan - although nearing completion, if staff are eliminated in FY00, there will be no staff to complete this plan through its final drafting and appeals process. This plan is essential to fulfill municipal entitlements to the Kenai Borough, for state land sales, and land for timber harvest in the Kenai Borough. The time 200 people devoted to participation in planning meetings and the over 500 written comments on the plan will be for naught.
- DNR will not do plan updates, which are necessary to accommodate new municipal entitlements. Without plan revisions, DNR will not be able to process most of the remaining selection applications for the Kenai, Aleutians East, Lake and Peninsula, Yakutat, and Denali Boroughs.
- DNR will not do plan updates to encourage tourism and timber harvest. Plan updates to the Southwest Prince of Wales Island Area Plan (underway) and Susitna Area Plan (planned) are essential to several proposed economic development projects.
- DNR will not participate in and review federal land use plans. DNR participation protects access to state lands and management of state owned navigable rivers in National Parks (such as Denali and Katmai), Refuges (such as Togiak), and Wild and Scenic Rivers (such as Gulkana). DNR planners are currently actively involved in plans for the Gulkana River, Situk River, and Chugach National Forest and have just been invited to participate in the Fish and Wildlife Service's revision of 13 federal plans for 16 refuges in Alaska. DNR will have no staff to participate in these efforts.

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

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

- DNR will be unable to process over 450,000 acres of municipal land entitlements for the Kenai, Aleutians-East, Denali, Lake and Peninsula, Northwest Arctic, North Slope, and Yakutat Boroughs.

Without land use plans, every major decision about mining, recreation, tourism, agriculture, grazing, and habitat protection will be hashed out on a project specific basis between those who want to develop the project and those who oppose the development. This means there will be contentious ad hoc, time-consuming and inefficient processes for each decision. This will result in more uncertainty about how state land can be used, and ultimately less use of state lands.

DNR planning functions have been significantly reduced in past years. The planning staff has been eliminated from the Divisions of Parks and Forestry. DOL staff has provided planning services for these divisions on the Kenai River Plan and the ongoing Tanana Valley State Forest Plan.

Doing away with planning and classification would require a substantial change in the way in which the state manages land and resources. To eliminate the land use planning function for state-owned public domain land, many chapters of the Title 38 statutes would need to be changed or repealed. Additionally, there may be constitutional questions with regard to Article VIII, section 10 regarding the requirement for public notice prior to the disposal of state land or resources.

2. Reduction - Shore Fishery Program (\$ 150.0)

The reduction of (\$150,000) from the shore fishery program will result in a restructuring of the current shore fishery leasing program under AS 38.05.082. It will change from a lease to a registration program that recognizes the unique features of the program requirements of the set-net fishing industry. The program would allow for a program participant to register their site through the Recorder's Office. Existing leases would be converted to the registration program at the time of expiration of their current leases. Registered sites would not require renewal and would be usable indefinitely, provided the fishers file an affidavit of annual site use and pay an annual site use fee. Failure to file an affidavit of annual use and the annual fee would constitute abandonment. DNR would not resolve site location conflicts but will establish the criterion to be used in site location conflict resolution through mediation or the judicial system. A rewrite of AS 38.05.082 and the associated regulations will be necessary. The Department will provide a rewrite of AS 38.05.082 to the legislature. The mariculture management program of the division is not affected by this reduction.

Please note that this restructuring of the shore fishery program has not undergone any public or other agency review.

3. Reduction - Legislatively Designated Areas (\$ 132.1)

Legislatively Designated Areas (LDAs) and Special Use Areas (SUAs) are created to recognize and protect uniquely valuable lands. Examples of LDAs and SUAs include: the North Slope Oil Fields, Hatcher Pass Management Area, Nelchina Public Use Area, Alyeska Ski Resort in Girdwood, Thompson Pass (World Extreme Skiing and Backcountry Helicopter Skiing), Petersville Road Public Use Mining Area, Caribou Creek Public Use Mining Area, public use areas including Goldstream Public Use Area, Nelchina Public Use Area, and Marmot Island. These areas are designated through a public process, managed for multiple-use, and provide special management attention for very high valued public resources in the public domain. In many cases increased revenue is gained to the state treasury through user and permit fees.

Management efforts in these areas provide equitable treatment of resource based activities and creates incentives for users to operate safely. Management standards created by the legislature and implemented by the division enhance and protect resource values in support of growing commercial recreation activities.

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

	Dollar	Fund
Program Area:	Amount(s):	Source(s)
Division of Oil and Gas	(\$300.0)	GF
(Prepared by Ken Boyd, Director)		

Impact Analysis:

The combination of a series of small but consistent cuts by the Legislature, an unrealistic vacancy factor, rising "overhead" costs, and the normal erosion from inflation (COLA, merit increases, etc.) will result in a budget shortfall of about \$160.0 for FY00. To alleviate the shortfall and to meet program needs, particularly the exploration licensing program, we sought a \$200.0 increment. The subcommittee eliminated the increment in the operating budget as well as \$100.0 unallocated reduction.

RESOURCES MANAGEMENT

\$100.0 of the \$200.0 was specifically sought to allow us to implement the exploration license program. Not funding the \$100.0 in contractual line (or not sending it to a CIP) will result in a delay in the Exploration License program in the Copper River Basin and will delay issuance of any future Exploration Licenses for several years. We have two current applicants for a License in Copper River and they will have to wait a year to 18 months to get their Finding. At best this delays any possible exploration/production (and associated jobs) for this area. At worst the applicants lose interest and withdraw their applications. In general, there will not be a viable, timely Exploration Licensing program; applicants may have to wait for years to get a Best Interest Finding in their area of interest.

Next, this impact statement will address the loss of the other \$200.0 GF. Since our budget is now over 93% "people money" there is no opportunity to make up this shortfall in the "other" line items. One way to meet the shortfall will be to lay off people. Cutting staff means something(s) won't get done. One option would be to take the \$200.0 from the Permitting and Compliance section. This would equate to the cutting of two and a half natural resource manager positions and all North Slope inspections. These positions conduct inspections of oil and gas activities across the entire North Slope and Cook Inlet to ensure compliance with permit and lease terms. Additionally, these positions issue all lease and unit operations approvals for all surface activities on oil and gas lands on the North Slope (Badami, Northstar, Alpine, etc.). This section is also in charge of implementing the shallow natural gas program.

The consequence of cutting these positions is that certain permits will not be issued and other permits will be delayed. Industry may miss seasonal construction windows and the state may suffer a loss of revenue. At least fourteen companies or individuals have expressed interest in the shallow natural gas program. If that program is delayed, they will be disappointed and the state will lose revenues. Another consequence is that the lack of inspections will jeopardize the credibility of the leasing program with the environmental community and we can expect more time delaying lawsuits. Moreover, deleting these positions may require that the best interest findings for the state oil and gas leasing program be revised. This could jeopardize the lease sale schedule and further antagonize industry.

Another option is to lay off part of the lease sale group by delaying or stopping some of our lease sales. The most likely candidate is the Foothills Areawide sale scheduled for May 2001. This action would certainly harm Anadarko Petroleum, a new independent in Alaska, and the private landowners who have leased private lands to Anadarko. A delay or cancellation of any sale would negatively impact all lease sales creating uncertainty. State revenues would be reduced.

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

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

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

We continue to ask for the additional \$200.0 increment as well as the restoration of the \$100.0 unallocated reduction just to keep us whole. We have received any number of unfunded mandates from the legislature in the last few years-new programs, more work-but no funding.

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

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

Impact Analysis:

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

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

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

	Dollar	Fund
Program Area:	Amount(s):	Source(s):
Water Management & Development; <i>Water Rights Adjudication – AS 46.15.040 - .970</i> (Prepared by Bob Loeffler, Director)	(\$125.0)	GF

Impact Analysis:

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

- Individuals and businesses that hold and have paid for existing water rights would not be protected from all new water withdrawals.

- New small and intermediate water users, mostly individuals and small or medium-sized businesses, would not be able to gain secure title to water needed for use and development.
- Revising the water management program to be consistent with available staff will require a change in regulation. Until new regulations become effective, intermediate water users may be in technical violation of state regulation, guilty of a misdemeanor. In the interim, development projects may be vulnerable to lawsuit.
- Revised regulations would allow larger quantities of water to be appropriated without a permit. This will mean that some withdrawals are not reviewed for effect on fish and wildlife habitat.

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

Effect on Existing Water Rights and New Applicants. The proposed budget reduction would leave the program without enough staff to adjudicate all of the 350 annual new water rights applications. Instead, staff would concentrate on those larger withdrawals that are most likely to affect existing rights holders. As a result, people and business that hold and have paid for water rights will not be protected from competing withdrawals that are not adjudicated. Those most likely to be affected are individuals and small or medium-sized-businesses. When a water withdrawal affects a water right holder, the Division staff works with parties to find an equitable solution. This help will no longer be available for all affected users. Finally, those individuals or businesses whose water right applications are not adjudicated will not secure firm title to the water. This may make it more difficult for these individuals and businesses to gain financing.

Regulation Change Required. Current laws and regulations require water users, above a certain threshold, to acquire a water right or permit before withdrawing water. Lack of staff will force the Division to raise the threshold. Until the regulation is changed, those applicants whose requests are not being processed will be in technical violation of the law and will be guilty of a misdemeanor. The regulation change is unlikely to become effective until the fall of 2000, at the earliest. In the interim, development projects may be vulnerable to lawsuit. In addition, the regulation change would raise the threshold withdrawal of water for which a permit is required. This will mean that some withdrawals are not reviewed for effect on fish and wildlife habitat.

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

Impact Analysis:

The Trust Land Office (TLO) was established by the Legislature in 1994 to maximize revenue from Trust Land over time. The TLO, in consultation with the Alaska Mental Health Trust Authority, proceeded with a phased approach to building its staff to match the long-term revenue goals of the Trust Authority. The \$46.4 increment approved by the Trustees in the FY2000 budget is the final step in this phased effort. The increment is intended to improve essential information management capabilities of the TLO, including those associated with land title records and revenue accounting. Without this improvement, information will be processed slower, resulting in delays to revenue-generating transactions. Such delays would be inconsistent with the increasing demand to produce revenue in a timely manner from Trust Land.

FY00 Senate Finance Subcommittee Recommendations--Natural Resources

(5000)

Allocation: 38,396.0
 Subcommittee Report: 38,280.0
 Over (under): -116.0

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	64,468.2	65,225.7	39,588.5	38,280.0	-1,308.5	14,166.0	15,516.4	10,693.7	11,429.3
		FY99 Supplemental	-443.2		-443.2			0.0		0.0	
		FY99 Base	64,025.0		39,145.3			14,166.0		10,693.7	
		FY00-FY99		1,200.7		-665.3			1,330.4		735.6
		% Change		1.88%		-2.21%			9.38%		6.88%
Natural Resources	Management and Administration	Commissioner's Office	507.5	507.5	507.5	507.5	0.0	0.0	0.0	0.0	0.0
Natural Resources	Management and Administration	Administrative Services	2,103.8	2,103.8	1,540.2	1,540.2	0.0	563.6	563.6	0.0	0.0
Natural Resources	Management and Administration	Trustee Council Projects	2,114.0	2,114.0	0.0	0.0	0.0	2,114.0	2,114.0	0.0	0.0
Natural Resources	Information/Data Management	Recorder's Office/Uniform Commercial Code	2,314.3	2,314.3	2,314.3	2,314.3	0.0	0.0	0.0	0.0	0.0
Natural Resources	Information/Data Management	Information Resource Management	2,441.3	2,407.5	1,816.5	1,816.5	0.0	514.6	430.8	110.2	160.2
Natural Resources	Information/Data Management	Interdepartmental Data Processing Chargeback	353.1	481.4	353.1	353.1	0.0	0.0	128.3	0.0	0.0
Natural Resources	Resource Development	Oil and Hazardous Waste Spill Response Program	68.5	86.5	0.0	0.0	0.0	68.5	86.5	0.0	0.0
Natural Resources	Resource Development	Mental Health Trust Lands Administration	892.1	892.1	0.0	0.0	0.0	892.1	892.1	0.0	0.0
Natural Resources	Resource Development	Development - Special Projects	500.0	500.0	0.0	0.0	0.0	500.0	500.0	0.0	0.0
Natural Resources	Resource Development	Emergency Firefighters Non-Emergency Projects	250.0	250.0	0.0	0.0	0.0	250.0	250.0	0.0	0.0
Natural Resources	Land Development	Land Development	8,334.7	7,180.7	7,342.7	6,334.2	(1,008.5)	942.2	796.7	49.8	49.8
Natural Resources	Forest Management and Development	Forest Management and Development	8,885.9	8,623.3	7,151.7	7,151.7	0.0	317.8	330.6	1,416.6	1,141.0
Natural Resources	Oil and Gas Development	Oil & Gas Development	4,414.6	4,289.6	4,277.1	4,177.1	(100.0)	45.6	20.6	91.9	91.5
Natural Resources	Oil and Gas Development	Pipeline Coordinator	3,346.5	3,665.0	429.9	429.9	0.0	2,751.8	3,070.1	165.0	165.0
Natural Resources	Mining, Geological, Water Development	Mining Development	2,028.0	2,003.0	1,208.8	1,208.8	0.0	121.4	96.4	697.8	697.8
Natural Resources	Mining, Geological, Water Development	Geological Development	4,048.3	3,855.5	2,106.2	2,106.2	0.0	400.0	294.6	1,542.1	1,454.7
Natural Resources	Mining, Geological, Water Development	Water Development	1,223.1	1,098.1	1,021.1	896.1	(125.0)	180.5	180.5	21.5	21.5
Natural Resources	Parks and Recreation Management	State Historic Preservation Program	1,256.4	1,256.4	285.5	285.5	0.0	638.6	638.6	332.3	332.3
Natural Resources	Parks and Recreation Management	Parks Management	5,500.1	5,533.3	5,411.8	5,411.8	0.0	88.3	121.5	0.0	0.0
Natural Resources	Parks and Recreation Management	Parks Access	1,827.2	2,503.6	0.0	0.0	0.0	1,804.5	1,880.9	22.7	622.7
Natural Resources	Agricultural Development	Agricultural Development	1,159.8	1,158.4	320.8	245.8	(75.0)	718.2	693.2	120.8	219.4
Natural Resources	Agricultural Development	North Latitude Plant Material Center	1,453.9	1,803.9	14.4	14.4	0.0	636.1	636.1	803.4	1,153.4
Natural Resources	Agr Revolving Loan Pgm Admin	Agriculture Revolving Loan Program Administration	638.6	691.3	0.0	0.0	0.0	638.6	691.3	0.0	0.0
Natural Resources	Statehood Defense	Citizen's Advisory Commission on Federal Areas	93.2	93.2	93.2	93.2	0.0	0.0	0.0	0.0	0.0
Natural Resources	Statehood Defense	RS 2477/Navigability Assertions and Litigation Suppo	115.0	115.0	115.0	115.0	0.0	0.0	0.0	0.0	0.0
Natural Resources	Facilities Maintenance	Facilities Maintenance	0.0	1,100.0	0.0	0.0	0.0	0.0	1,100.0	0.0	0.0
Natural Resources	Facilities Maintenance	Fairbanks Office Building Chargeback	103.6	103.6	103.6	103.6	0.0	0.0	0.0	0.0	0.0
Natural Resources	Statewide Fire Suppression	Fire Suppression	8,494.7	8,494.7	3,175.1	3,175.1	0.0	0.0	0.0	5,319.6	5,319.6

MEMORANDUM

To: Senator Sean Parnell
Co-Chair, Senate Finance Committee

From: Senator Dave Donley, Chair
Senator Robin Taylor
Senator Georgianna Lincoln
Department of Public Safety Operating Budget Subcommittee

Re: Subcommittee Close-out Report for the Department of Public Safety

Date: April 13, 1999

The Senate GF target for the Department of Public Safety is \$77,689,100. The subcommittee closed \$96,900 under its target allocation at \$77,592,800. The attached spreadsheet indicates subcommittee action during the close-out on April 13 and a narrative of committee action is listed below.

Fish & Wildlife Protection

In this BRU, an increment of \$75,000 in General Funds to the Governor's request to offset a reduction in Fish & Game Fund receipts has been accepted. The Governor's General Fund increment request of \$309,500 for Fish & Wildlife Protection has been denied.

An increment of \$15,000 in General Funds to create a new **Fish & Wildlife Safeguard** component has been accepted.

Fire Service Prevention

In the **Fire Service Training** component, an increment of \$37,800 in statutory designated receipts has been accepted.

Trooper Detachments

In this BRU, the Governor's General Fund increment request of \$1,090,000 has been denied.

Senator Parnell
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April 13, 1999

Village Public Safety Officer Program

In this BRU, the Governor's General Fund increment request of \$242,500 has been denied.

Violent Crimes Compensation Board

In this BRU, a decrement of \$253,800 to the Governor's General Fund request has been accepted. Additionally, an increment of \$413,800 in PFD receipts funding has been accepted.

Council on Domestic Violence and Sexual Assault

In this BRU, a decrement of \$15,000 to the Governor's General Fund request has been accepted. Additionally, an increment of \$15,000 in PFD receipts funding has been accepted.

A federal grant totaling \$562,800 has been accepted. The subcommittee allocated \$465,200 of this grant to the CDVSA and \$96,700 to Statewide Support, Laboratory Services.

Batterers Intervention Program

In this BRU, a \$120,000 federal grant has been accepted.

Statewide Support

In the **Commissioner's Office**, a decrement of \$22,300 to the Governor's General Fund request has been approved.

In the **Laboratory Services** component, the Governor's General fund increment request of \$238,500 has been denied. An increment of \$97,600 in federal funding from a CDVSA federal grant has been accepted.

In the **Alaska Public Safety Information Network** component, the Governor's General Fund increment request of \$90,600 has been denied.

Victims for Justice

In this BRU, an increment of \$100,000 to the Governor's General Fund request has been accepted.

Senator Parnell
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April 13, 1999

If you have any questions, contact James Armstrong of my staff at 3887.

cc: Ken Bischoff, Department of Public Safety
Brent Douth, Legislative Finance Division

DD/jja

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

April 14, 1999

Prepared by: Ken Bischoff

Program Area:	Dollar Amount(s)	Fund Source(s)
Fish and Wildlife Protection	(309.5)	GF

Impact Analysis:

Deletes GF increment funding of \$309.5 needed to continue 87 FWP Troopers (\$109.5) in FY 2000 and provide funding for essential support costs (\$200.0) e.g. 12 additional trooper moves, space and utility costs, radio circuits, local dispatch support, vehicles. A reduction of \$309.5 approximates 3 - 4 full time FWP Trooper positions. Depending upon the time of planned hire (spring or fall) this reduction will prevent the department from making approximately 6 - 8 hires during FY 00.

\$109.5 in Personal Services and \$200.0 in fixed supports cost funding is required....

- ✓ To continue 87 commissioned positions in FY 2000, increment funding is required to annualize the cost of additional positions hired with funding approved by the legislature in FY 99.
- ✓ To refill positions throughout Alaska due to the number of troopers eligible for retirement exercising their retirement option.
- ✓ To address space and utility costs in Talkeetna, Big Lake, Cantwell, McGrath and Dutch Harbor.
- ✓ To provide communications systems. The Troopers require information systems, communications networks, radios and pagers to meet 7X24 operational requirements. The Department of Administration must be paid to provide these services.

FY 2000 Impact: If increment funding is not approved and after absorbing fixed cost increases, there would be approximately 81 filled FWP Positions as of June 30, 2000 contrasted with 87 projected in the FY 2000 Governor's operating request. Under this scenario, the department will delete unfunded trooper positions; approximately 3-4 positions.

Program Area:	Dollar Amount(s)	Fund Source(s)
Alaska State Trooper Detachments	(1,090.0)	GF

Impact Analysis:

Deletes GF increment funding of \$1,090.0 to continue Sex Offender Registration Coordinator and maintain 240 Troopers (\$490.0) and provide funding for essential support costs (\$600.0) e.g. recruiting, vehicles, helicopter, DOA chargebacks for communications, risk management and data processing. A reduction of \$1,090.0 approximates 12 full time trooper positions.

Depending upon the time of hire (spring or fall) this reduction will prevent the department from making approximately 20 trooper hires during FY 00.

\$490.0 in personal services and \$600.0 in fixed support costs are required....

- ✓ To continue 240 commissioned positions in FY 2000, increment funding is required to annualize the cost of additional positions hired with funding approved by the legislature in FY 99.
- ✓ To ensure registration and tracking of sex offenders, a program coordinator is required. Without increment approval, this position is not funded. Both state and federal law require this program. Responsibility for this program will still fall to the Troopers who are required to verify the address of 891 offenders (required to register for life) every 90 days.
- ✓ To operate the Anchorage helicopter. In FY 98, the Anchorage based helicopter rescued 37 people, medivac'd 2 people, recovered 12 bodies and facilitated 5 arrests.
- ✓ To provide information and communications systems. The Troopers require information systems, communications networks, radios and pagers to meet 7X24 operational requirements. The Department of Administration must be paid to provide these services.
- ✓ To provide adequate enforcement travel. Troopers require additional travel funds to adequately respond to investigations and other enforcement issues.
- ✓ To attract qualified trooper applicants.

FY 2000 Impact: If increment funding is not approved and after absorbing fixed cost increases, there would be approximately 220 filled trooper positions as of June 30, 2000 contrasted with 240 projected in the FY 2000 Governor's operating request. Under this scenario, the department would delete trooper positions that are not funded; approximately 10 – 12 positions.

Program Area:	Dollar Amount(s)	Fund Source(s)
Village Public Safety Officers	(242.5)	GF

Impact Analysis:

Deletes GF increment of \$242.5 to fund 5% pay increase. The intention of this increment is to provide a viable income to VPSOs; helping to address an excessive turnover rate in the program. This increase will not provide for an expansion of overtime, increases in overhead or inflationary costs.

Program Area:	Dollar Amount(s)	Fund Source(s)
Laboratory Services	(238.5)	GF
	97.6	Fed

Impact Analysis:

Deletes GF increment request of \$238.5 to restore toxicology services authorized by AS 44.41.035 and to fully implement DNA capabilities anticipated by AS 28.35.031 and AS 28.22.031.

The subcommittee draft adds \$97.6 in federal authorization to fund one position with intent that it be used to fill one of the DNA positions requested in the denied GF increment. The

department estimates \$66.0 in federal funds is available through the Violence Against Women Act STOP grant administered by the Council on Domestic Violence and Sexual Assault.

Toxicology services previously provided for testing blood samples of persons involved in serious injury and fatal vehicle accidents will not be performed. These tests are used to determine the presence of drugs. Consequently, local police agencies and the troopers will be required to pay private labs for this service or tests will not be performed in these cases.

There will be inadequate staff resources to effectively process the backlog of samples to establish a DNA database or participate in the FBI's CODIS network. Consequently, there will be little or no automated ability to identify criminals by comparing DNA samples from crime scenes with a database comprised of known violent offenders.

Program Area:	Dollar Amount(s)	Fund Source(s)
Alaska Public Safety Information Network	(90.6)	GF

Impact Analysis:

Deletes GF increment of \$90.6 to establish an analyst programmer position dedicated to providing support for projects directly related to state and federal laws and programs to protect children. There is no position dedicated to these types of projects. Significant interagency coordination and planning is required to implement information system capabilities necessary to protect children. If this increment funding is not approved, there will be only limited resources available to work on the following projects:

- ✓ Interfaces with other local state and national criminal justice and social service databases;
- ✓ Set flags in APSIN records involving risks to children
- ✓ Maintain domestic violence protective order archive;
- ✓ Make improvements to sex offender registry;
- ✓ Extend public access to non-confidential warrant/wanted person/missing person information;
- ✓ Automate community supervision status information so that offenders with "no contact orders" involving minors or specific children come to the attention of law enforcement immediately;
- ✓ Create an electronic photo database of offenders.

FY00 Senate Finance Subcommittee Recommendations--Public Safety

(\$'000)

Allocation: 77,689.1
 SubCommittee Report: 77,592.8
 Over (under): -96.3

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	94,791.5	96,999.4	77,693.9	77,592.8	-101.1	8,250.1	9,168.3	8,841.5	10,237.3
		FY99 Supplemental	143.6		143.8			0.0		0.0	
		FY99 Base	94,635.1		77,837			8,256.1		8,841.5	
		FY00-FY99		2,064.3		-244.7			913.2		1,395.8
		% Change		2.17%		-0.31%			11.06%		15.79%
Public Safety	Fish and Wildlife Protection	Enforcement and Investigative Services Unit	11,042.8	11,042.8	10,379.5	10,454.5	75.0	663.3	588.3	0.0	0.0
Public Safety	Fish and Wildlife Protection	Director's Office	247.8	247.8	247.8	247.8	0.0	0.0	0.0	0.0	0.0
Public Safety	Fish and Wildlife Protection	Aircraft Section	1,629.8	1,629.8	1,427.3	1,427.3	0.0	202.5	202.5	0.0	0.0
Public Safety	Fish and Wildlife Protection	Marine Enforcement	2,928.0	2,928.0	2,526.9	2,526.9	0.0	401.1	401.1	0.0	0.0
Public Safety	Fish and Wildlife Protection	AK Fish & Wildlife Safeguard		15.0		15.0	15.0		0.0		0.0
Public Safety	Dallon Highway Protection	Dallon Highway Protection	90.2	90.2	90.2	90.2	0.0	0.0	0.0	0.0	0.0
Public Safety	Fire Prevention	Fire Prevention Operations	1,442.7	1,442.7	1,413.1	1,413.1	0.0	29.6	29.6	0.0	0.0
Public Safety	Fire Prevention	Fire Service Training	585.5	643.3	375.5	375.5	0.0	190.0	227.8	0.0	40.0
Public Safety	Highway Safety Planning Agency	Highway Safety Planning Operations	189.5	142.3	74.8	74.8	0.0	47.2	0.0	67.5	67.5
Public Safety	Highway Safety Planning Agency	Federal Grants	1,193.8	1,457.7	0.0	0.0	0.0	0.0	0.0	1,193.8	1,457.7
Public Safety	Alaska State Troopers	Special Projects	1,077.6	1,385.3	0.0	0.0	0.0	0.0	0.0	1,077.6	1,385.3
Public Safety	Alaska State Troopers	Criminal Investigations Bureau	3,211.7	3,211.7	3,136.5	3,136.5	0.0	75.2	75.2	0.0	0.0
Public Safety	Alaska State Troopers	Director's Office	651.8	651.8	651.8	651.8	0.0	0.0	0.0	0.0	0.0
Public Safety	Alaska State Troopers	Judicial Services-Anchorage	2,054.3	1,985.2	1,985.2	1,985.2	0.0	69.1	0.0	0.0	0.0
Public Safety	Alaska State Troopers	Prisoner Transportation	1,476.7	1,476.7	1,476.7	1,476.7	0.0	0.0	0.0	0.0	0.0
Public Safety	Alaska State Troopers	Search and Rescue	283.1	283.1	283.1	283.1	0.0	0.0	0.0	0.0	0.0
Public Safety	Alaska State Troopers	Rural Trooper Housing	528.9	540.2	477.8	477.8	0.0	51.1	62.4	0.0	0.0
Public Safety	Alaska State Troopers	Narcotics Task Force	3,224.9	3,224.9	439.6	439.6	0.0	0.0	0.0	2,785.3	2,785.3
Public Safety	Alaska State Troopers	Commercial Vehicle Enforcement	131.8	89.9	0.0	0.0	0.0	131.8	89.9	0.0	0.0
Public Safety	Alaska State Trooper Detachments	Alaska State Trooper Detachments	33,413.3	33,413.3	31,896.9	31,896.9	0.0	1,502.4	1,502.4	14.0	14.0
Public Safety	Village Public Safety Officer Program	Contracts	5,523.5	5,523.5	5,523.5	5,523.5	0.0	0.0	0.0	0.0	0.0
Public Safety	Village Public Safety Officer Program	Support	1,702.7	1,721.0	1,702.7	1,721.0	18.3	0.0	0.0	0.0	0.0
Public Safety	Village Public Safety Officer Program	Administration	271.8	253.5	271.8	253.5	(18.3)	0.0	0.0	0.0	0.0
Public Safety	Alaska Police Standards Council	Alaska Police Standards Council	846.4	846.4	846.4	846.4	0.0	0.0	0.0	0.0	0.0
Public Safety	Violent Crimes Compensation Board	Violent Crimes Compensation Board	1,271.5	1,456.9	253.8	0.0	(253.8)	732.7	1,146.5	285.0	310.4
Public Safety	Council on Domestic Violence and Sexual Assault	Council on Domestic Violence and Sexual Assault	8,592.6	9,057.8	3,969.1	3,954.1	(15.0)	2,254.9	2,269.9	2,368.6	2,833.8
Public Safety	Batterer's Intervention Program	Batterer's Intervention Program	200.0	320.0	0.0	0.0	0.0	200.0	200.0	0.0	120.0
Public Safety	Statewide Support	Commissioner's Office	654.9	632.6	654.9	632.6	(22.3)	0.0	0.0	0.0	0.0
Public Safety	Statewide Support	Training Academy	1,374.4	1,374.4	837.7	837.7	0.0	536.7	536.7	0.0	0.0
Public Safety	Statewide Support	Administrative Services	1,815.1	1,815.1	1,714.7	1,714.7	0.0	100.4	100.4	0.0	0.0
Public Safety	Statewide Support	Alaska Wing Civil Air Patrol	503.1	503.1	503.1	503.1	0.0	0.0	0.0	0.0	0.0
Public Safety	Statewide Support	Laboratory Services	2,005.4	2,103.0	1,965.3	1,965.3	0.0	40.1	40.1	0.0	97.6
Public Safety	Statewide Support	Alaska Public Safety Information Network	1,785.0	1,920.7	978.7	978.7	0.0	751.3	811.0	55.0	131.0
Public Safety	Statewide Support	Alaska Criminal Records and Identification	2,760.9	2,760.9	1,489.5	1,489.5	0.0	276.7	276.7	994.7	994.7
Public Safety	Statewide Support	Unallocated Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Safety	Facility Maintenance	Facility Maintenance	0.0	608.8	0.0	0.0	0.0	0.0	608.8	0.0	0.0
Public Safety	Victims for Justice	Victims for Justice	100.0	200.0	100.0	200.0	100.0	0.0	0.0	0.0	0.0

Revenue Finance Subcommittee

Senator Leman, Chairman
Senator Ward
Senator Adams

FY 99 Authorization: \$10,731.2
FY 99 Base: \$11,504.5 (FY 99 auth. - \$773.3 CH2 SLA 99)
FY00 Allocation: \$11,352.5
GF Reduction: (\$1,119.4)
Other Fund Group Reduction: (\$417.4)

Note: Constitutional Budget Reserve funds are included in the general fund allocation amount.

The Senate Finance Subcommittee for the Department of Revenue recommends the following reductions to the FY00 Governor's requested, as amended, budget.

BRU: Child Support Enforcement Division
Comp: Child Support Enforcement Division

Fund Source Change
1003 GF/Match (\$1,945.0)
1004 GF/Pgm Rcpt\$1,945.0

This fund change does not increase budgeted general funds and stabilizes revenue sources for the CSED.

Language:

The funds appropriated by this appropriation include so much, and no more, of the program receipts received during the fiscal year ending June 30, 2000, by the child support enforcement division as is necessary to provide the minimum amount of state funds necessary to secure federal funding appropriated for the child support enforcement program in this section.

The GF/Program Receipt to Indirect Cost Reimbursement fund source change is recommended to follow the same funding mechanism that was approved in the FY99 supplemental.

Fund Source Change
1004 GF/Pgm Rcpt (\$386.0)
1133 Indir Cost Reim\$386.0

BRU: Alaska Permanent Fund Corporation
Comp:Permanent Fund Corporation

Reduction for improved office efficiencies
1104 PFund Rcpt (\$400.0)

\$400,000 represents slightly less than a 5% reduction in operations costs. The APFC operations budget has grown significantly during the past few years. Office efficiency measures should be applied to reduce the cost of the APFC's operations costs. One measure to be considered is the corporation's increasing cost of travel. Videoconferencing equipment was purchased two years ago with the intent to videoconference board meetings and reduce travel. The new boardroom was remodeled last year to provide a better facility for videoconferencing. As mentioned by APFC staff at the House Finance Committee budget closeout for the Department of Revenue, the APFC identified 29 areas where they could improve office efficiencies.

BRU: Alaska Mental Health Trust Authority
Comp:Alaska Mental Health Trust Authority

Allow partial increment:
1094 AMHTA (\$17.4)

The annual cost for a twelve-month Welfare-to-Work employee is approximately \$20,000. The AMHTA's request for \$37,400 in the personal services line is reduced by \$17,400.

BRU: Revenue Operations
Comp: Oil and Gas Audit

Reduction for improved office efficiencies

1004	Gen Fund	(\$400.0)
	Pers Svcs	(\$400.0)

Intent Language:

It is the intent of the Legislature that the Oil and Gas Audit Division be combined with the Income and Excise Audit Division to improve work efficiencies and combine revenue audit and taxation functions for all of Alaska's resources and industries.

With clearer regulations and law regarding financial reporting of oil and gas production and taxes, the workload for the division is decreasing. In FY98 the division participated in the Retirement Incentive Program and eliminated positions as they retired. At that time, the department anticipated that more individuals would be eligible to retire in FY00 or FY01. Attached letter from the department responds to the merger of the two divisions and plan for future reductions.

The House Finance Committee reduced the Oil and Gas Audit Division by \$100.0 for the third quarter savings if their merger with Income and Excise Audit Division occurred in April 2000. The additional \$300.0 reduction annualizes the savings of the merger if this action were to occur July 1, 1999.

Fund source change to Permanent Fund Corporation Receipts

1004	Gen Fund	(\$233.4)
1104	PFund Rcpts	\$233.4

This fund source change directly responds to the requested fiscal note action in HB58 regarding royalty audits for oil and gas companies.

BRU: Revenue Operations
Comp: Income and Excise Audit

Reduction for improved office efficiencies

1004	Gen Fund	(\$100.0)
	Pers Svcs	(\$100.0)

With the merger of the Oil and Gas Audit and Income and Excise Audit divisions, the department should be able to create improved office efficiencies.

Total proposed reductions for the Department of Revenue are:

General Fund Group(\$1,119.4)
Federal Fund Group (\$0.0)
Other Fund Group (\$417.4)

The proposed reductions do not include Investment Loss Trust Funds (ILTF) or Constitutional Budget Reserve (CBR) Funds. An additional \$18.6 reduction may need to be taken due to the reduction of ILTF in other agency budgets. The ILTF remains in the Department of Revenue budget for the costs of investing the ILTF in the Revenue Operations, Treasury Division. An additional \$18.6 reduction will need to be made to meet the Senate Finance Committee's allocation level.

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

Prepared by: Larry Persily, Acting Administrative Services Director

Program Area:	Dollar Amount(Fund Source(s):
Child Support Enforcement Division	(\$1,945.0)	GF/Match
Fund source switch	\$1,559.0	GF/Prog. Rcpts.
	\$386.0	Indirect cost reimb.

Impact Analysis:

Total dollars available to the division would be unchanged. The fund source switch would allow the division for the first time to use the state's share of child support collections from public assistance cases. Using these program receipts would allow the division to reduce its need for General Fund Match.

The other fund switch also would allow the division to reduce its need for General Fund Match by using the excess in federal funding paid to the state as reimbursement for indirect administrative and support services provided to the division.

The division supports the funding plan, which is accompanied by budget language allowing the child support division to draw on the public assistance program receipts to fully fund its legislatively authorized total budget. The program receipts would be available to cover any shortfall in federal indirect cost reimbursement or incentive funding. Access to the program receipts is crucial if the division is to have the stable funding necessary to fulfill its mission statement.

Program Area:	Dollar Amount(s):	Fund Source(s):
Permanent Fund Corporation	(\$400.0)	Perm. Fund Rcpt.
Reduction for improved office efficiencies		

Impact Analysis:

The Alaska Permanent Fund Corporation operations budget was cut on three separate reviews before submission to the Legislature. The operations budget reflects no new programs for FY2000 and only increases for inflation where appropriate and/or the result of new systems appropriated in past fiscal years becoming operational in FY 1998-99.

The House cut the corporation's operations budget by \$300,000. Further cuts beyond those made by the House (the additional \$100,000 proposed by the Senate subcommittee) will require termination of some existing programs and/or systems that are essential to successful management of Permanent Fund investments, e.g., market data services, credit reporting services or due diligence and attorney fees. Software costs, however, primarily reflect existing contractual obligations and cannot be easily terminated.

The potential loss of revenue to the Permanent Fund and the state is substantial if the budget cut remains at \$400,000.

Program Area:	Dollar Amount(s):	Fund Source(s):
Income and Excise Audit Division General reduction	(\$100.0)	General Fund

Impact Analysis:

The reduction will be absorbed almost entirely from personal services. The public will not see any changes in services provided by the division. The impact will come in the areas of audit and compliance follow-up. These are discretionary programs that the division undertakes to ensure voluntary compliance with the tax laws it administers.

The Income and Excise Audit Division will merge with the Oil and Gas Audit Division by April 1, 2000. We expect some additional savings from the merger for the FY 2001 budget.

Program Area:	Dollar Amount(s):	Fund Source(s):
Oil and Gas Audit Division General reduction	(\$400.0)	General fund

Impact Analysis:

Such a substantial reduction to the Oil and Gas Audit Division would weaken the Department of Revenue at a time when Alaska faces the prospect of its two largest taxpayers merging into one. The BP/Arco merger will change the way the department does business, and we will need to have our tax divisions at their best to confront those changes. It's critical that the tax divisions operate from strength – not from a budget-cut position of weakness – as we sit across the table from what will be the world's second largest oil company. (The world's largest oil company, Exxon/Mobil, already has its seat at the table.)

The department agreed to the \$100,000 cut adopted by the House Finance Committee for this division and asks that the Senate Finance Committee adopt the same number. The department further agreed to merge the Oil and Gas and Income and Excise divisions by April 1, 2000, and to present additional savings for the FY 2001 budget. Imposing a \$400,000 reduction on the Oil and Gas Audit Division for FY 2000 would undermine the state's ability to enforce tax laws worth hundreds of millions of dollars a year.

To deal with a \$100,000 budget reduction, the divisions would:

Short term: Not replace employees who take early retirement, and try to make up for the loss with tax regulation changes reducing the number of personnel needed.

Long term: In anticipation of the April 1, 2000, merger between the Income and Excise and Oil and Gas audit divisions, we will have a year to figure out and implement those changes -- both in the tax law and in the way we do business. Changes will be necessary to ensure that we gain, rather than lose, efficiency, and that revenues do not suffer from the merger.

Program Area:	Dollar Amount(s):	Fund Source(s):
Alaska Mental Health Trust Authority Allow partial increment	(\$17.4)	Mental Health Trust

Impact Analysis:

This would reduce from \$37,400 to \$20,000 the increment for the trust authority's welfare-to-work program. The department does not oppose this reduction.

FY00 Senate Finance Subcommittee Recommendations--Department of Revenue

(\$000)

Allocation: 11,352.5
 Subcommittee Report: 11,388.4
 Over (under): 35.9

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	145,140.3	144,342.3	11,504.6	11,388.4	-116.1	106,311.3	103,164.9	28,324.5	29,788.0
		FY99 Supplemental	773.3		773.3			0.0		0.0	
		FY99 Base	145,913.6		12,277.8			106,311.3		28,324.5	
		FY00-FY99		-2,571.3		-889.4			-3,146.4		1,464.5
		% Change		-1.75%		-7.24%			-2.96%		5.17%
Revenue	Child Support Enforcement	Child Support Enforcement	16,746.2	16,548.8	2,413.5	2,887.7	474.2	3,958.6	2,500.0	10,374.1	11,161.1
Revenue	Alcohol Beverage Control Board	Alcohol Beverage Control Board	636.2	636.2	636.2	636.2	0.0	0.0		0.0	
Revenue	Municipal Bond Bank Authority	Municipal Bond Bank Authority	462.4	462.4	0.0		0.0	462.4	462.4	0.0	
Revenue	Permanent Fund Corporation	Permanent Fund Corporation	7,968.1	7,866.2	0.0		0.0	7,968.1	7,866.2	0.0	
Revenue	PFC Custody and Management Fees	PFC Custody and Management Fees	35,840.0	33,330.7	0.0		0.0	35,840.0	33,330.7	0.0	
Revenue	Alaska Housing Finance Corporation	Alaska Housing Finance Corporation	12,626.0	33,679.0			0.0	10,859.1	15,767.4	1,766.9	17,911.6
Revenue	Alaska Housing Finance Corporation	Rural Housing	3,194.3	0.0			0.0	2,871.3	0.0	323.0	
Revenue	Alaska Housing Finance Corporation	Public Housing	16,501.5	0.0			0.0	1,347.9	0.0	15,153.6	
Revenue	Alaska Housing Finance Corporation	Anchorage State Office Building	1,984.7	1,984.7			0.0	1,984.7	1,984.7	0.0	
Revenue	Alaska Mental Health Trust Authority	Alaska Mental Health Trust Authority	882.9	907.4	0.0		0.0	882.9	907.4	0.0	
Revenue	Revenue Operations	Income and Excise Audit	4,060.0	4,011.2	4,060.0	3,960.0	(100.0)	0.0	51.2	0.0	
Revenue	Revenue Operations	Oil and Gas Audit	2,763.3	2,363.3	2,745.6	2,111.7	(633.9)	17.7	251.6	0.0	
Revenue	Revenue Operations	Treasury Management	2,777.8	2,837.5	1,096.1	1,136.1	40.0	1,681.7	1,701.4	0.0	
Revenue	Revenue Operations	Alaska State Pension Investment E	3,450.5	3,200.5	0.0		0.0	3,450.5	3,200.5	0.0	
Revenue	Revenue Operations	ASPIB Bank Custody and Manag	29,213.6	29,213.6	0.0		0.0	29,213.6	29,213.6	0.0	
Revenue	Administration and Support	Commissioner's Office	1,253.5	1,362.1	54.4	163.0	108.6	776.5	784.1	422.6	415.0
Revenue	Administration and Support	Administrative Service	1,100.2	1,109.6	498.7	493.7	(5.0)	317.2	314.6	284.3	301.3
Revenue	Permanent Fund Dividend	Permanent Fund Dividend	4,679.1	4,829.1	0.0		0.0	4,679.1	4,829.1	0.0	
					10,792.9						
					2,144.4	AHFC receipts moved to "other" column					
					238.6						
					1,984.7						

**Senate Finance Subcommittee Closeout Summary
FY 00 Operating Budget
Department of Transportation and Public Facilities**

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.

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 DOT/PF identified reductions in general fund spending \$900,500. Because the revenue outlook for FY 00 is no less bleak, the Senate Finance subcommittee has asked the department to extend many of those reductions into FY 00. The subcommittee attempted to spread the impact of a **\$2,290,000** general fund reduction from the Governor's FY 00 request among the three regions of the state.

- The subcommittee reduced snow hauling, street sweeping and use of calcium chloride by \$161,000.
- A transfer \$180,000 of highway striping will be made to federal funded projects in the capital budget.
- A grader and dump truck will be sent to surplus to avoid the cost of operation and maintenance, thereby saving \$50,000.
- Maintenance stations will be closed in Central and Northern regions at a total reduction level of \$250,000.
- The subcommittee will extend into FY 00 the department's suggested FY 99 austerity measure which allows the snowpack on certain highways to melt naturally in the spring for a savings of \$316,000. An authorization of \$150,000 in Statutory Designated Program Receipts was made to allow private entities to contract with the department to open roads early.
- Forty uninhabited miles of the Denali Highway will no longer be maintained by the State, resulting in a general fund spending reduction of \$100,000.

Alaska Marine Highway System

- With the intention of impacting service at a minimal level, \$326,000 in savings will be realized by extending the dry-dock time for two Marine Highway vessels
- Replacement of linens, apron, and other supplies will be reduced by \$44,000.
- Repair and maintenance costs are reduced by \$10,000.

Non-general fund sources of funding supplanted proposed general fund expenditures in the following areas:

- \$700,000 from the Oil/Pollutant substance prevention fund will be used to fund the stormdrain monitoring program in Anchorage.
- \$500,000 in new federal funds will be used to operate and maintain Adak's Mitchell airfield.
- \$232,000 in new Statutory Designated Program Receipts (third party contract receipts) was appropriated for airline late night callouts and an airport operation and maintenance person at the Klawok airport.

**Department of Transportation and Public Facilities
Impact Statements in Response to
Senate Finance Subcommittee Budget Proposals
Date: 4/14/99**

Program Area:	Dollar Amount(s):	Fund Source(s):
Commissioner's Office	(47.4)	GF

Description of Reduction:

Extend FY99 Austerity Measures to FY00.

Impact Analysis:

This unallocated reduction would be spread in the Administration and Support appropriation. The proposed structure does not allow the department to spread the cut to divisions that were not assessed reductions.

The reduction would impact the *Statewide Information Systems* component. Purchase costs for software licenses, routers and the like would be charged back to department programs. This will impact a program's ability to provide services.

Program Area:	Dollar Amount(s):	Fund Source(s):
Central Region Highways & Aviation	(150.0)	GF

Description of Reduction:

Snow hauling and street sweeping.

Impact Analysis:

Anchorage is the only location where this is done on a routine basis. Any reduction in sweeping will be difficult since we are close to a PM 10 Environmental Protection Administration (EPA) non attainment status and any reduction will negatively impact our EPA permit and joint agreement with MOA regarding National Pollutant Discharge Elimination System (NPDES).

In Anchorage snow hauling averages between \$500,000 and \$1 million per year to haul snow by contract. The average is \$750,000 per winter with each cycle averaging \$100,000. The impact of this reduction is to cap the snow haul effort at \$650,000 per year. This is equivalent to 1 snowhaul. During each snow event we plow the through travel lanes onto the raised medians and adjacent sidewalks. This snow then needs to be hauled because it affects sight distance at intersections and causes pedestrians to walk in the street. If not removed, it melts into the street causing potholes and slick streets. Routes affected include Dimond, Muldoon, Tudor, Northern Lights, Benson, Fireweed, Ingra, Gambell, Old Glenn Hwy in Eagle River and others.

Program Area:	Dollar Amount(s):	Fund Source(s):
Central Region Highways & Aviation	(700.0)	GF
	+700.0	470 Funds

Description of Reduction:

Substitute funding source for NPDES – Oil and hazardous substance prevention fund.

Impact Analysis:

There is no impact to the Department by this change. We can not speak to the impact on the 470 fund itself or its other uses.

Program Area:	Dollar Amount(s):	Fund Source(s):
Central Region Highways & Aviation	(70.0)	GF

Description of Reduction:

Transfer striping to Capital budget to be paid with federal funds.

Impact Analysis:

We are hopeful that the federal government will approve our striping request. If this does not get approved, the ability to stripe roads will be further diminished. The Department already has trouble getting to the rural NHS roads in a timely manner and some parts don't get done yearly to ensure good reflectivity on rainy nights. Striping which is scraped off during winter snow removal operations will not be replaced. Also, the ability to spend on other high priority maintenance activities such as guardrail, sign, and culvert repairs that are not covered by the federal program may be lost.

Program Area:	Dollar Amount(s):	Fund Source(s):
Central Region Highways & Aviation	(50.0)	GF

Description of Reduction:

Surplus a grader and dump truck.

Impact Analysis:

Anchorage will turn in a back up grader and Soldotna will turn in a dump truck. Snow plowing will take longer and summer work will be impacted without the use of the truck.

Program Area:	Dollar Amount(s):	Fund Source(s):
Central Region Highways & Aviation	(125.0)	GF

Description of Reduction:

Close maintenance station.

Impact Analysis:

One highway maintenance station would be closed. Snowplowing, sanding, ice scraping, and other maintenance activities would be delayed until the operators can make it to a location which would be further removed from an active maintenance station. The active station's roads would also experience delays because fewer personnel will be available to service the same total road mileage. Local roads near the closed and active stations would experience the longest delays.

Program Area:	Dollar Amount(s):	Fund Source(s):
Central Region Highways & Aviation	(11.6)	GF

Description of Reduction:

Reduce use of calcium chloride.

Impact Analysis:

This represents about 25% reduction in calcium chloride for MatSu gravel roads. The impact will be that gravel roads in this area will become rough and dusty soon after they are bladed in the spring, thereby requiring increased major maintenance.

Program Area:	Dollar Amount(s):	Fund Source(s):
Central Region Highways & Aviation	+500.0	Federal Receipts

Description of Reduction/Increase:

\$500.0 increase in Federal Fund Receipt Authority for contracting services at Adak – intent language to specify no GF.

Impact Analysis:

This addition provides partial year federal fund receipt and expenditure authority for the maintenance and operation of the Adak airport at the request of Adak. It is unknown exactly how much funding will be necessary to maintain this facility, how much or when federal funds will be available to cover those costs, whether good equipment will be available for use at this facility, when the military will actually leave the airport.

We know of no contractors with the training and ability to take this on with short notice. The only way is to take qualified people from our existing stations and put them in Adak, further straining staffing needs at rural airports.

Program Area:	Dollar Amount(s):	Fund Source(s):
Central Region Highways & Aviation	+91.2	Statutory DPR

Description of Reduction/Increase:

Statutory Designated Program Receipts for late night callouts by airlines.

Impact Analysis:

Certificated airports which include Bethel, Cold Bay, Dillingham, Homer, Illiamna, King Salmon, Kodiak, Port Heiden, Sand Point, St. Paul and Unalaska would benefit. Planes that carry 30 passengers or more and some freight planes are not allowed to land at these airports from approximately 8 p.m. until 6 a.m. because the airports are not staffed.