

ALASKA LEGISLATURE

21/4

HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002

GENERIC FISCAL PLAN [2002 VERSION 1]

NOTES

A. INTRODUCTION

The absence of a plan for dealing with the fiscal gap is negatively impacting the economy and the state's ability to finance activities through borrowing.

This Generic Plan demonstrates both the nature of the state's fiscal problem and how it can be solved

The fiscal gap—the difference between annual general fund expenditures and revenues—is currently about \$1 billion. It will continue to increase as inflation and population growth drive up the cost of delivering public services and oil production, the primary source of state revenues, continues to decline. By the end of this decade the difference between a maintenance budget (growing with inflation and population) and revenues from current sources could reach \$2 billion.

Any solution to the fiscal gap problem must include the 2 most powerful tools in the arsenal—broad based taxes and use of Permanent Fund earnings. These must be augmented by budget restraint, excise and other less powerful taxes, and judicious use of the Constitutional Budget Reserve.

Many versions of a plan could be crafted based on use of these tools. This Generic Plan could be put into place through legislation and other actions in a multitude of ways.

Our inability to forecast future oil prices, investment returns, economic development, public sector demands, inflation, and other factors that define the size of the fiscal gap require that our fiscal plan remain as flexible as possible.

Any solution to the fiscal gap problem must spread the burden of paying the costs of government fairly among all Alaskans, and no group should be singled out or asked to go first. To this end the Generic Plan calls for simultaneous imposition of a broad based tax (Income tax), reduction of the PF dividend, and budget cuts from the maintenance level.

Any method of solving the fiscal gap will take jobs out of the economy. Staging over several years the introduction of new revenue producing measures and budget reductions (including the PF dividend) will minimize the "drag" on the economy from closing the fiscal gap.

Implementation of a fiscal plan today maximizes future flexibility in the use of our fiscal tools and delay reduces our options.

B. CRITERIA FOR A FISCAL PLAN

FAIR – spread the burden fairly and equitably among Alaskans and across industries

SUSTAINABLE – preserve financial assets and endowment funds (AHFC, etc.)

REALISTIC – close the gap with real measures based on real assumptions

INCREMENTAL – phase in measures gradually over several years

COMPLETE – show the complete plan and timetable

POSITIVE – minimize short term economic impact and long term disincentives to development

FLEXIBLE – maximize capability to adjust to changing circumstances

EFFICIENT – minimize administrative cost

STABLE – maximize revenue predictability

TRANSPARENT – keep it simple, logical, and politically possible

C. GENERIC PLAN FEATURES

1. CONVERT PERMANENT FUND TO ENDOWMENT
2. USE ENDOWMENT EARNINGS TO FUND GOVERNMENT AND DIVIDEND
3. INTRODUCE BROAD BASED TAXES [PERSONAL INCOME TAX] INCREMENTALLY
4. STEP DOWN DIVIDEND IN PARALLEL WITH GROWTH OF PERSONAL INCOME TAX REVENUES
5. IMPOSE SPENDING DISCIPLINE IN PARALLEL WITH DIVIDEND REDUCTION
6. INTRODUCE EXCISE TAXES INCREMENTALLY
7. REDUCE ROYALTY CONTRIBUTION RATE TO PERMANENT FUND TO 25%
8. CONVERT CONSTITUTIONAL BUDGET RESERVE TO OIL REVENUE "CUSHION"
9. RETAIN EMERGENCY FUND IN EARNINGS RESERVE AS FINANCIAL EARNINGS "CUSHION"

D. THE TARGET

When all its features are in place, the Generic Plan solves the fiscal gap problem through a combination of use of Permanent Fund earnings, revenues from broad based taxes, and revenues from other new sources. The legislature retains the authority to determine the levels of both traditional government expenditures and the dividend, and how they will be financed—how permanent fund earnings will be allocated and the mix of taxes and tax rates.

The Generic Plan closes the fiscal gap, spreads the burden fairly across Alaskans, retains maximum flexibility, and minimizes damage to the economy.

E. IMPLEMENTATION AND TRANSITION

The TIMETABLE and SPREADSHEET describe one possible method for implementation of the Generic Plan, largely based upon proposed legislation. It is similar, in its main features, to many of the ideas put forward by the Fiscal Policy Caucus.

The Generic Plan would be fully in place for the FY 2007 Budget.

a. TRANSITION: THE SIZE OF THE BUDGET

A temporary spending cap that sunsets with the FY 2007 budget is one way to impose budget discipline during the transition. After that time budget discipline would come from the annual determination, made by the legislature and administration, of the share of PF earnings used to fund the budget vs pay the dividend.

b. TRANSITION: BALANCING THE BUDGET

The budget in each year would be balanced as follows:

FY 2002 – CBR Draw
 FY 2003 – CBR Draw
 FY 2004 – CBR Draw

FY 2005 – Earnings Reserve Draw
 FY 2006 – Earnings Reserve Draw

FY 2007 and beyond – Earnings Reserve Draw

c. TRANSITION: THE DIVIDEND

The existing dividend formula would remain in place through the FY 2006 dividend payment (made in the fall of 2006), except that it would include a deduction equal to the projected personal income tax revenues for the year. Starting in FY 2007 the legislature would determine the size of the dividend as the share of PF earnings not used to fund regular state programs.

d. TRANSITION: BROAD BASED TAXES

A progressive personal income tax (the rate increasing with income) would be established with collections beginning in CY 2003. The rates would start low and gradually increase over 5 years to the target rates in CY 2007 at which time the tax would generate about \$450 million.

e. TRANSITION: EXCISE TAXES

Other taxes and revenue generating measures that might be implemented might include: reduction of the contribution rate to the Permanent Fund down to the constitutionally mandated 25 %, increase in the alcohol tax, increase in the fuel tax, cruise ship tax, employment tax.

f. TRANSITION: THE CBR

The CBR continues to fill the shrinking fiscal gap through the FY 2004 budget, after which time about \$1 billion would. After that only the earnings of the CBR contribute to general fund revenues. The balance of the fund is used as a "cushion" to smooth out fluctuations in oil revenues around their downward TREND—the original idea for the CBR.

g. TRANSITION: THE EARNINGS OF THE PERMANENT FUND

Calculation of the earnings of the Permanent Fund is unchanged until FY 2007 when the endowment rule goes into effect. Starting in that year the earnings are 5 % of the trailing moving average of the market value of the fund.

h. TRANSITION: THE EARNINGS RESERVE

Permanent Fund earnings are deposited into the Earnings Reserve through FY 2006. After that time the earnings go directly to the general fund. Permanent Fund inflation proofing is deferred for the FY 2003 through FY2005 budgets with the cash deposited in the Earnings Reserve. This reserve cushion ensures our ability to fund government and the dividend during the transition in the event of a series of years of poor Permanent Fund earnings. In FY 2006 the deferred inflation proofing is repaid

After FY 2006 the Earnings Reserve earnings contributes to general fund revenues, but the balance becomes an emergency fund which remains unspent.

F. SENSITIVITY TO CHANGING CONDITIONS

HIGHER INFLATION – With a cap on spending, higher inflation puts a tighter squeeze on real expenditure growth and since the Permanent Fund is protected from inflation, the fiscal gap is smaller.

HIGHER OIL REVENUES – Higher oil revenues would allow revenues to remain in the CBR and Earnings Reserve and this in turn would permit tax rates to be lower, dividends to be higher, and expenditures to be higher.

LOWER OIL REVENUES – The cushion in the Earnings Reserve would be used in the event of lower than anticipated revenues.

LOWER PERMANENT FUND EARNINGS – The cushion in the Earnings Reserve would be used in the event of lower than anticipated fund earnings.

HIGHER GF SPENDING – In the short term this would increase the draw from the CBR and Earnings Reserve. In the long run it would reduce the dividend.

G. GRAPHICS [illustrating methods to describe and evaluate a fiscal plan]

GENERAL FUND BASICS – The general fund maintenance budget grows with inflation and population. General fund revenues from current sources, dominated by oil, will continue to fall.

THE SIZE OF THE DEFICIT – The deficit is the difference between the general fund maintenance budget and general fund revenues from current sources. The deficit is increasing over time. Its exact size depends upon the size of the budget and revenues which fluctuate with the price of oil.

GENERAL FUND REVENUES FROM CURRENT SOURCES – General fund revenues from oil will continue to fall. Non-oil revenues are not growing.

BUDGET BALANCING MEASURES – Initially the measures to close the fiscal gap are dominated by use of the CBR, but after the transition period the earnings of the Permanent Fund, broad based taxes, other revenue measures, and budget restraint all play a role.

REAL PER CAPITA SPENDING – Both general fund spending and the dividend fall in real dollars.

FINANCIAL ASSETS AT YEAR END – The real value of state financial assets is sustained.

JOB GROWTH COMPARED TO "DO NOTHING" – The "do nothing" scenario is to spend down the CBR and then cut the budget.

NET IMPACT ON HOUSEHOLDS – Households of 3 at different income levels (\$20 to \$100 thousand) receive more from state government (dividend) than they pay in income tax in 2002. In 2010 that would also be true given the assumptions of the Generic Plan.

GENERIC FISCAL PLAN [2002 VERSION 1]

TOTAL FISCAL GAP [MILLION \$]

BUDGET CUTS BELOW MAINTENANCE
 BROAD BASED TAX (INCOME TAX)
 PF EARNINGS
 MISC EXCISE TAXES
 CONSTITUTIONAL BUDGET RESERVE

	\$884	\$1,032	\$1,062	\$1,290	\$1,502	\$1,579	\$1,880	\$2,037	\$2,221
\$0	\$67	\$123	\$192	\$288	\$306	\$347	\$381	\$457	\$487
\$0	\$46	\$135	\$225	\$315	\$405	\$450	\$473	\$487	\$487
\$0	\$0	\$0	\$750	\$800	\$832	\$881	\$1,002	\$1,119	\$1,119
(\$0)	\$30	\$54	\$67	\$85	\$91	\$116	\$116	\$116	\$111
\$884	\$900	\$750	\$56	\$56	\$58	\$58	\$58	\$58	\$58

PLAN EXPENDITURES =

GENERAL FUND
 PF DIVIDEND

\$3,448	\$3,388	\$3,286	\$3,233	\$3,298	\$3,377	\$3,447	\$3,488	\$3,488	\$3,488
\$2,408	\$2,458	\$2,487	\$2,524	\$2,502	\$2,629	\$2,718	\$2,799	\$2,883	\$2,883
\$1,040	\$935	\$799	\$709	\$734	\$738	\$729	\$688	\$603	\$603

PLAN REVENUES =

GENERAL FUND
 GF CURRENT SOURCES
 OIL
 NON-OIL
 GF NEW SOURCES
 PF DIVIDEND

\$3,448	\$3,388	\$3,286	\$3,233	\$3,298	\$3,377	\$3,447	\$3,488	\$3,488	\$3,488
\$2,408	\$2,450	\$2,487	\$2,524	\$2,502	\$2,639	\$2,718	\$2,799	\$2,883	\$2,883
\$1,544	\$1,475	\$1,548	\$1,428	\$1,328	\$1,285	\$1,206	\$1,153	\$1,100	\$1,100
\$1,191	\$1,152	\$1,223	\$1,100	\$989	\$936	\$877	\$825	\$772	\$772
\$253	\$223	\$225	\$328	\$327	\$329	\$328	\$327	\$327	\$327
\$864	\$873	\$839	\$1,098	\$1,236	\$1,374	\$1,513	\$1,648	\$1,783	\$1,783
\$1,040	\$935	\$799	\$709	\$734	\$738	\$729	\$688	\$603	\$603

DIVIDEND AMOUNT

PC GF SPENDING

\$1,780	\$1,584	\$1,322	\$1,181	\$1,189	\$1,182	\$1,156	\$1,047	\$904	\$804
\$3,758	\$3,782	\$3,797	\$3,812	\$3,827	\$3,899	\$3,973	\$4,047	\$4,123	\$4,123

PERMANENT FUND START OF YEAR

+ OIL REVENUES
 + INFLATION PROOF
 - IN FROM EARNINGS RESERVE & CBR
 = BAL END OF YEAR

\$21,047	\$21,980	\$22,138	\$22,346	\$22,534	\$25,408	\$26,335	\$27,283	\$28,251	\$28,251
\$223	\$188	\$210	\$188	\$185	\$157	\$151	\$144	\$134	\$134
\$880	\$0	\$0	\$0	\$884	\$770	\$797	\$825	\$853	\$853
\$0	\$0	\$0	\$0	\$2,025	\$0	\$0	\$0	\$0	\$0
\$21,950	\$22,138	\$22,346	\$22,534	\$25,408	\$26,335	\$27,283	\$28,251	\$29,238	\$29,238

UNREALIZED GAINS START OF YEAR

+ EARNINGS
 - OUT TO EARNINGS RESERVE
 = BAL END OF YEAR

\$1,383	\$203	\$186	\$134	\$108	\$88	\$71	\$58	\$47	\$47
(\$1,180)	\$17	\$13	\$11	\$9	\$7	\$6	\$5	\$4	\$4
\$203	\$185	\$134	\$108	\$88	\$71	\$58	\$47	\$38	\$38

EARNINGS RESERVE START OF YEAR

- IN FROM UNREALIZED GAINS
 - EARNINGS (PF-ER)
 - PF INFLATION PROOF
 - OUT TO DIVIDEND (PAID AFTER FY)
 - OUT TO GF SPEND
 - OUT TO PF
 = BAL END OF YEAR

\$2,384	\$2,013	\$3,094	\$4,404	\$5,169	\$3,219	\$3,243	\$3,262	\$3,278	\$3,278
\$0	\$35	\$46	\$38	\$29	\$24	\$18	\$18	\$13	\$13
\$1,349	\$1,981	\$2,085	\$2,188	\$2,284	\$2,340	\$2,417	\$2,496	\$2,575	\$2,575
\$880	\$0	\$0	\$0	\$884	\$770	\$797	\$825	\$853	\$853
\$1,040	\$835	\$799	\$709	\$734	\$738	\$729	\$688	\$603	\$603
\$0	\$0	\$0	\$750	\$800	\$832	\$881	\$1,002	\$1,119	\$1,119
\$2,013	\$3,094	\$4,404	\$5,169	\$3,219	\$3,243	\$3,262	\$3,278	\$3,290	\$3,290

CBR START OF YEAR

+ REVENUES
 + EARNINGS
 - SPENT
 = BAL END OF YEAR

\$2,986	\$2,400	\$1,888	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
\$100	\$45	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$188	\$113	\$82	\$58	\$58	\$58	\$58	\$58	\$58	\$58
\$884	\$800	\$750	\$38	\$58	\$58	\$58	\$58	\$58	\$58
\$2,400	\$1,858	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

TOTAL \$\$\$ ASSETS START OF YR

TOTAL EARNINGS
 NEEDED TO INFLATION PROOF
 EARNINGS NET INFLATION PROOFING
 EARNINGS USED
 = TOTAL FINANCIAL ASSETS END OF YR

\$27,807	\$28,888	\$27,082	\$27,883	\$28,811	\$28,715	\$30,648	\$31,602	\$32,575	\$33,586
\$238	\$2,080	\$2,171	\$2,254	\$2,329	\$2,402	\$2,478	\$2,558	\$2,636	\$2,636
\$834	\$797	\$812	\$838	\$864	\$891	\$919	\$948	\$977	\$977
\$1,581	\$1,604	\$1,339	\$1,327	\$1,425	\$1,489	\$1,523	\$1,582	\$1,644	\$1,644
\$28,588	\$27,052	\$27,883	\$28,811	\$28,715	\$30,648	\$31,602	\$32,575	\$33,586	\$33,586

YR END FINANCIAL ASSETS (028)

PERMANENT FUND
 EARNINGS RESERVE
 CBR
 UNREALIZED GAINS
 PF - UNREALIZED GAINS

\$28,588	\$28,284	\$28,283	\$28,368	\$28,401	\$28,438	\$28,468	\$28,487	\$28,488	\$28,488
\$21,850	\$21,481	\$21,083	\$20,821	\$22,575	\$22,717	\$22,849	\$22,971	\$23,081	\$23,081
\$2,013	\$3,004	\$4,151	\$4,730	\$5,800	\$6,797	\$7,732	\$8,683	\$9,597	\$10,487
\$2,400	\$1,808	\$943	\$915	\$888	\$883	\$877	\$813	\$788	\$788
\$203	\$180	\$128	\$88	\$78	\$81	\$48	\$38	\$30	\$30
\$28,153	\$21,801	\$21,188	\$23,721	\$22,853	\$22,778	\$22,807	\$23,008	\$23,111	\$23,111

TOTAL EXPENDITURES (028)

GENERAL FUND
 PERMANENT FUND DIVIDEND

\$3,448	\$3,190	\$3,007	\$2,873	\$2,843	\$2,828	\$2,803	\$2,737	\$2,672	\$2,672
\$2,408	\$2,378	\$2,344	\$2,310	\$2,278	\$2,277	\$2,278	\$2,278	\$2,278	\$2,278
\$1,040	\$807	\$753	\$688	\$682	\$678	\$611	\$343	\$343	\$343

PER CAPITA EXPENDITURES (028)

GENERAL FUND
 PERMANENT FUND PER DIV

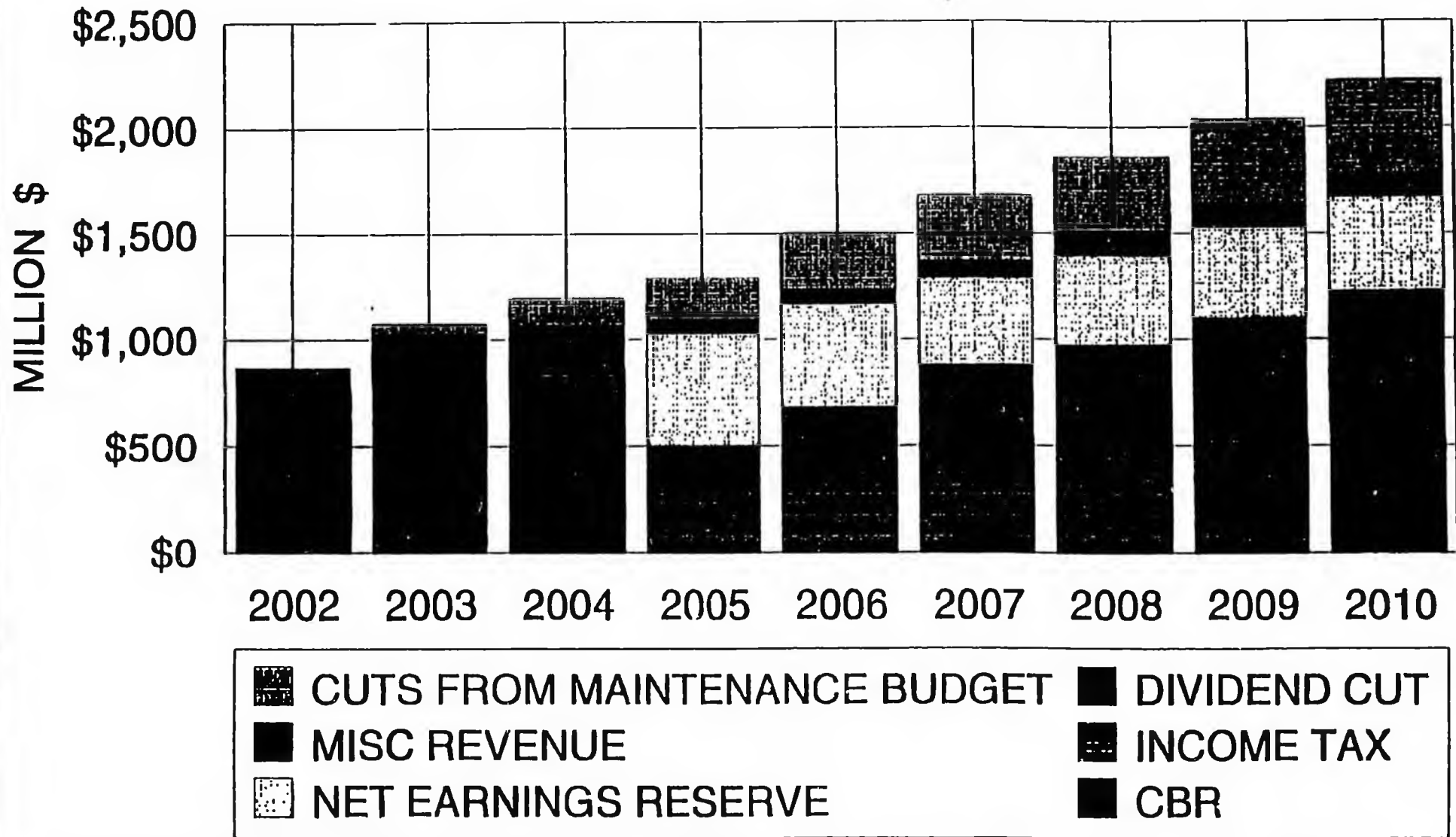
\$8,518	\$8,181	\$4,828	\$4,581	\$4,487	\$4,313	\$4,294	\$4,142	\$3,993	\$3,993
\$3,758	\$3,872	\$3,578	\$3,488	\$3,401	\$3,314	\$3,327	\$3,291	\$3,256	\$3,256
\$1,780	\$1,518	\$1,249	\$1,082	\$1,068	\$1,019	\$987	\$852	\$738	\$738

JOBS IMPACT

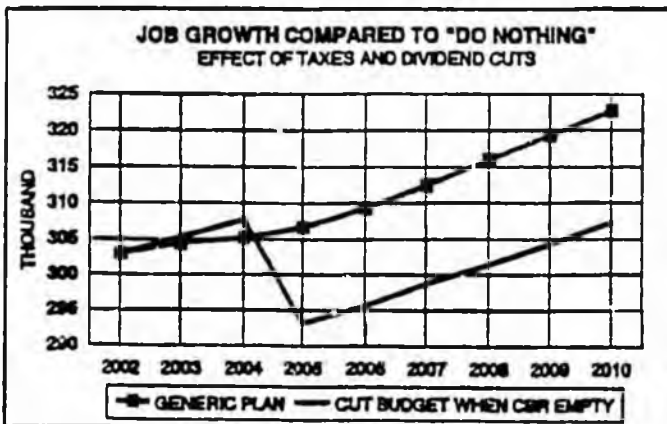
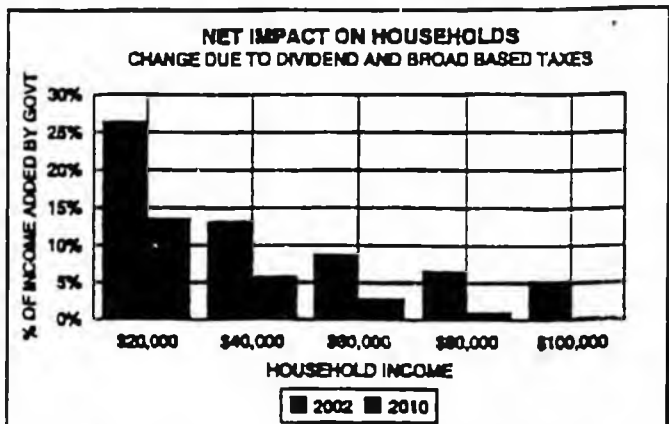
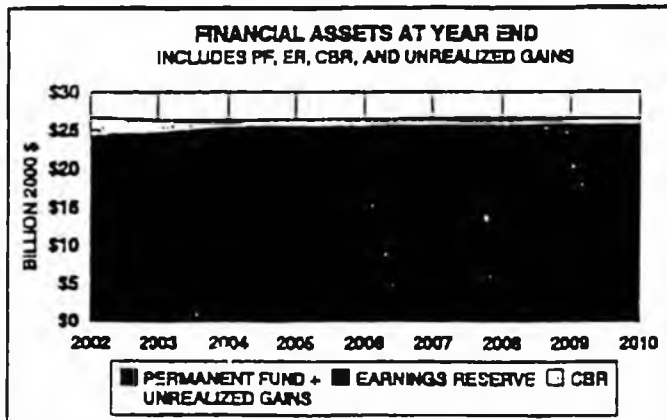
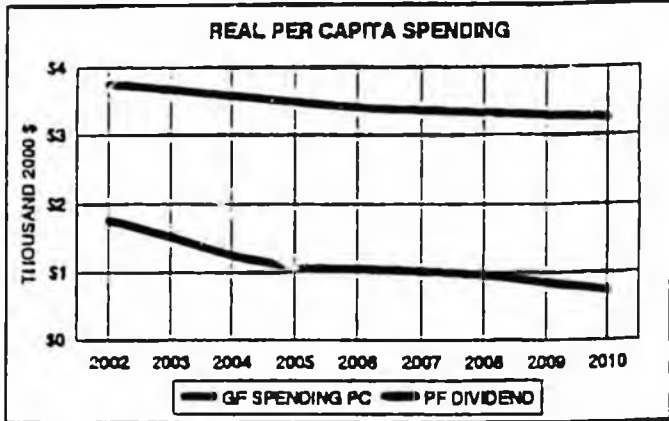
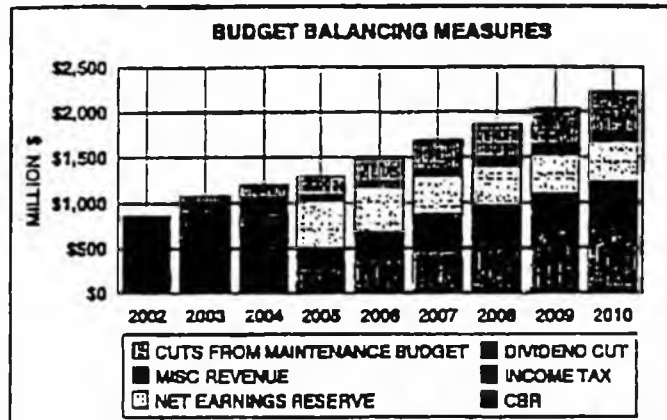
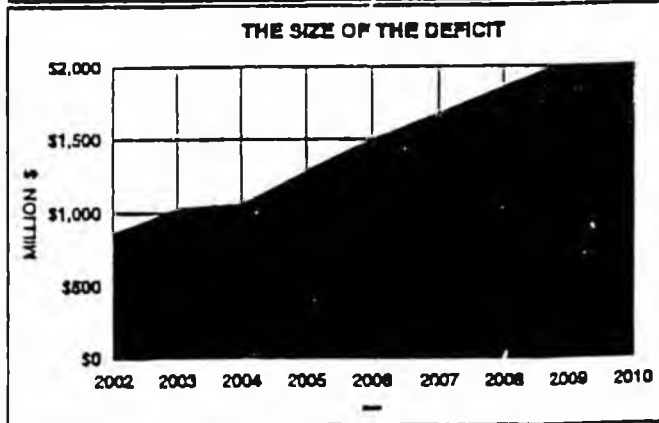
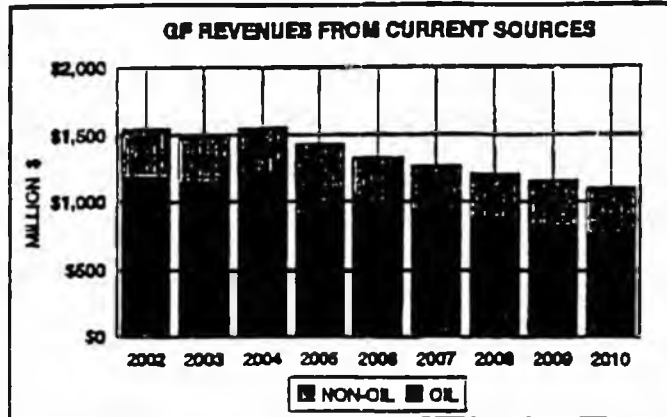
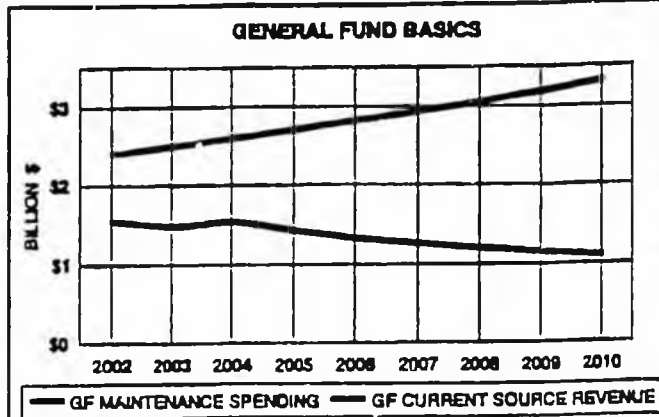
+ GF SPENDING
 + DIVIDEND
 - HOUSEHOLD TAXES
 = EMPLOYMENT FROM GOVT
 CHANGE FROM 2002

48,218	41,703	41,088	40,487	38,908	38,908	38,908	38,908	38,908	38,908
10,788	8,408	7,908	6,728	6,783	6,588	6,330	6,034	5,803	5,803
0	(412)	(1,189)	(1,841)	(2,638)	(3,288)	(3,852)	(4,823)	(5,887)	(6,887)
58,006	50,699	47,708	46,288	44,038	43,114	42,086	41,017	41,148	41,148
0	(2,308)	(8,881)	(7,721)	(8,974)	(9,782)	(10,228)	(11,889)	(13,884)	(15,884)

BUDGET BALANCING MEASURES



GENERIC FISCAL PLAN [2002 VERSION 1]



GENERIC FISCAL PLAN [2002 VERSION 1] TIMETABLE

SESSION	LEGISLATIVE ACTION	EXISTING BILL (REQUIRING REVISIONS)	ACTION EFFECTIVE FOR BUDGET YEAR										EFFECT	WHAT'S NEW WITH THE BUDGET THIS YEAR	SOURCE FOR BALANCING BUDGET THIS YEAR	
			3	4	5	6	7	8	9	0						
2002	1	PASS SPENDING CAP WITH A SUNSET CLAUSE--CAPS FY 2002, 2004, 2006, 2008 BUDGETS	HR 28	X	X	X	X							HOLD QF BUDGET GROWTH TO HALF OF INFLATION FOR 4 YEARS		CBR
	2	PASS PF ENDOWMENT TO TAKE EFFECT WITH FY 2007 BUDGET	HR 36					X	X	X	X			STABILIZE REVENUES FROM FINANCIAL ASSETS		
	3	INSTITUTE BROAD BASED TAX--PERSONAL INCOME TAX SIMILAR TO IOWA'S PROPOSAL EFFECTIVE CY 2002 WITH 8 YEAR PHASE-IN (300 MILLION PER CY STEP UP TO \$400 MILLION IN CY 2007) (H 10 OR H 188 AND ALTERNATIVE INCOME TAX MEASURES, H 208 IS A SEASONAL SALES TAX)	HR 413	X	X	X	X	X	X	X	X	X		PF EFFECTIVE JAN 1, 2002 WITH 8 YEAR RAMP UP TO FULL EFFECT		
	4	REALIGN PF CONTRIBUTION RATE TO 2%	HR 3	X	X	X	X	X	X	X	X	X		ABOUT \$30 MILLION MORE TO QF AND LESS TO PF EACH YEAR STARTING FY 2008		
	5	SUBSID (BORROW) PF INFLATION PROOFING FOR 3 YEARS (UNTIL IT BECOMES AUTOMATIC WITH ENDOWMENT RULE WITH FY 2007 BUDGET)	NEW	X	X	X								BUILD UP EARNINGS RESERVE BALANCE		
	6	BALANCE FY 2008 BUDGET WITH APPROPRIATION FROM CBR	NEW	X												
2003														OF SPENDING GROWTH CAPPED REVENUES FROM PF BEGIN ADDITIONAL OF REVENUES FROM OIL FINANCIAL RESERVE ACCUMULATE IN ER CBR DRAW DOWN	CBR	
	1	INCREASE ALCOHOL TAX BY 10 CENTS PER QUART OR TO 8 TIMES CURRENT LEVEL (\$80 IN)	HR 231 OR SB 8	X	X	X	X	X	X	X	X			BRING AX IN LINE WITH OTHER STATES--ABOUT \$30 MILLION TO QF		
	2	INCREASE GAS TAX BY 10 CENTS/GALLON	HR 401	X	X	X	X	X	X	X	X			BRING AX IN LINE WITH OTHER STATES--ABOUT \$30 MILLION TO QF		
	3	CRUISE SHIP TAX--\$30 PER PASSENGER	HR 228											ABOUT \$20 MILLION TO QF		
	4	IMPOSE HEAD TAX \$100 PER WORKER	HR 228 OR SB 165											ABOUT \$40 MILLION TO QF		
	5	ABOLISH CBR AND USE BALANCE TO CREATE OIL REVENUE SHOCK ABSORBER--APPROPRIATE EARNINGS AND USE PRINCIPAL ONLY WHEN OIL REVENUES FALL BELOW THE LONG TERM TREND	NEW	X	X	X	X	X	X	X	X			FORGIVE LOAN TO QF, APPROPRIATE ONLY EARNINGS, USE BALANCE ONLY FOR OIL REVENUE FLUCTUATIONS BELOW TREND	ADDITIONAL OF REVENUES AUTOMATICALLY FLOW TO QF FROM THE ANNUAL EARNINGS OF THE NEW SHOCK ABSORBER FUND CREATED FROM THE CBR	
	6	AMEND DIVIDEND FORMULA TO NET ESTIMATED PF COLLECTIONS OUT OF DIVIDEND ACCOUNT FOR 3 YEARS	NEW	X	X	X								DIVIDEND CUT BY ESTIMATED AMOUNT OF INCOME TAX COLLECTIONS DURING FY 2003	DIVIDEND CUT BY ESTIMATED AMOUNT OF INCOME TAX	
7	BALANCE FY 2004 BUDGET WITH APPROPRIATION FROM CBR BEFORE CONVERSION TO SHOCK ABSORBER	NEW	X													
2004														ADDITIONAL REVENUES FROM EXCISE TAX INCREASE	CBR	
1	BALANCE FY 2008 BUDGET WITH PFBY APPROPRIATION FROM ER	NEW		X												
2005															ER	
1	BALANCE FY 2008 BUDGET WITH APPROPRIATION FROM ER	NEW				X										
2006														ENDOWMENT RULE TAKES EFFECT THIS SESSION SPENDING CAP SUNSETS THIS LEG SESSION DIVIDEND DETERMINED BY ALLOCATION OF PF EARNINGS	ER	
	1	BALANCE FY 2007 BUDGET AND DETERMINE THE SIZE OF THE DIVIDEND A SPLIT OF THE ANNUAL EARNINGS OF THE PERMANENT FUND (% ALLOCATION)	NEW				X							ALLOCATE PF EARNINGS BETWEEN QF AND DIVIDEND FOR FY2007 BUDGET		
2007	1	SWEEP ER BALANCE INTO THE PERMANENT FUND TO REPAY BORROWING	NEW												PERMANENT FUND EARNINGS SPLIT	
	2	BALANCE FY 2008 BUDGET AND DETERMINE THE SIZE OF THE DIVIDEND A SPLIT OF THE ANNUAL EARNINGS OF THE PERMANENT FUND (% ALLOCATION)	NEW					X						ALLOCATE PF EARNINGS BETWEEN QF AND DIVIDEND FOR FY2008 BUDGET		
2008														FULL EFFECT OF PERSONAL INCOME TAX REACHED WITH FY 2008 BUDGET	PERMANENT FUND EARNINGS SPLIT	
	1	BALANCE FY 2009 BUDGET AND DETERMINE THE SIZE OF THE DIVIDEND A SPLIT OF THE ANNUAL EARNINGS OF THE PERMANENT FUND (% ALLOCATION)	NEW						X					ALLOCATE PF EARNINGS BETWEEN QF AND DIVIDEND FOR 2009 BUDGET		
2009															PERMANENT FUND EARNINGS SPLIT	
	1	BALANCE FY 2010 BUDGET AND DETERMINE THE SIZE OF THE DIVIDEND A SPLIT OF THE ANNUAL EARNINGS OF THE PERMANENT FUND (% ALLOCATION)	NEW							X				ALLOCATE PF EARNINGS BETWEEN QF AND DIVIDEND		
2010															PERMANENT FUND EARNINGS SPLIT	
	1	BALANCE FY 2011 BUDGET AND DETERMINE THE SIZE OF THE DIVIDEND A SPLIT OF THE ANNUAL EARNINGS OF THE PERMANENT FUND (% ALLOCATION)	NEW											ALLOCATE PF EARNINGS BETWEEN QF AND DIVIDEND		

ASSUMPTION NOTES

FINANCIAL RATE OF RETURN

PF 98 ANNUAL REPORT

AVERAGE ANNUAL TOTAL RETURN FOR ALL YEARS BEFORE INFLATION 16.35%

GIVEN 50% STATUTORY LIMITATION ON EQUITIES, THE ASSET ALLOCATION OF THE FUND IS EXPECTED TO PRODUCE AN AVERAGE ANNUAL TOTAL RETURN OF 8.1% WHICH, AFTER NETTING OUT INFLATION IS 4.7%

THIS TARGET IS MODEST BUT REALISTIC CONSIDERING HISTORICAL MARKET RETURNS AND THE CEILING ON EQUITIES

OIL REVENUES

ANNUAL CHANGE SINCE PRODUCTION PEAKED IN 1988

PRODUCTION -4.0%
 REAL PRICE -2.0%
 REAL REVENUES (EXCLUDING SETTLEMENTS) -6.0%

INFLATION (CPI-W)

ALTHOUGH THE INFLATION RATE HAS LAGGED THE US AVERAGE OVER THE LAST 20 YEARS, THE RATES HAVE BEEN ALMOST IDENTICAL IN THE LAST 10 YEARS

	ALASKA	US
AVG 79-88	3.3%	4.7%
AVG 89-98	3.0%	2.9%
AVG 79-98	3.0%	3.8%

POPULATION

AVG 79-88	3.6%
AVG 89-98	1.4%
AVG 79-98	2.0%

DOR POPULATION GROWTH PROJECTION FALL 1998 ANNUAL AVERAGE GROWTH THRU 2025 1.1%

NON-OIL GF REVENUES

REAL ANNUAL GROWTH RATE 1980 TO 1998 EXCLUDING GF INTEREST 1.0%

WAGE AND SALARY JOB GROWTH NET OF STATE GOVERNMENT

NUMBER OF WAGE AND SALARY JOBS NET OF STATE GOVT & DIVIDEND 1.5%
 250

EMPLOYMENT MULTIPLIERS

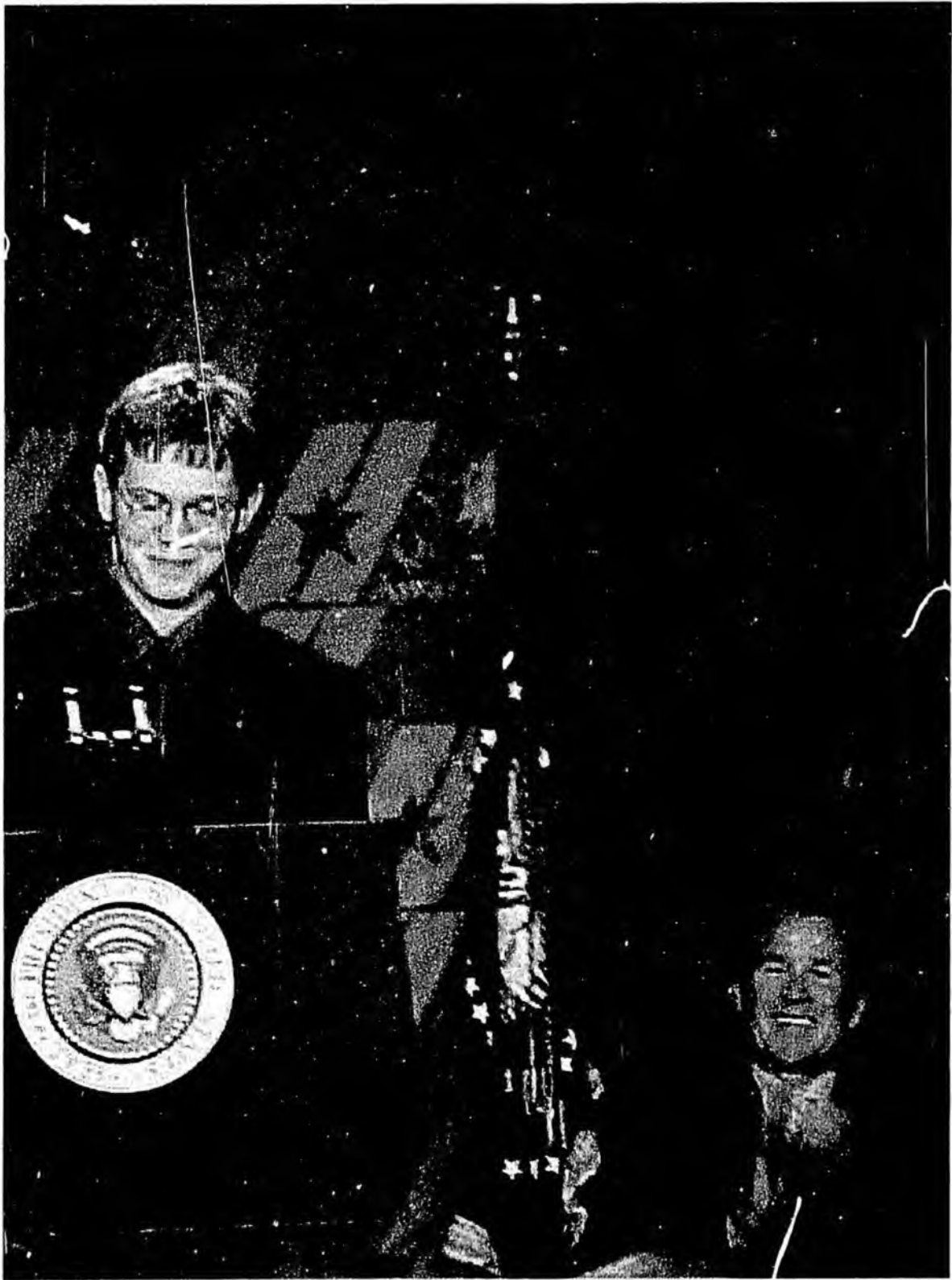
	JOBS PER MILLION \$ (REAL) OF SPENDING	1999 \$
GF SPENDING	18.6	
DIVIDEND	11	
HOUSEHOLD TAXES	10	
CONVERSION FACTOR TO 2002\$	0.943	

4/17/02

CHUGACH
SCHOOL

HFIN

FILE





2001 Award Winner

Chugach School District

The Chugach School District (CSD) is not your typical school district. It encompasses 22,000 square miles in south central Alaska, including much of the Prince William Sound coastline. Most of its 214 students live in remote areas, accessible only by aircraft. Teachers have to be adept at a variety of subjects, including wilderness and cold water safety and how to respond in the event of a tsunami or an encounter with a bear. District programs span from pre-school to post-secondary education, serving students up to age 21.

CSD has pioneered a standards-based system of "whole child education" that emphasizes real-life learning situations. After securing a waiver from the Alaska Department of Education, the district replaced credit hours and grade levels—hallmarks of traditional schooling—with an individualized, student-centered approach. This approach aims for measurable—and demonstrable—proficiency in 10 areas of performance, from basic academic and career development skills to cultural awareness and character skills. CSD's high-school graduation requirements exceed Alaska's requirements in many ways.

Thirty staff members serve the district's widely dispersed student population. Eighteen are based at three community schools. One manages a school-to-work program in Anchorage. The rest are either visiting teachers and specialists who work with home-schooled children or supply education support services. All work with students of various ages, and all teach multiple subjects.



Highlights

- Results on the California Achievement Test rose dramatically—in reading, from the 28th percentile in 1995 to the 71st in 1999; in math, from 54th to 78th; and in language arts from 26th to 72nd.
- Fourteen of 17 CSD graduates since 1994 are attending post-secondary institutions, as compared with one between 1975 and 1994.
- In the four subject areas tested in Alaska's High School Graduation Qualifying Examination, CSD topped the state average.
- CSD led the formation of the Alaska Quality Schools Coalition, and 12 school districts, in and out of Alaska, are replicating the Chugach model.

Though unique in many ways, CSD initiated a grass roots school reform movement that has given rise to successful instructional and organizational methods that schools in other parts of the United States are working to emulate.

CSD is the smallest organization ever to win a Baldrige Award.

Onward to Excellence

Since 1994, when it began a comprehensive restructuring effort, CSD has progressed from a school district in crisis to one in which student performance exceeds state and national norms. Schools that once had been the cause of local discontent are now a source of community pride.

When CSD leaders initiated their "onward to excellence" process, indicators of student performance were well below state and national averages, with staff turnover exceeding 50 percent. Scores on the California Achievement Test were the lowest in the state, and the average student was reading three grades below grade level. Business leaders complained that CSD graduates were deficient in basic skills, and in 26 years, only one student went on to college.

From the outset, the district's overhaul was undertaken collaboratively—with CSD staff, current and past students, parents, school board members, and business and community leaders. Stakeholder meetings yielded a core vision, shared values and beliefs, and five categories of organizational performance goals: basic skills, individual needs of students, character development, transition skills, and technology. Throughout, stakeholders emphasized that accountability should be built into the educational system and embedded in CSD's performance goals.

Continuum of Standards

With the aim of helping students reach their full potential as individuals and as members of their communities, CSD created a continuum of standards for 10 content areas. Demonstrable proficiency in each area—and not the number of credit hours earned—was set as the essential condition for graduation. Once it secured a waiver from the credit-based graduation requirement, CSD proceeded to implement and refine an innovative standards-based system that has the flexibility to accommodate the personal learning styles and speeds of all students.

Specific minimum graduation levels of mastery were established for the 10 content areas. Through a variety of formal and informal assessments at each step, students are evaluated in the traditional areas of reading, writing, mathematics, social science, and science as well as in the non-traditional areas of service learning, career development, technology, cultural awareness and expression, and personal/social/health development. These assessments are designed to determine whether students can apply skills and knowledge in real situations.

Students work at their own developmentally appropriate pace. Some may achieve graduation-level proficiency as early as age 14, while others may meet the requirement at age 21. Once students master level four—midway to graduation—they receive a wireless laptop computer.

CSD students still must meet the state benchmark testing requirements and pass the High School Graduation Qualifying Exam. While these exams cover reading, writing, and math, CSD's graduation requirements include science and social science and its five non-traditional content areas.

Individualized Learning

CSD's standards-based system is no mystery to students or to their parents. Expectations are clear and progress toward meeting them is documented in a running record of assessments completed in all content areas. Teachers, children, and parents regularly consult these student assessment binders. Upon graduation, students are given their assessment binders, which serve as proof of skill mastery.

Student assessment binders are but one of several CSD tools designed to accommodate individual differences in learning and to foster school system accountability. For each child, a student learning profile, or SLP, is developed and then updated every three years. Through testing and other means, each student is assessed to determine his or her learning patterns. This knowledge enables teachers to determine whether, for example, a student learns best through visual instruction, by means of hearing, or with physical aids that can be manipulated.

SLPs are key inputs into learning plans tailored to the strengths, weaknesses, developmental stage, and circumstances of each child. As teachers prepare these individualized instructional strategies, students participate in

setting goals for demonstrating mastery of the 10 content areas at the relevant level.

Integrated learning and multi-sensory approaches to teaching are key elements of CSD's "whole child" education. Each year, district staff meet to develop thematic units for the upcoming school year. Resulting lesson plans and student projects transcend content areas, so subjects are not taught in isolation. A key aim is to help students make real-life connections and recognize the value and usefulness of what they are learning.

CSD's Anchorage House epitomizes this approach to contextual learning. Students at the junior high levels begin participation in this four-phase residential program, which provides them with opportunities to apply their learning skills in an urban community. During the last two phases, which may span from several weeks to 10 months, students participate in internships or other workplace programs as they take responsibility for managing their daily activities.

Unity of Focus, Commitment

Although students, faculty, and resources are widely dispersed, CSD has succeeded in achieving a unity of focus among staff and stakeholders. Stakeholder meetings are held quarterly, and surveys to gather community input on CSD performance and goals are conducted annually. Community members regularly attend in-service learning and planning sessions for CSD staff.

A variety of district-wide tools, such as the Chugach Instructional Model for developing integrated-learning teaching units and an automated student tracking system, promote cohesion among staff. Also, to align action plans, CSD offers 30 days of faculty training each year, double the state average. In addition, a professional development fund provides faculty and staff with up to \$1,000 each for outside training.

CSD supplements salaries with a pay-for-performance system that rewards individual and district-wide accomplishments. Recognizing the challenging demands that confront faculty in their isolated locations, the district provides for flexible working conditions, allowing arrangements for sharing or rotating jobs and creating a relief team of experienced teachers. The faculty turnover rate, which averaged 55 percent between 1975 and 1994, has fallen to 12 percent.

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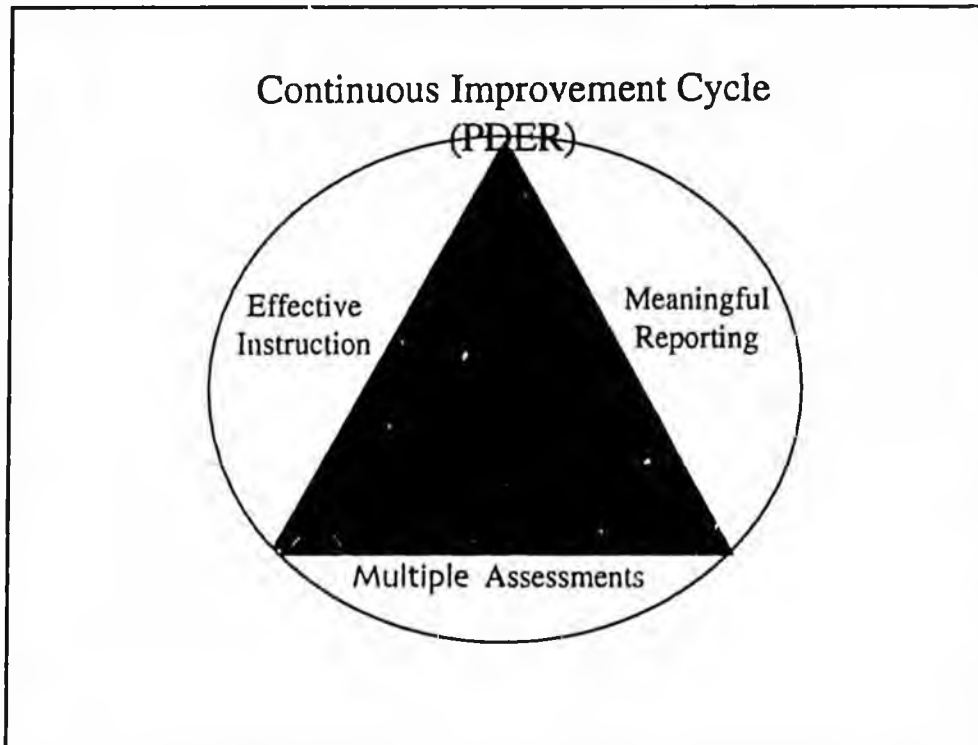
Chugach School District

Voyage to Excellence
2002

Obstacles to High Achievement 1994

- Unhealthy Family/Community
- Student Apathy
- Lack of Parental Involvement
- Lack of Meaningful Curriculum
- Specific Needs of Students
- Funding
- No Site Plan
- Poor Professional Development
- Teacher Burnout

Original Chugach School District	21st. Century Chugach School District
<ul style="list-style-type: none"> • Credit or "Seat Time" • Graded System • Disconnected Reporting • Text Book Curriculum • No School to Life Plan • Individual needs not met • Institutionally Centered 	<p>Performance-Based System Developmental Levels P-14 Report Card (DRC) Standards-Based Resources Comprehensive School to Life Individual Learning Plans Student Centered</p>



Organizational Performance Results

1994-95

1998-99

4th Grade Scores

Reading

- ◆ 16.6% top quartile
- ◆ 16.6% bottom quartile

Math

- ◆ 41.5% top quartile
- ◆ 8.3% bottom quartile

Language Arts

- ◆ 25% top quartile
- ◆ 41.6% bottom quartile

8th Grade Scores

Reading

- ◆ 55.6% top quartile
- ◆ 0.0% bottom quartile

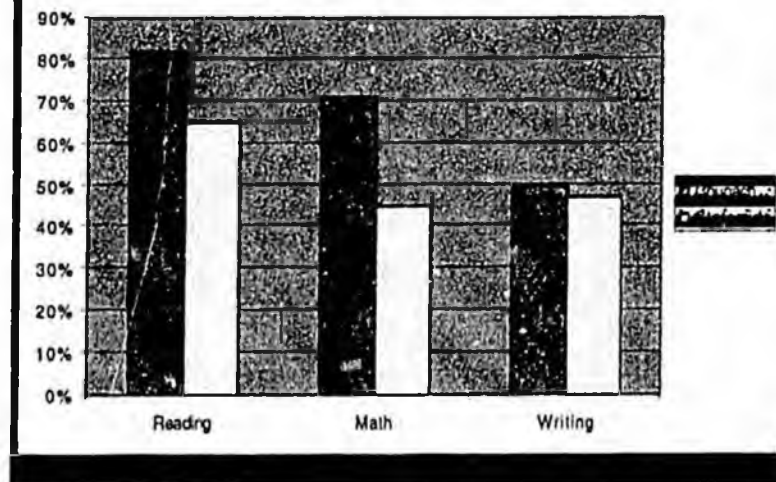
Math

- ◆ 77.8% top quartile
- ◆ 0.0% bottom quartile

Language Arts

- ◆ 33.3% top quartile
- ◆ 11.1% bottom quartile

HSQE Spring 2001 Grade 10



About Chugach School District and the Reinventing Schools Model

Why Chugach School District Implemented the Reinventing Schools Model:

In 1994, Chugach School District (CSD) reinvented its system to address common obstacles to high achievement. Some of these obstacles included: dysfunctional family/community, substance abuse, student apathy, specific needs of students, and teacher burnout. The successful components of this model include:

Shared Vision – includes all stakeholders (schools, communities, businesses, students, and staff)

Standards – clear learning objectives in ten areas (mathematics, science, technology, reading, writing, social sciences, service learning, career development, cultural awareness and expression, and personal/social/health development)

Assessments – district created assessments that measure all district standards

Instructional Model – a method that ensures real-life connections outside the classroom

Reporting – various methods to communicate student progress on district standards to all stakeholders

Continuous Improvement – refinement of all components based on stakeholder input

Specifics of the Model:

Humans learn and develop at different rates, but educational systems do not allow for this individuality. The power of the Chugach model is that students are given the flexibility to achieve developmental levels at their own pace. Some students achieve graduation levels at 14 years of age while others reach them at age 21. This individualizing of our educational system allows all students throughout the entire spectrum to succeed by taking ownership of their educational careers, and reaching the graduation levels at a pace that is developmentally appropriate for them. No student waits for the rest of the class or is pushed into learning beyond their developmental level. Students receive a diploma by mastering district standards in all ten areas. They are not awarded traditional high school credits (Carnegie units) based on time spent in the classroom.

How CSD is helping other school districts to replicate the model:

- CSD staff has given over 500 volunteer hours to districts around the state and nation wishing to learn more about CSD and the Reinventing Schools Model
- CSD has raised over 8 million dollars for numerous districts to implement the model.
- Due to the unprecedented success of CSD, other school districts throughout Alaska have sought assistance in applying for, and earning, waivers from using the standards Carnegie unit.
- CSD has set a precedent of 30 staff training days per year.
- The Alaska Quality Schools Initiative (a state effort to improve schools by implementing standards) is guided and supported by the Chugach Model.
- A Chugach Model CD and a manual, "The Guide to Reinventing Schools" are being put to use around the nation to help interested districts pursue excellence in education involving all stakeholders.

For more information, see CSD web site: www.chugachschools.com

Chugach 'leaves no child behind'

WASHINGTON — The Chugach School District is one of the strangest in America: Encompassing 22,000 square miles of remote Alaska wilderness, ranging from the islands of Prince William Sound to isolated Bush villages, it has only 214 students and barely two dozen teachers on its staff. Unemployment in the area tops 50 percent, and three-fourths of the people — many of them Aleuts — are below the poverty line.

Yet in seven years, this School District, facing challenges of almost unimaginable scope and complexity, has transformed itself into a national model of education reform whose methods are being copied not only across Alaska, but now in the Seattle public schools as well.

Last week, the Chugach superintendent, Richard DeLorenzo, stood before a ballroom full of high-powered executives, explaining how little Chugach had won the Malcolm Baldrige National Quality Award, an honor that in the past has gone to companies such as Cadillac and Ritz-Carlton as a signal of their success in providing customer satisfaction. The rigorous competition — named for the late commerce secretary in the Reagan administration — has been around for 14 years, but this is the first time any winners have been found in the education world. In addition to Chugach, the five honorees this year included the Pearl River School District, an affluent area in Rockland County, north of New York City, and the Universi-

DAVID
BRODER

COMMENT



ty of Wisconsin-Stout in Menomonie.

But it is the Chugach story that carries the strongest message to districts that take seriously President Bush's challenge to "leave no child behind."

In 1994, when DeLorenzo arrived, the average Chugach student was 3 years behind grade level in reading and lagging badly in other areas as well. Now these students have moved from the 28th percentile nationally in reading to the 71st percentile; from the 53rd percentile in math to the 78th; and from the 22nd percentile in spelling to the 65th. When state proficiency exams began in 2000, Chugach students topped the Alaska average by 8 percent in reading, 17 percent in math and 35 percent in writing.

This was not accomplished, DeLorenzo stressed, by "teaching to the test." To the contrary, the Chugach curriculum goes beyond the basics to include technology (a laptop is provided every student), science and social studies. Special emphasis is placed on service learning (involving students in community projects), personal health (to offset

alcoholism, which is widespread in the villages), cultural awareness (to broaden horizons) and career development (to ease transition to work).

The district provides performance pay bonuses and scholarship benefits to its teachers and offers them an unusually robust 30 days a year of in-service training. It has done this while cutting the administrative overhead from 25 percent to 10 percent of state and federal funds, putting the savings and a growing amount of foundation support into instructional programs.

But the key to success, DeLorenzo said, was the application of "Baldrige principles" to the whole process. It began with structured discussions with the "customers," the parents and other villagers, local businesses and the students themselves, to identify their needs and goals. The whole system was then redesigned to achieve those results.

This systemic approach to education reform is being tried in a growing number of districts across the country, and DeLorenzo recently lobbied Secretary of Education Rod Paige to embrace it as the best bet to achieve Bush's goals.

Few places face the physical and social challenges of Chugach. DeLorenzo says he will not rest until at least a million other youngsters are experiencing the success his 214 students have come to know.

David Broder is a reporter and columnist for the Washington Post.

Spring 2002 Retreat for School Leaders

Improving Student Results - What Leaders Need to Know

Alaska Staff Development Network and Bill & Melinda Gates Foundation present:

Tom Vander Ark, Executive Director, Education, Gates Foundation LIVE, video streaming, 45-minute keynote speech for:

"Spring 2002 Retreat for School Leaders"
- Improving Student Results - What Leaders Need to Know
Thursday, April 18, 2002 / Anchorage Marriott Hotel
Anchorage, Alaska



Tom Vander Ark
Executive Director, Education

Tom Vander Ark is responsible for the development and administration of the foundation's K-12 education grant programs and scholarship programs. For the five years before he joined the foundation, Vander Ark served as a public school superintendent in one of Washington state's larger districts. He was one of the first superintendents recruited from the private sector to lead a public school district. Prior to leading Federal Way Public Schools, Vander Ark ran a consulting practice for Cap Gemini and was a senior executive for a \$5 billion national retailer. Vander Ark serves on the board of the Washington Early Learning Foundation, Partnership for Learning and Communities in School.

<http://www.gatesfoundation.org/>



****NOTE** viewers MUST have QuickTime software (4.0 or higher) to view this.**

If you do not already have Quicktime installed, please plan on downloading it at least 1 hour before broadcast.
[Click here to download QuickTime for FREE \(PC & Mac\).](#)

Please join us for this exciting event! For more information on the entire Leadership program, see:

http://www.asdn.org/sp_2002_retreat_4_leaders/index.html

The Alaska Staff Development Network has received two major grants from the Bill & Melinda Gates Foundation to restructure education in Alaska. For more information on these grants, please go to:

[Alaska Quality Schools Coalition](#)
[Leadership for Reinventing Schools](#)

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[close window](#)

**Malcolm Baldrige National Quality Award
2001 Award Recipient—Education Category**

Chugach School District

Highest Official: Richard DeLorenzo
Superintendent

Public Affairs Contact: Ron Gleason
Chugach School District Public Relations
(704) 907-9356
(907) 522-7400 (Chugach School District Office)

Web Site: www.chugachschools.com

The Chugach School District Office is based in Anchorage, Alaska. Chugach's 214 students are scattered throughout 22,000 square miles of mostly isolated and remote areas of South Central Alaska. With 30 faculty and staff, CSD is the smallest organization to ever win a Baldrige Award. CSD delivers instruction in education from preschool up to age 21 in a comprehensive, standards-based system. Education occurs 24 hours a day, 7 days a week. Instruction is delivered in the work place, in the community, in the home and in school. Half (50%) of the students in the Chugach School District are minorities (Alaska Natives).

Highlights:

- CSD has a waiver from the Alaska Department of Education to use a performance-based system in 10 Content Areas in place of the traditional Carnegie Units – Traditional grades are no longer given.
- Every student at CSD has an Individual Learning Plan
- Assessments go beyond recall and memory of arbitrary facts. CSD assessments include contextual (real life), analytical (ability to apply problem solving techniques to any situation), and skills-based assessments.
- Learning occurs 24 hours a day, 7 days a week
- 30 in-service training days offered annually
- All stakeholders include businesses, communities, parents, students, and staff. **Not only are they involved in the development, implementation and ongoing evaluation, but they also thoroughly understand the system.**
- Students have Student Learning Profiles which outlines current function levels, instructional learning styles, strengths and weakness. This data is used to customize instructional delivery and increase student and parent awareness.
- Chugach has developed the processes and materials that support their system.
- 12 other school districts, both in and out of Alaska, are at various stages of replicating the Chugach Education Model, thanks to the tremendous support of the **GATES Foundation.**

Quality and Performance Achievements:

- Chugach School District (CSD) involves all stakeholders in its strategic planning process—including students, parents, community members, and businesses—to develop a shared vision, organizational performance goals, a five-year timeline of activities, and one-year targets. The goals address student learning and development in basic skills, individual needs of students, character development, transition skills, and technology. In 2001, stakeholders gave high satisfaction ratings to CSD in these five outcome areas with basic skills at 96 percent, individual needs of students at 89 percent, character development education at 84 percent, transition skills at 89 percent, and technology at 89 percent.
- Results on the California Achievement Tests improved in all content areas from 1995 to 1999. Average national percentile scores increased in reading from 28th to 71st, in language arts from 26th to 72nd, in math from 54th to 78th, and in spelling from 22nd to 65th. In addition, the percent of students in the top quartile increased in reading from 17 to 56, in language arts from 25 to 33, and in math from 42 to 79.
- The state of Alaska began administering the High School Graduation Qualifying Examinations (HSGQE) and State Benchmark Exams in third, sixth, eighth, and 10th grades in 2000. In 2001, the percent of CSD students who passed the HSGQE surpassed the Alaska state average in all three subject areas of reading, writing, and math and in all four grades tested. In addition, the percent of CSD's 10th graders who passed the HSGQE ranked first in **writing**, third in math, and 17th in reading among the state's 54 districts.
- The percentage of CSD students who take college entrance exams has increased from 0 percent to 70 percent since 1998.
- CSD's percentage of state funds that are used for instruction increased steadily from 51% in 1995 to 82% in 2001, surpassing the state's mandatory guideline of 70 percent. Chugach has the highest percentage of its budget directed to instruction when compared with all other rural Alaskan districts. CSD administrative and support service expenses fell from 25 percent in 1994 to the current level of 10 percent.
- CSD uses a set of developmental levels instead of traditional grade divisions to achieve district and state standards that address 10 content areas that are aligned with CSD's vision and performance goals. The four-step Chugach Instructional Model enables students to progress through the 10 content areas by using drill and practice, practical application, interactive simulation, and real-life situations. Embedded in the instructional model are thematic units that cross disciplines so students connect learning in content areas such as reading, math, science, social studies, art, and technology.
- Every CSD student has an Individual Learning Plan (ILP). ILPs are developed jointly between students, teachers and parents. ILPs enable students to learn at their own pace. To move to the next level in the curriculum requires students to demonstrate

proficiency with the identified skills and knowledge at that particular level, prior to moving to the next level.

- The superintendent and senior leaders use a community-wide, highly participatory consensus approach, called Onward to Excellence, to set organizational values, short and long-term directions, and performance expectations. Twice-a-month teleconference calls with stakeholders at remote sites and in-service programs provide opportunities for senior leaders to reinforce organizational values, directions, and expectations and to promote ethical values, faculty and staff empowerment, innovation, and organizational learning.
- CSD's Anchorage House, a short-term residential program, prepares students to transition from traditional school-based, small community-based environments to independent life in higher education and/or work. The Anchorage House four-phase program is integrated with the content standards and specifically addresses personal and social skills, health, career development, and community service. The program provides students with job-shadowing opportunities in the district's five student outcome areas, including post-secondary school, full-time employment, service learning, entrepreneurial, and vocational.
- To strengthen its key communities, CSD led the formation of the state's Quality Schools Coalition to promote educational reform. CSD provides training on its approaches to education to school districts in Alaska and in other states. The district also established the Cultural Heritage Week to celebrate local cultures and to teach students about their heritage.
- CSD reduced the faculty turnover rate from an average of 55 percent during 1975-1994 to an average of 12 percent during 1995-2000. Isolated working conditions contribute to faculty turnover despite high levels of satisfaction that range from 75 to 81 percent on a national satisfaction survey. CSD has a performance-based pay component and provides flexible working conditions, job rotation, job share contracts, and a high degree of empowerment to counter the effects of working in remote isolated areas.
- CSD provides 30 days of training annually for faculty, twice the number offered by any other school district in the state. Training facilitates alignment in action plans, organizational performance goals, and legal requirements. Training addresses how to assess student needs, instruct and support students, use ILPs, monitor learning, analyze results, and determine opportunities to improve student learning.
- CSD uses technology to enhance student learning, to improve student technology skills, and to improve the efficiency of its academic and administrative operations. Through aggressive pursuit of grant funding, the district increased the number of computers from 2 per 27 students in 1994 to 21 per 27 students in 2001. In addition, when students reach Level IV in all content standards, they receive a personal wireless laptop computer, a vital means of communication for students living in

remote sites. Overall student use of the Internet increased from 5 percent in 1998 to 93 percent in 2001.

- In 2000, 97 percent of the eligible students in CSD participated in Anchorage House. In addition, Anchorage House serves students from other school districts in Alaska and the lower 48 states. Participation among other districts rose from 27 in 1996 to 65 in 2000.
- CSD increased funding from grants from \$100,000 in 1995 to \$700,000 in 2001. In addition, the district serves as fiscal agent for \$2 million of grants it obtained and administers to assist other school districts. CSD generated more than \$1 million through fund balances in its operating budgets over the past seven years, providing an effective buffer to offset potential decreases in grant funding and to provide flexibility in planning major expenditures.

2001

COLLECT.

BARGAIN

AGREE.

U. of AK

HFIN

FILE



Official Business

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

State Capitol, Room 216
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

MEMORANDUM

Date: March 14, 2001

TO: Representative Mulder, Co-chair
Representative Williams, Co-chair
Finance Committee

FROM: Suzi Lowell 
Chief Clerk

SUBJECT: Collective Bargaining Agreement between and University of
Alaska Board of Regents and the Alaska Higher Education Crafts
and Trades Employees, Local 6070

Speaker Porter referred the attached collective bargaining agreement to the
Finance Committee.

Attachment as noted.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

PO BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

March 7, 2000

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capital, Room 208
Juneau, Alaska 99801-1182

Dear Mr. Speaker:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of the University's letter to Annalee McConnell, Director of the Office of Management and Budget (enclosed), please accept this report of the monetary terms of the collective bargaining agreement reached between the University of Alaska Board of Regents and the Alaska Higher Education Crafts and Trades Employees, Local 6070. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215(b).

If I or my staff may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Jim Duncan
Commissioner

Enclosure

cc: Annalee McConnell, Director, OMB, Office of the Governor
Mike Abbott, Legislative Director, Office of the Governor
Michael Hostina, Director of Labor Relations, University of AK
Wendy Redman, V.P. of University Relations, University of AK



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PAT K. PITNEY
Director



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STATEWIDE OFFICE OF BUDGET AND INSTITUTIONAL RESEARCH

910 Yukon Drive, Suite 103
Fairbanks, AK 99775-5320

February 14, 2001

Annalee McConnell, Director
Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020

Dear Ms. McConnell;

The university is requesting FY01 supplemental funding of \$220,300 for salary increases required by a tentative agreement with the Alaska Higher Education Crafts and Trades Employees Local 6070. Local 6070 was formerly known as the University of Alaska Classified Employees Association (UACEA). The current CBA with Local 6070 expired December 31, 2000. As a result, the FY01 request contained only the funds for a 1.5% grid adjustment, while the 2.5% step increase was not previously requested.

The tentative agreement has been ratified by Local 6070 and is expected to be approved at the March 7-8, 2001 BOR meeting. The new agreement would be effective January 1, 2001 and would continue the step increases provided under the current CBA.

The following chart shows UACEA/Local 6070 salary increase requests for FY00 through FY02:

	General Fund	Non-General Fund	Total
FY00	\$381,900		\$381,900
- FY01 (1.5%)	\$164,300		\$164,300
- FY01 Supplemental (2.5% Step)	\$220,300		\$220,300
FY01 Total	\$384,600		\$384,600
FY02	\$389,000	\$29,300	\$418,300

In general, the tentative CBA provides for the same increases in FY01 and FY02 as in the prior CBA, with smaller grid adjustments in FY03 and FY04. Salary increases include step increases worth 2.5% in FY01 through FY04, with grid adjustments of 1.5% in FY02 and 1.0% in FY03 and FY04. A copy of the tentative CBA has been provided to Commissioner Duncan. We will formally seek the commissioner's approval of the agreement after BOR approval.

Sincerely,

Pat K. Pitney

Local 6070-University of Alaska Tentative Agreement Highlights

The membership of Local 6070 has ratified the tentative agreement reached with the university in late December. The new collective bargaining agreement would:

- Provide a three-year collective bargaining agreement, beginning January 1, 2001 to December 31, 2003.
- Continue step increases; provide grid adjustments of 1.5, 1.0 and 1.0%; add the new holiday previously approved by the Board of Regents for non-represented staff; and add leave benefits/adjust step increase dates for probationary employees in the second and third years of the CBA.
- Provide three health benefits options:
maintain current coverage;
withdraw from any university plan and use the defined contribution amount (pegged at \$439.59/employee/month on July 1, 2000) for health coverage; or
participate in another university plan.
- Clarify that health care costs in excess of the university's defined contribution are prorated over participants in a particular plan. The university's cost increases remain limited to a maximum of 3% per year.
- Clarify use of and benefits for term and temporary employees.
- Maintain the flexibility to change Regents' Policy and University Regulation where provisions are not superceded by the CBA.
- Clarify that discrimination and sexual harassment complaints are not subject to the union grievance process. These types of complaints are commonly filed with and heard by administrative agencies at no cost to employees.
- Generally maintain the balance of the current CBA, with minor amendments.

2001

**CONFIRM-
ATIONS**

HFIN

FILE



Official Business

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

State Capitol, Room 216
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

MEMORANDUM

Date: January 31, 2001
To: Finance Committee
From: Suzi Lowell *SL*
Chief Clerk
Subject: Governor's Appointment

Speaker Porter referred the following Governor's appointment to the Finance Committee:

State Assessment Review Board
Mr. Vince Coan of Wasilla
Appointed: 12/29/2000 No Term

The resume and committee report are attached for your use.

Attachments as noted

Resides in Wasilla

Coan, Vince
Assesment Review Board. St.

APPRAISER OUALIFICATIONS: VINCE COAN

EDUCATION

Chugiak High School, Chugiak, Alaska
Bachelor of Business Administration, University of Alaska (Major-Real Estate)

REAL ESTATE AND APPRAISAL EDUCATION

University of Alaska:
(Real Estate Appraisal, Law, Investment Analysis, Statistics, Finance, Brokerage,
Property Management, Urban Theory)
R41b Market Analysis Seminar, AIREA
Feasibility Analysis Seminar, AIREA
R41c Seminar, AIREA
Income Capitalization Workshop, AIREA
R41c Seminar, SREA
Computer Assisted Appraisal Systems, IAAO
Capitalization Theory Part A, AIREA
Capitalization Theory Part B, AIREA
Standards of Professional Practice, Appraisal Institute
Case Studies in Real Estate Valuation, Appraisal Institute
Narrative Report Writing, Appraisal Institute
Report Writing and Review, National Highway Institute
Appraisal of Partial Acquisitions, International Right-of-Way Association
Valuation Litigation, Appraisal Institute
Appraisal of Contaminated Properties, International Right-of-Way Assoc.
Alternative Appraisal Reporting Forms, Appraisal Institute
Small Income Properties, Appraisal Institute
The Appraisal of Complex Properties in the Northwest, Appraisal Institute
The Appraisal of Special Purpose Properties in the Northwest, Appraisal Institute

EMPLOYMENT HISTORY

Statewide Appraisal Services, Owner (Since 1992)
Valley Appraisal and Analysis, Inc. (1990-92)
Alaska Valuation Service, Inc., Commercial Appraiser (1990)
Erickson and Associates, Commercial Appraiser (1986-90)
Municipality of Anchorage, Senior Appraiser (1984-86)
State of Alaska, Land Manager
Alaska State Legislature, House Finance Committee Aide
Alaska Land Development Services, Surveyor
Various Construction Work

PROFESSIONAL AFFILIATIONS AND COMMUNITY SERVICE

Certified General Real Estate Appraiser (State of Alaska No. AA-132)
Appraisal Institute, Associate Member
International Right-of Way Association
Anchorage Board of Equalization (past)
Matanuska-Susitna Borough Board of Equalization (current)
Valley Board of Realtors

APPRAISAL EXPERIENCE: Multifamily properties; commercial and residential condominiums; small to large office buildings; farms and agricultural parcels; warehouses and industrial properties; small to large retail properties, convenience stores with and without fuel sales, and neighborhood shopping centers; vacant residential/commercial/industrial lots and subdivisions; fly-in lodges; seafood processing plants, hotels, motels, and restaurants; aircraft hangars; various private and governmental leaseholds, inholdings, partial interests, easements, right-of-way, and condemnation appraisals.

APPRAISAL EXPERIENCE (Continued):

Appraisal experience includes a variety of commercial, industrial, multifamily, agricultural, special-use properties, subdivisions and vacant land, appraised throughout Alaska, including the following areas:

Anchorage	Kodiak
Eagle River/Chugiak	Kotzebuc
Fairbanks	Naknek
Homer	Palmer
Iliamna	Sand Point
Juneau	Seward
Kake	Soldotna
Kenai	Talkeetna
Ketchikan	Valdez
King Salmon	Wasilla
	Wrangell

Qualified as expert witness in Masters Hearings representing Superior Court, and Bankruptcy Court.

REFERENCES

Ms. Maureen Levesque, Loan Coordinator
Matanuska Valley Federal Credit Union
1020 S. Bailey Street, Palmer, Alaska 99645
907-745-9112

Mr. Rick Kauzlarich, ROW Agent
State of Alaska, DOT&PF
PO Box 196900
Anchorage, Alaska 99519-6900
(907) 266-1538

Ms. Jill Parson, Land Man. Officer
Matanuska-Susitna Borough
350 E. Dahlia Avenue
Palmer, Alaska 99645
(907) 745-9869

Ms. Karen Olson, Director
U.S. Dept. of Agriculture,
State Farm Services Agency
800 W. Evergreen, Ste. 216
Palmer, Alaska, 99645
(907) 745-7982

Ms. Annette Olejniczak, V.P.
National Bank of Alaska
581 West Parks Highway
Wasilla, Alaska 99654
(907) 373-5355

Mr. Jeff Hill, Supervisor
State of Alaska, DOT&PF
6860 Glacier Hwy
Juneau, Alaska 99801-7999
(907) 465-4519

Mr. Ted Perez, V.P.
KeyBunk of Alaska
201 N. Lucille St.
Wasilla, Alaska 99654
(907) 373-6981

Mr. Craig Thorn, V.P.
First National Bank of Anchorage
775 East Parks Highway
Wasilla, Alaska 99654
(907) 352-5900

Contact Info:

Vince Coan wk ph: 373 642
Statewide Appraisal Services
PO Box 873 944
Wasilla AK 99687-3944



Alaska State Legislature

House of Representatives

State Capitol, Room 216
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

Official Business

Office of the Chief Clerk Committee Report

Date: _____

The Honorable Brian Porter
Speaker of the House
State Capitol
Juneau, AK 99801

Dear Speaker Porter:

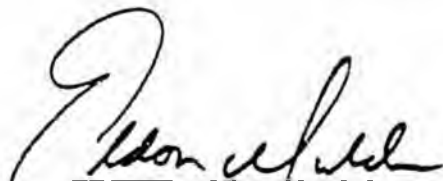
The Finance Committee has reviewed the qualifications of the following individual and recommends that his name be forwarded to a Joint Session for consideration:

Alaska Mental Health Trust Authority Board of Trustees

Mr. John Pugh of Juneau

Appointed: 03/03/1995 Reappointed: 05/15/1996

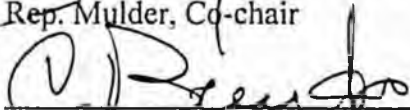
Reappointed: 03/27/2001 Term Expires: 03/01/2006




Rep. Mulder, Co-chair



Rep. Williams, Co-chair



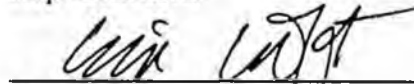
Rep. Bunde, Vice Chair



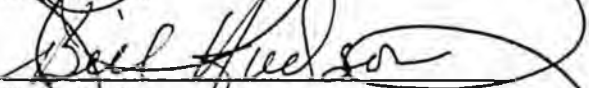
Rep. Lancaster



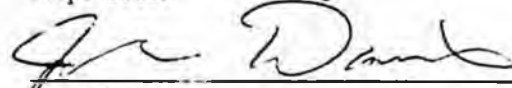
Rep. Foster



Rep. Croft



Rep. Hudson

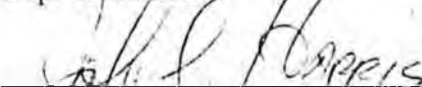


Rep. Davies



Rep. Whitaker

Rep. Moses



Rep. Harris



Official Business

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

State Capitol, Room 216
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

MEMORANDUM

Date: April 3, 2001
To: Finance Committee
From: Suzi Lowell *sl*
Chief Clerk
Subject: Governor's Appointments

Speaker Porter referred the following Governor's appointment to the Finance Committee:

Alaska Mental Health Trust Authority Board of Trustees

Mr. John Pugh of Juneau

Appointed: 03/03/1995 Reappointed: 05/15/1996

Reappointed: 03/27/2001 Term Expires: 03/01/2006

The resume and committee report are attached for your use.

Attachments as noted

Resume Addendum (as of March, 2001)

John Pugh was appointed Chancellor of the University of Alaska Southeast in March, 1999.

President's Staff

<http://www.alaska.edu/pres/staff>



© Nelson Photography

11120 Glacier Highway
Juneau, AK 99801

907-465-6509 (Voice)

907-465-6295 (Fax)

hn.pugh@uas.alaska.edu

John Pugh

Chancellor, University of Alaska Southeast

John Pugh, UAS chancellor, came to the University of Alaska after a 15-year career with the State of Alaska, Department of Health and Social Services where he served as Commissioner from 1983 to 1986. At UAS, he was Dean of the School of Education, Liberal Arts, and Science for 9 years before his appointment as Dean of Faculty. He is a former captain in the U.S. Air Force. Pugh has a master's degree in social work from the University of Texas at Austin and a bachelor's degree in philosophy from Baylor University.

John Robert Pugh

Education

Graduated from the University of Texas in Austin with a Masters in Social Work in January of 1970

Graduated from Baylor University in Waco, Texas, with a B.A. in Philosophy in 1967

Work Experience

*June 1987
to present*

Dean of Education, Liberal Arts, and Sciences
University of Alaska Southeast, Juneau, Alaska
Administrator of the largest department in this liberal arts college, which offers bachelors degrees in liberal arts, education and biology, and graduate degrees in education;
Supervisor of 12 administrative staff and 35 full time faculty
Serves as lobbyist for the University's operating and capital budgets.

*May 1984
to Dec 1986*

Commissioner
Department of Health and Social Services, State of Alaska
Administrator of an umbrella agency which included the Divisions of Public Health, Mental Health and Developmental Disabilities,
Medical and Public Assistance, Alcohol and Drug Abuse, Family Services, and Juvenile Corrections;
Responsible for the planning and administration of a \$302 million budget;
Managed a personnel system which had over 1600 employees;
Testified on legislation pertinent to the department's programs.

*January 1983
to May 1984*

Deputy Commissioner
Department of Health and Social Services, State of Alaska
Supervised three division directors who administered programs which included the child and adult protection services, correctional facilities and probation, preventive youth service programs, all public assistance and medical assistance programs for the State of Alaska;
Responsible for the planning and administration of a budget totalling \$150 million and for a personnel system of 850 employees;
Testified on legislation pertinent to the department's programs.

*March 1980
to January 1983*

Director

Division of Family and Youth Services, State of Alaska
Administered the division responsible for child protection services, adult protection services, juvenile probation services, programs;
Responsible for the planning and administration of a budget totalling \$43 million and for a personnel system of 400
Testified on legislation pertinent to the division's programs.

Other Positions:

Deputy Director

Division of Family and Youth Services, State of Alaska, 1979-1980

Programs Assessment and Systems Officer

Division of Family and Youth Services, State of Alaska, 1978-1979

Program Director

McLaughlin Youth Center, a 120 bed detention and treatment facility, Division of Corrections, State of Alaska, 1973-1978

Psychiatric Social Worker

Elmendorf Air Force Base Hospital, Anchorage, Alaska, 1970-1973
Wilford Hall Air Force Hospital, San Antonio, Texas, 1969-1970

**Consultation
And Teaching**

*January 1987
to June 1987*

Special Consultant

House and Senate Finance Committees of the Alaska State Legislature
Developed the budgets for the Departments of Health and Social Services and Corrections and provided consultation on health and social services issues;
Provided staff support to the Special Committee on Suicide in Alaska and co-authored the committee's report to the legislature.

*May 1971
to August 1973*

Program Consultant

McLaughlin Youth Center in Anchorage, Alaska
Developed milieu treatment programs and provided training for staff in various treatment approaches including individual, group, family, and milieu therapy.

*January 1971
to May 1976*

Instructor

Anchorage Community College
Taught courses in the areas of sociology, psychology, criminology, corrections, and counseling.

Related Professional Activities

- Department of Education Alaska 2000 Steering Committee - 1993-present
- Northwest Consortium for Mathematics and Science Teachers - 1993-present
- Department of Education Teacher Certification Task Force - 1993-present
- Telecommunications Information Council - 1992 - present
- Juneau High School Strategic Planning Committee - 1992 present
- University of Alaska Presidential Search Committee - 1990 - 1991
- Alaska Staff Development Network Executive Committee - 1988 - present
- Teacher Certification Council, 1987 - 1990
- Alaska Housing Finance Corporation - 1985 - 1986
- Criminal Justice Working Group, 1983 - 1986
- Blue Ribbon Commission on the State Personnel Act, 1980-1983
- Governor's Council for the Handicapped and Gifted, 1980-1984
- Northwest Regional Child Welfare Training Center, 1980 - 1982
- Council on Domestic Violence and Sexual Assault, 1981 - 1982
- Northwest Regional Resource Center, 1982- 1983
- Alaska Public Employees Association, 1973 -1980
President, 1977 -1979
- Alternate on the Blue Ribbon Commission for the revision of
Alaska's Criminal Code, 1975 -1977
- Blue Ribbon Commission to revise Alaska's Children's Code
1975- 1977
- Committee for the Development of Standards and Goals for the
Juvenile Justice System in Alaska, 1975 -1977
- Academy of Certified Social Workers, 1975 - present
- National Association of Social Workers, 1970- present
President, Alaska Chapter 1975 - 1976

Community Service

- Salvation Army Board, 1988 - present
President, 1991; Vice-President 1992
- Rotary International, 1988- present
- Parent Advisory Committees, Marie Drake Middle School and
Juneau Douglas High School, 1987 - present
- Juneau School District Advisory Council, 1988 - 1989
- Little League Coach, 1983 - 1991
- Northern Light United Church, Elder 1979 - present

2001

REVIEW

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ACCOMP.

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FILE

1/10/01



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

Official Business

**State Capitol
Room 507
Juneau, AK 99801-1182**

To: Annalee McConnell
CC: Members of House Finance Committee
 Senator Donley
 Joan Brown
From: Representative Eldon Mulder, Co-Chair
Phone: 907-465-2647 **FAX:** 907-465-3518
Date: December 28, 2000
Re: House Finance Committee Meetings Reviewing How Agencies Have Met Their Missions

The House Finance Committee will be hearing from State Agencies beginning on January 10, 2001 and hope to conclude by Friday, January 19. We will meet daily beginning at 1:30 PM. Denny DeWitt from my staff has already contacted Joan Brown to begin the scheduling process. He will be available answer questions and assist in scheduling agencies time slots.

We will be asking agencies how they have used Alaska's investment to accomplish their mission in the current fiscal year and in FY 00. We are interested in hearing about results accomplished, not the process or amount of activity. In preparing for your presentations, please remember that this is a full committee overview. Agencies will have the opportunity to fully discuss issues in subcommittee. Those who wish to make subcommittee reports to the full committee at these meetings do so at their own risk.

The following set of questions will be on the minds of committee members and might be useful for agencies to consider. Our goal is to allocate not more than 45 minutes to each

agency. Presenters should remember the agenda is to hear agencies' report on what they have done with our investment, not presentations of FY 02 requests.

1. What is your mission?
2. How do agency programs contribute to the mission?
3. Who are the customers of the programs?
4. What are the performance outcome measures?
5. How did you do last year?
6. What do you intend to do differently this year? (This is a program management question, not FY 02 funding question)
7. What are your strategies/priorities for this next year?
8. Measures you are using to validate and monitor our investment?
9. What duplications are there between your agency and others?

Early in January, Staff for the House Finance Committee Members will begin to contact agencies to review existing missions and measures. We will be refining those adopted in SB 281 last year. This would be a good time to have measurements ready to show how well you have met missions. As we did last year, we hope to complete the missions and measures phase early then move into discussions of FY 02 budgets based on how well agencies performed in the FY 00 and FY 01 budgets.

REPRESENTATIVE
BILL WILLIAMS
 Co-Chair
 (907) 465-3424
 Fax: (907) 465-3793

INTERIM ADDRESS
 50 Front Street, Suite 203
 Kotchikan, Alaska 99901
 (907) 247-4627
 Fax (907) 225-7157

Alaska State Legislature
 House Finance Committee



State Capitol, Juneau, Alaska 99801-1182

REPRESENTATIVE
ELDON MULDER
 Co-Chair
 (907) 465-2647
 Fax: (907) 465-3518

INTERIM ADDRESS
 716 W. 4th Avenue
 Anchorage, Alaska 99501
 (907) 269-0265
 Fax: (907) 269-0264

HOUSE FINANCE COMMITTEE BRIEFING
Wednesday, January 10, 2001

TIME:

1:30 (sharp) to 3:30 p.m. (longer if necessary)

If you must be absent or must leave, notify the Co-Chairmen as to your absence, when you will return and if possible, where you can be reached if needed for a vote or to establish a quorum. Members must be present to vote on passage of bills from Committee.

We ask that members please remain present in the Committee room to sign any Committee reports so staff does not have to track you down for a signature.

RULES:

Quorum necessary to vote or take any Committee action is six members. A quorum is the majority of the Committee membership of eleven.

If fewer than eleven members are present, motions to amend may be adopted by a majority of those present, but under no condition will the number of votes required for adoption of an amendment be less than five.

SCHEDULING BILLS BEFORE THE COMMITTEE:

(Memo attached)

NOTICE REQUIREMENTS OF UNIFORM RULE 23(a):

(Memo from Tam Cook is attached and secretaries have copies on file)

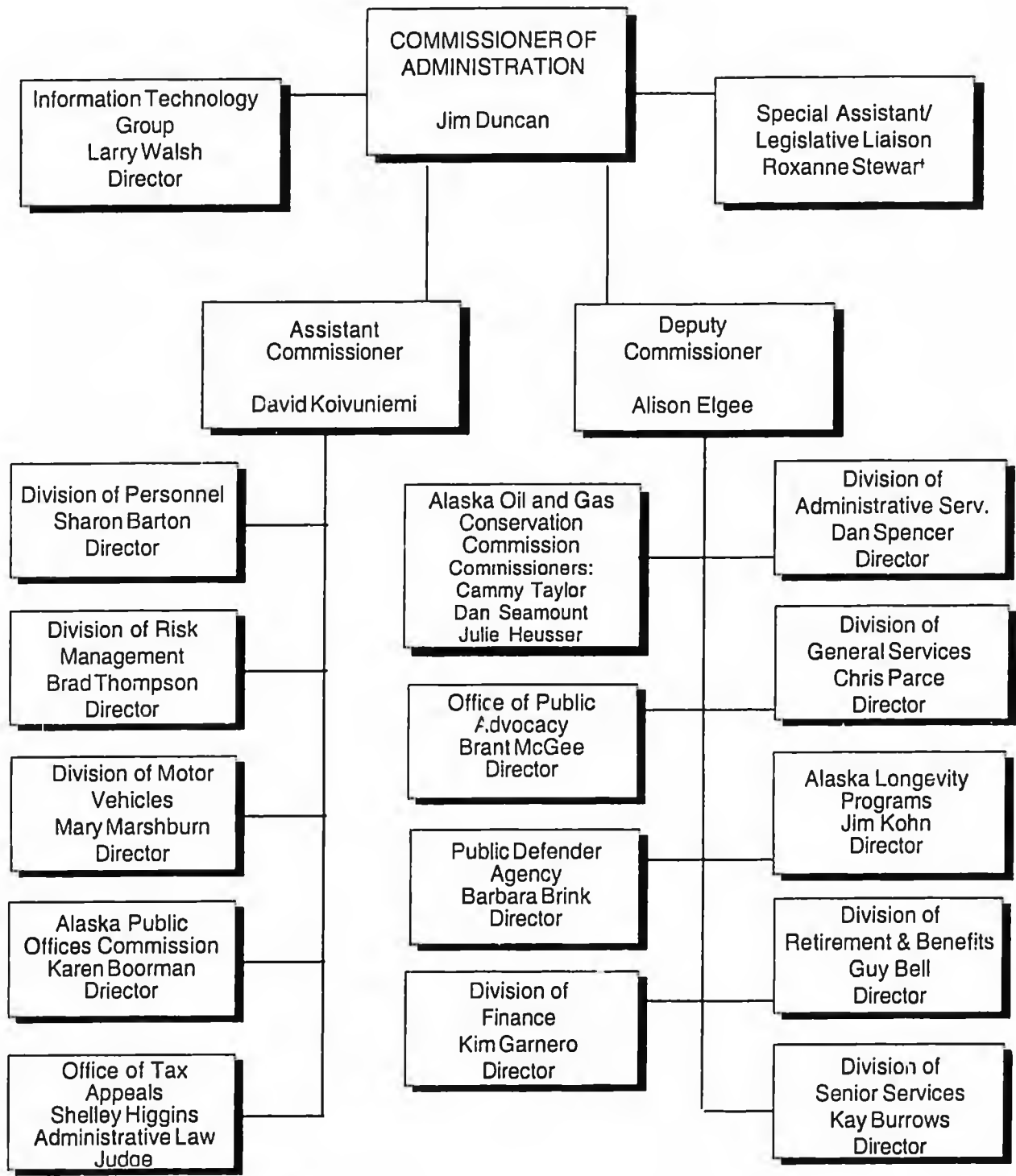
Bills receiving at least one hearing in the House prior to finance referral must be noticed on Thursday by 4:00 p.m. to be heard the following Monday.

If HFC is first committee of referral, a bill must be noticed on Wednesday to be heard the following Monday.

Bills held over will follow the Thursday rule noted above and if possible, will be reflected in the schedule under "<Bills previously heard>".

1/10/07

Department of Administration



Program Contacts

DEPARTMENT MANAGEMENT

Office of the Commissioner

Department Management: Jim Duncan, Alison Elgee,
David Koivuniemi (465-2200)
Legislative Liaison: Roxanne Stewart (465-2200)
Telecommunications Information Council: Jim Duncan
(465-2200)

Administrative Services

General Information: Dan Spencer (465-2277)
Budget: Eric Swanson (465-5654)
DOA-IT: John Monagle (465-5768)
Fiscal: Dave Blaisdell (465-5653)
Human Resources: Bruce Cummings (465-5658)
Payroll: Miki Cole (465-1364)
APBC Grants: Loretta Withington (465-5643)
Property: Jack Gregson (465-5656)
Procurement: Jack Gregson (465-5656)

SERVICES TO THE PUBLIC

Alaska Longevity Programs

Longevity Bonus/Pioneers' Homes: James Kohn (465-4400)

Alaska Oil and Gas Conservation Commission

General Information: Daniel T. Seamount, Jr. (793-1221)

Alaska Public Offices Commission

General Information: Karen Boorman (276-4176)
Campaign Finance: Chris Ellingson, Therese Bartlett
(276-4176)
Lobbying: Brooke Miles (465-4864)
Personal Financial Disclosure: Nancy Freeman (276-4176)

Motor Vehicles

General Information: Mary Marshburn (269-5559)
Drivers Information: Kerry Hennings (269-3770)
Field Office: Charles Hosack (269-5559)
Administration/Budget: George Gaguzis (269-5559)

Office of Public Advocacy

General Information: Brant McGee (269-3500)

Office of Tax Appeals

Administrative Law Judge: Shelley Higgins (465-5641)

Public Defender Agency

General Information: Barbara Brink (334-4400)

Information Technology Group: Public Communications Services

General Information: Karen Morgan (465-5794)
Alaska Public Broadcasting, Joint-Venture: Don Rinker
(277-6300)

Senior Services

Adult Protective Services: Dwight Becker (269-3674)
Assisted Living Home Licensing: Gary Ward (269-3645)
CHOICE Medicaid Home Care: Barbara Hendrickson (269-3662)
Grants and Technical Assistance to Senior Services
Providers: Jane Demmert (465-4879)

Long-Term Care Ombudsman: Jane Demmert (465-4879)
Long-Term Care Services Unit: Barbara Hendrickson
(269-3662)
Personal Care Grants Admin: Susan Cook (269-3653)
Alaska Commission on Aging: Jane Demmert (465-4879)

SERVICES TO STATE AGENCIES

Finance

General Information: Kim Garner (465-2240),
Debbie Bump (465-5615)
Accounting: Brenda Almlie (465-5614)
Annual Financial Report: Joe Thomas (465-5616)
Accounting Systems: Guy Warren (465-5602)
Payroll Systems: Bill Diebels (465-5600)
Payroll: Mark Minthorn (465-5599)
Systems Administration & Security: Linda Murray (465-5603)
W-2s/1099s: Jim Barnes (465-5590)

General Services

General Information: Chris Parce (465-2250)
Business Services & Central Mail: Eric King (465-5685)
Facilities: Tanci Gantz (269-0300)
Property: Jim Jobkar (257-9632)
Purchasing: Vern Jones (465-5684)

Information Technology Group

Division Management: Larry Walsh (465-2220)
Computer Services: Jan Moyer (465-5789)
Communication Services: Karen Morgan (465-5794)
Fiscal Services: Charlene Morrison (465-5801)

Personnel

ADA, FMLA, FLSA: David Stewart (465-4431)
Training and Development: Rick Bohleber (465-4058)
Classification: David Stewart (465-4431)
Employee Programs: Nicki Neal (465-3849)
Employee Records: Nicki Neal (465-3849)
EEO Investigations: Dusty Rhodes (279-0287)
Anchorage Office: Pat Dill (279-0298)
Labor Relations: Sharon Barton (465-4430)
Workplace Alaska: Nicki Neal (465-3849)
Personnel Board: Doug Carson (465-4096)

Retirement and Benefits

Deferred Compensation: Anselm Staack (465-5703)
Group Health and Life Insurance: Janet Parker (465-4473)
PERS/TRS Boards: Guy Bell (465-4460)
Retiree Payroll: Anselm Staack (465-5703)
Retirement Programs: Kathy Lea (465-5700)
SBS Benefits: Janet Parker (465-4473)
Supplemental Annuity Plan: Anselm Staack (465-5703)

Risk Management

Property, Marine and General Insurance Issues: Scott Jordan
(465-2183)
Claims Administration: Vacant (465-5724)
Workers' Compensation: Betty Johnson (465-2184)
Legal Defense & Self-Insurance: Brad Thompson (465-2180)

Department of Administration Functional Organization

DIVISION DIRECTOR AND PHONE NUMBER	SERVICES TO STATE AGENCIES	SERVICES TO THE PUBLIC	SERVICES INTERNAL TO THE DEPARTMENT
<u>DEPARTMENT MANAGEMENT</u>			
Office of the Commissioner Jim Duncan 465-2200	Telecommunications Information Council	Public Information	Department Management
Administrative Services Dan Spencer 465-2277		APBC Grants Procurement	Personnel, Fiscal, Payroll Property, Procurement, desktop IT support, Budget
<u>SERVICES TO THE PUBLIC</u>			
Alaska Longevity Programs James Kohn 465-4400		Pioneers' Homes Longevity Bonus	
Alaska Oil and Gas Conservation Commission Daniel Seamont, Jr. 793-1221	Collect, maintain, and analyze oil and gas exploration and production data	Regulate oil and gas drilling, production, and underground disposal of drilling waste	
Alaska Public Offices Commission Karen Boornaa 276-4176		Regulation of: Campaign Disclosure Public Official Fin. Disclosure Lobbying Activity Disclosure	
Motor Vehicles Mary Marshburn 269-5559	Certified Records Expert Court Testimony Revenue Collection Treasury Receipt Accountability	Commercial Driver Licenses Driver Licenses Vehicle Registration Vehicle Titles Boat Registration Identification Cards Administrative Hearings Motor Vehicle Dealer Registration Municipal Tax Collection Insurance Driving Records Rural Alaska Mail-out Driver License Program Organ Donor Program Motor Voter Program Commercial Driving School Licensing Motor Vehicle Ownership Res. Snow Machine Registration Special Interest Plate Fee Collection and Disbursement	
Office of Public Advocacy Brant McGee 269-3500		Guardians ad litem Guardianship Services Legal Representation for Indigents	
Office of Tax Appeals Shelley Higgins 465-5641	Administrative Hearings	Impartial hearings in tax and other administrative appeals	Procurement and Longevity Bonus Hearings

Department of Administration Functional Organization

DIVISION DIRECTOR AND PHONE NUMBER	SERVICES TO STATE AGENCIES	SERVICES TO THE PUBLIC	SERVICES INTERNAL TO THE DEPARTMENT
Public Defender Barbara Brink 334-4400		Legal Representation for Indigents	
Senior Services Kay Burrows 269-3666 Cristina Klein 269-3668 Jane Demmert Alaska Commission on Aging 465-4879	Manage long-term care functions for the Division of Medical Assistance State unit of aging for Federal Office on Aging	Grants to Senior Services Providers LTC Ombudsman Adult Protective Services Assisted Living Licensing CHOICE Home Care Waiver Personal Care Attendant Long-Term Care Unit Rural Long-Term Care Unit Alaska Medicare Info & Ref Serv. Quality Assurance	
SERVICES TO STATE AGENCIES Finance Kim Garnero 465-2240		Annual Financial Report 1099s, W-2s	
General Services Chris Parce 465-2250	Payroll Accounting Travel Policy Development Purchasing Card Management Electronic Vendor Payments Systems Management AKSAS and AKPAY Training Employee Services	Surplus State Property Sales Surplus Federal Property Asst. Vendor Lists Bid Offerings	
Information Technology Group/Public Communications Services Larry Walsh (ITG) 465-2220 Don Rinker (PCS) 277-6300	Computer Services Communication Services	Public Communications Services Grants and Technical Assistance to Public Radio/Television Grantees	
Personnel Sharon Barton 465-4430	Recruitment Classification and Pay EEOC and HRC Complaint Investigations Training and Development Personnel Board Labor Contract Administration Grievance Arbitration Labor Contract Negotiations	Recruitment	
Retirement and Benefits Guy Bell 465-4460	Group Health Insurance Retirement Programs SBS Benefits Supplemental Annuity Plan Deferred Compensation PERS/TRS Boards	Services to Political Subdivisions Retirement Programs SBS Benefits Group Health Insurance Deferred Compensation PERS/TRS Boards Supplemental Annuity Plan	
Risk Management J. Brad Thompson 465-2180	Property Insurance Workers' Compensation Tort Liability Protection	Claims Administration	Negotiate Insurance terms in all state contracts/ agreements

Department Mission Statement

The mission of the Department of Administration is to:

- provide centralized management and technology services to state agencies;
- provide legal and advocacy services for indigent Alaskans;
- provide programs that promote the independence of Alaska's seniors;
- provide vehicle and boat licensing and registration.

FY2002 Major Goals and Strategies

Continue to improve the level and quality of services provided directly to the public

- The Pioneers' Homes will work to develop and optimize gerontological services for residents with Alzheimer's Disease and Related Disorders and provide long-term care to veterans
- Expand care plan counseling for seniors and adults with physical disabilities seeking long-term care.
- Continue expanding motor vehicle registration and licensing services available to the public through partnerships with private vendors.
- Improve Public Defender capabilities by reducing caseload and increasing technical and other support services.
- Improve guardian ad litem services for abused and neglected children by improving and expanding the use of volunteers.

Continue to pursue opportunities for efficiency, cost reduction, innovation, and effective delivery of state services and programs

Information Services

- Create a modern, customer-focused enterprise information technology environment.
- Implement a telecommunications partnering plan with the private sector.
- Expand the delivery of state services through the integration of computing systems and Internet technology.
- Develop, enable, and support state agencies' efforts to conduct state business electronically.
- Work with the federal and local government agencies to deploy Phase One of an emergency radio communications system.

Financial/Management

- Design and implement an electronic commerce strategy and standard for statewide procurement and other transactions.
- Continue to work with the Administrative Solutions Team to improve the understanding of core administrative services issues affecting all state agencies.
- Develop and put in place programs to evaluate the use of electronic signatures.

2000-2001 Major Accomplishments

SERVICES TO THE PUBLIC

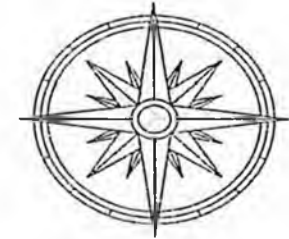
- **Motor Vehicles:** Implemented the first year of the boat registration program required by CH 28 SLA 00 (HB 108) which includes all boats previously subject to U.S. Coast Guard registration as well as all unpowered boats over ten feet long. Prepared all registration materials, computer program modifications, regulatory work, and public notifications for initial implementation with only six months lead time.
- **Senior Services:** Redesigned the independent Personal Care Attendant program to operate in an employment agency model.
- **Senior Services:** Improved turnaround time by 75 percent for Medicaid Waiver program ongoing cases.

SERVICES TO STATE AGENCIES

- **Retirement and Benefits:** Selected a new third-party administrator contractor for the active employee and retiree health plans.
- **Information Technology Group:** Published a request for proposals (RFP) for a public/private telecommunications partnership that will significantly reduce unit costs to state agencies. A contract award is expected the second half of FY2001.
- **Facilities Management:** Implemented the public facilities fund and pilot program managing operations and maintenance of eight state-owned facilities in Anchorage, Fairbanks, and Juneau.
- **Facilities Management:** In addition to the pilot program, the Department of Administration began management of facilities maintenance for seven of the remaining nine state-owned facilities in Juneau.
- **Division of Finance:** Completed a two-year overhaul of the leave accounting system for the Alaska Marine Highway System.

Department of Administration Office Locations

*map is not to scale—for illustrative purposes only.



DIVISIONS

Commissioner's Office
Administrative Services
Alaska Longevity Programs

Alaska Oil and Gas Conservation
Commission

Alaska Public Offices Commission
Finance
General Services
Information Technology Group
Motor Vehicles

Office of Public Advocacy
Office of Tax Appeals
Personnel
Public Defender Agency

Retirement and Benefits
Risk Management
Senior Services

LOCATION

Juneau
Juneau, Anchorage
Anchorage, Fairbanks, Juneau,
Ketchikan, Palmer, Sitka
Anchorage
Anchorage, Juneau
Juneau
Anchorage, Juneau
Anchorage, Fairbanks, Juneau
Anchorage, Bethel, Delta Junction,
Elmendorf, Eagle River, Fairbanks,
Glennallen, Haines, Homer,
Juneau, Ketchikan, Kodiak, Nome,
Palmer, Sitka, Soldotna, Valdez
Anchorage, Fairbanks, Juneau
Juneau
Anchorage, Juneau
Anchorage, Barrow, Bethel,
Dillingham, Fairbanks, Juneau, Kenai,
Ketchikan, Kodiak, Kotzebue, Nome,
Palmer, Sitka
Anchorage, Juneau
Juneau
Anchorage, Juneau, Fairbanks



Department of Military and Veterans Affairs

Mission

1. Provide military forces capable of ready operations
2. Provide for an organized response during emergencies and disasters
3. Train at risk juveniles
4. Coordinate Veterans Programs
5. Assist agencies in suppression of illegal drugs

Office of the Commissioner

Measure: The percentage of divisions meeting performance standards

Current Status: All Divisions met performance standards but as you will see in the presentation some standards need additional clarification or benchmarking

Measure: The reductions in per unit costs in the department's divisions.

Current Status:

- None, whether units of people costs, units of administration or units of divisions

Administrative Services

Measure: The cost of administrative services as compared to the total personnel costs for the department.

- **Current Status:** The division's statistics are FY 96, 9%; FY 97, 8%; FY 98, 9%; FY 99, 7%; FY 2000, 9%.

Measure: The number of late penalties for payroll payments and the average vendor payment time.

Current Status:

- The average vendor payment time for FY2000 was 19 days vs the standard of 30 days. We did not have any penalties for late payroll payments.

Measure: The number of audit exceptions.

Current Status:

- There were no audit exceptions in the last statewide financial audit

Division of Emergency Services

Measure: Preparedness as measured by after action reports (added by the legislature)

Current Status:

- The Division of Emergency Services traditionally uses the after action reports to identify if improvements can be made to response efforts.
- The Y2K After Action Report pointed out a need for a cohesive and comprehensive training and exercise program for the SECC Staff and SECC Staff augmentees. As a result, a training and exercise program was approved by the Director. An existing vacancy is being converted to hire a full-time exercise emergency management specialist.
- The need for a Statewide Communications Plan was noted. A first draft of this plan was completed in the summer of CY 2000 and is being refined. The SECC Intelligence Coordinator is working on standardizing routine reports and briefings so that they meet State of Alaska needs as well as Federal Emergency Management Agency requirements. Several improvements to SECC Standard Operating Procedures have been completed such as a uniform information booklet for each position and additional modem lines for support agency liaison personnel. Several community response databases were developed for Y2K use and are continually being refined and updated during DES normal operations.

Measure: Average time to close out disasters (added by the legislature)**Current Status**

- Over the last 10 years, the average time to close out federal and state disasters was 5 years. Our goal is 18 months for both federal and state.
- The Division of Emergency Services is placing a greater emphasis on closure of disasters. At the present time the Division is working with FEMA to close Southcentral Flood and Millers Reach. Closure will occur in the next few months. The Southcentral Flood occurred in 1995 and Miller's Reach in 1996, five and four years duration respectively. The 1999 Coastal Storm Avalanche disaster will be closed within an estimated 18 months.
- 18 Open disasters; oldest is nine years (1991). 13 State open an average of 4.8 years and 5 federal open an average of 3.8 years.
- The ability to close a disaster is impacted by legal issues, community action, reports, due, ADES inspections and appeals

Measure: Number of person assisted (added by legislature)**Current Status:**

- On one level, the Division works with communities statewide to plan response to various types of threats. In addition, the Division maintains emergency alerts systems that benefit each citizen of the state. Evaluated at this level, the number of persons assisted would equal the population of the State. On another level, the Division, during an actual response to an event, assists each resident in the area that has been impacted and also the community in the disaster area. The number of times DES provided assistance throughout the state from efforts in training, planning and outreach was 4,325,068.

- The number of people assisted through specific disaster or emergency events was 92,037. This number includes people assisted in the Southcentral Gulf Coast Storm (SCGC), Western Alaska Fisheries Disaster and North Slope Storm. The amount of recovery assistance funds given to individuals was \$10.8 million.

Measure: Number of lives saved or protected (revised from FY 2001 legislation)

Current Status:

- The estimated number of lives saved or protected by the Division's activities in Alaska this last year was 106,000.

Measure: Updates to the State Emergency Operation Plan.

Current Status:

- The Division participated and assisted in the development of a working draft "Field Guide to Evacuation Planning and Implementation" for Incident Commanders to use at any event as needed. This coming year this guide will be finalized following the input from its actual use by various agencies. The Division also developed a draft of the State Emergency Communications Plan and will update this plan to incorporate upcoming changes from the Land Mobile Radio Project. A draft Donations Management Plan and a Community Relations Plan have been completed and distributed to State/federal agencies for input and will also be finalized this upcoming year. The Division has also completed the Weapons of Mass Destruction Plan Annex to the Model Community Plan that is available to all communities for their use.

Facilities Maintenance

Measure: The percentage reduction in accrued deferred maintenance projects (developed with the Legislature)

Current Status:

- The Deferred Maintenance backlog is \$20.7 million (\$13.6 million Army Guard and \$7.1 million Air Guard) as of July 2000. (GF \$5.7 million, FF \$15.0 million)
- In FY 2001 to 12/2000, we reduced the backlog by 6%. However, \$9.9 million was added to the backlog as a result of our inventory of facilities. (GF \$1.3 million and Federal \$8.6 million) Net growth in backlog 48%. Backlog as of FY 2001 \$29.4 million of which \$6.8 is general fund and \$22.6 federal.
- With the \$1.4 million request for deferred maintenance funding, adequate money for preventative maintenance, and if our yearly inventory of facilities shows no additional growth in the backlog, DMVA will achieve a 5% reduction in the existing maintenance backlog. (\$1.4 million / 29.4 million)

Measure: number of days lost due to facility-related accidents

Current Status:

- DMVA lost no days due to facility related accidents.

Measure: Expenditures and estimated cost savings related to energy efficiency measures (added by legislature)

Current Status:

- Required to spend 2.5% of federal funding toward energy projects
- 10-30% increase in overall utility cost due to increases in fuel costs
- Experience with three Federal Scout armories before and after an upgrade to lighting systems shows a 12% reduction in Kilowatt usage, from 12,822 to 11,306 kilowatts for a one year period.

Alaska National Guard

Measure: Military efficiency and readiness ratings (added by legislature)

Current Status:

- The National Guard will meet its mission
- Military efficiency and readiness ratings are specified by the Department of Defense
- Alaska National Guard Readiness is based on evaluating personnel, equipment and training evaluated quarterly
- The Alaska National Guard has met its readiness standards

Measure: Average response time for emergencies (added by legislature)

Current Status:

- Rescue Coordination Center for the Air Guard is a federally missioned and resourced program
- There are three response postures for the Air Guard: Short response, 30 minutes; medium, 1 hour 45 minutes; long 3 hours 30 minutes depending upon Air Force fighter operations.
- The Army Guard responds when municipal and state resources are exhausted, based on available manpower and equipment and the ability to muster the same

Measure: Number of persons assisted (added by legislature)

Current Status:

- All 626,932 Alaskans and indirectly all US citizens are covered under the umbrella of the National Guard
- The National Guard from January to December 2000 flew 337 missions and saved 117 lives two of which were military the rest civilian
- In FY 00 the AK National Guard assisted 36,000 people through our Innovative Readiness Training program
- In FY 00 the AK Army National Guard conducted 110 UH-60 helicopter sorties using 140.2 hours @ 2000/hr for a cost of \$280.4, saved 46 lives and assisted in 8 others
- In FY 01 the AK National Guard has currently assisted 14,500 through our Innovative Readiness Training program
- In FY 01 the AK ARNG has currently flown 51 UH-60 helicopter sorties using 49 hours @ 2000/hr for a cost of \$98.0, and saved 18 lives and 11 Assists

Measure: The amount and value of property protected (added by legislature)

Current status:

- Unable to quantify

Youth Academy

Measure: Graduates who receive a GED or reenter high school (added by legislature)

Current Status:

- 68% of the 91 graduates from class 00-1 received a GED or reentered high school
- Nationwide average is 66%

Measure: Students increasing English or math comprehension one grade level or more (added by legislature)

Current Status:

- Out of the 91 graduates from Class 00-1, students on average increased English comprehension by 3.0 grade levels and math levels by 2.2
- The national average is 1.4 grade levels

Measure: Enrollees who graduate from the program (added by legislature)

Current Status:

- Of the 110 enrolled, 91 or 82.7% graduated from the 00-1 class
- Target graduation is 100 or 90.9% of those enrolled

Measure: graduates in school or at work one year after graduation from the program (revised from legislature's FY 2000 version)

Current Status:

- Classes 99-1 and 99-2 have completed their 12-month post residential after care program phase and have a 90.5% and 91.2% success rate respectively. Class 99-3 graduated the residential phase March 24, 2000, and Class 00-1 graduated the residential phase September 15, 2000. Both classes are in their post residential after care program phase and success rate statistics are not yet available.
- Nationwide average is 83%

Veterans Services

Measure: number of contacts with persons seeking information about veterans' benefits (added by legislature)

Current Status:

- Since July 2000, more than 650 veterans have been visited

Measure: number of trips to assist rural veterans (added by the legislature)

Current Status:

- Since July 2000, 28 communities of which 17 are rural have been visited

Measure: The monetary value of benefits obtained. (developed with the Legislature)

Current Status

- During this past year, \$27.5 million (\$50 for every \$1 spent on the program) was secured for Alaskan veterans improving veterans' access to health care, housing and other services vital to their quality of life.
- Since July 2000, \$10,500,000 in veterans benefits has been recovered

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
FY01 MISSIONS AND MEASURES PRESENTATION TO HOUSE FINANCE
COMMITTEE

JANUARY 17, 2001

THANK YOU FOR INVITING ME TO PRESENT A REPORT ON THE PERFORMANCE OF THE DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES. THERE ARE VARIOUS WAYS TO DETERMINE HOW WELL AN AGENCY IS PERFORMING AND I WOULD LIKE TO DISCUSS THREE OF THOSE AREAS TODAY. FIRST, A REVIEW OF THE AWARDS RECEIVED BY THE DEPARTMENT AND SOME OF ITS EMPLOYEES; SECOND AN UPDATE ON THE DEPARTMENT'S RECENT PUBLIC OPINION SURVEY. AND FINALLY, A DISCUSSION OF THE PERFORMANCE MEASURES CONTAINED IN SB 281. I WILL BE VERY BRIEF SINCE THERE ARE 44 PERFORMANCE MEASURES FOR DOT&PF.

THE DEPARTMENT'S MISSION IS TO DEVELOP, OPERATE, MAINTAIN, AND MANAGE FACILITIES, VEHICLES, AND TRANSPORTATION MODES. WE ARE RESPONSIBLE FOR OVER 6,000 CENTERLINE MILES OF ROADS, 715 BRIDGES, 260 AIRPORTS PLUS 2 INTERNATIONAL AIRPORTS, 600 BUILDINGS, 81 HARBORS, 10 FERRIES, AND OVER 7,600 PIECES OF EQUIPMENT.

SO, HOW ARE WE DOING? I BELIEVE THAT BEING COMPARED TO OUR PEERS IN OTHER STATES IS AN EXCELLENT MEANS OF DETERMINING OUR PERFORMANCE. OVER THE PAST YEAR MANY NATIONAL AWARDS HAVE BEEN BESTOWED UPON DOT EMPLOYEES AND PROJECTS AND I'D LIKE TO TELL YOU ABOUT A FEW OF THEM:

- OUR BARROW DOT&PF EMPLOYEES RECEIVED THE PRESTIGIOUS BALCHEN POST AWARD FOR EXCELLENCE IN SNOW REMOVAL TECHNIQUES AND PRACTICES AT A SMALL HUB AIRPORT AND ANCHORAGE INTERNATIONAL AIRPORT RECEIVED THE AWARD FOR LARGE AIRPORTS,
- THE NORTHERN REGION OFFICE RECEIVED THE HISTORIC PRESERVATION AWARD FOR THEIR WORK ON THE KUSKALANA BRIDGE RE-CONSTRUCTION,
- SHARI HOWARD OF OUR FAIRBANKS RIGHT-OF-WAY OFFICE RECEIVED THE GOOD NEIGHBOR AWARD FOR MATERIAL SITE MANAGEMENT INVOLVING DNR LANDS,
- JOHN HORN AND STEVE HORN OF OUR CENTRAL REGION RECEIVED THE ANCHORAGE BEAUTIFICATION AWARD FOR LANDSCAPING IMPROVEMENTS AT THE RASPBERRY & JEWEL LAKE INTERSECTION
- THE WHITTIER TUNNEL PROJECT HAS WON 7 PRESTIGIOUS STATE AND NATIONAL AWARDS

- SOUTHEAST REGION'S CHILKAT EAGLE PRESERVE WON ONE OF 4 AASHTO NATIONAL AWARDS FOR THE BEST ENHANCEMENT PROJECTS IN THE USA.
- WE RECEIVED ALL AMERICAN ROAD STATUS FOR THE SEWARD HIGHWAY JOINING 15 OTHER ROADS IN THE USA TO ACHIEVE THIS NATIONAL RECOGNITION
- TOM MOSES, PROJECT MANAGER FOR THE WHITTIER TUNNEL PROJECT WAS HONORED BY THE AMERICAN ASSOCIATION OF STATE HIGHWAY TRANSPORTATION OFFICIALS (AASHTO) WITH THE PRESIDENT'S AWARD FOR HIGHWAYS – THE HIGHEST HIGHWAY ENGINEERING AWARD IN THE NATION.
- ON THE NATIONAL FRONT, I AM CURRENTLY THE PRESIDENT OF THE WESTERN ASSOCIATION OF STATE HIGHWAY OFFICIALS (18 STATES WEST OF THE MISSISSIPPI RIVER), CHAIRMAN OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIAL'S STANDING COMMITTEE ON HIGHWAYS (WHICH SETS THE TECHNICAL STANDARDS FOR ALL HIGHWAYS IN THE US), AND ONE OF TWO U.S. VOTING MEMBERS ON THE INTERNATIONAL ROAD CONGRESS.

BY THE WAY, WE WERE SUCCESSFUL IN WINNING THE 2002 AASHTO ANNUAL MEETING FOR ANCHORAGE AND IN OCTOBER 2002 APPROXIMATELY 2000 DELEGATES FROM ALL 50 STATES WILL BE IN ANCHORAGE FOR THE 5-DAY MEETING.

ALASKA SHOULD BE PROUD OF THE ACCOMPLISHMENTS OF ITS DOT EMPLOYEES. WE CAN COMPETE WITH ANY DOT IN THE NATION AND I'M PROUD TO BE THEIR COMMISSIONER.

HOW OUR CUSTOMERS VIEW US IS A SECOND MEASURE OF OUR PERFORMANCE. THIS PAST FALL WE UPDATED A CUSTOMER SATISFACTION SURVEY WE COMPLETED 2 YEARS AGO. I AM HAPPY TO SAY THAT THE DEPARTMENT HAS IMPROVED OVER THE PAST 2 YEARS – SOME OF THE RESULTS ARE:

- MORE ALASKANS FEEL THAT THEIR AREA OF THE STATE IS BEING TREATED FAIRLY IN TRANSPORTATION FUNDING THAN IN 1998, 59% TO 51%.
- SATISFACTION WITH OVERALL CONDITION OF ROADS AND HIGHWAYS INCREASED FROM 52% IN 1998 TO 69% IN 2000.
- 87% OF THOSE WHO USE OUR RURAL AIRPORTS ARE SATISFIED WITH THEIR OVERALL CONDITION COMPARED TO 68% IN 1998.
- OF THOSE WHO RIDE OUR FERRIES AT LEAST ONCE A YEAR, 78% WERE SATISFIED WITH THE FERRY SYSTEM, COMPARED TO 67% IN 1998. IF YOU INCLUDE ALL USERS, NOT JUST THOSE WHO TRAVEL THE SYSTEM REGULARLY, 85% WERE SATISFIED WITH THE FERRIES.
- THOSE WHO USE BICYCLE AND WALKING TRAILS WERE ALSO MORE SATISFIED – 68% IN 1998, 89% IN 2000.

THE SURVEY DID INDICATE SOME AREAS OF CONCERN .

- ONLY 7% OF ALASKANS HAVE EVER PARTICIPATED IN THE DOT&PF PLANNING PROCESS.
- ONLY 18% HAD KNOWLEDGE OF THE STIP.
- ONLY 21% WERE AWARE OF OUR REGIONAL PLANNING ACTIVITIES.

WE NEED TO IMPROVE IN THOSE AREAS BY INCREASING PUBLIC AWARENESS OF OUR PROGRAMS.

I WILL NOW ADDRESS THE PERFORMANCE MEASURES FROM SB 281.

THE PERCENTAGE OF DIVISIONS THAT REACH ASSIGNED PERFORMANCE MEASURES.

ALL DIVISIONS ARE TRACKING LEGISLATIVELY ASSIGNED PERFORMANCE MEASURES. WE HAVE NOT DETERMINED HOW TO MEASURE THE PERCENTAGE BUT WILL PROVIDE THAT INFORMATION NEXT YEAR.

THE PERCENTAGE OF STATE NATIONAL HIGHWAY SYSTEM LANE MILES OF ROAD THAT MEET STANDARDS OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS AFTER 5 YEARS OF A CONCERTED EFFORT TO MODERNIZE THE NATIONAL HIGHWAY SYSTEM (NHS) ROUTES IN ALASKA, THERE ARE 1,424 MILES (70%) OF THE NHS THAT MEET NATIONAL STANDARDS AND 615 MILES (30%) [INCLUDING MUCH OF THE DALTON HIGHWAY] WHICH DO NOT

MEET THESE STANDARDS. SIGNIFICANT PROGRESS HAS BEEN MADE ON THE STERLING, SEWARD, GLENN, PARKS, DALTON, AND OTHER MAJOR HIGHWAYS IN RECENT YEARS AND THIS PROGRESS WILL CONTINUE INTO NEXT YEAR.

THE PERCENTAGE OF REQUESTED ENGINEERING FIRM AUDITS AND DESK REVIEWS COMPLETED IN THE PREVIOUS FISCAL YEAR
DURING FISCAL YEAR 2000, INTERNAL REVIEW RECEIVED REQUESTS FOR AND COMPLETED 50 ENGINEERING FIRM AUDITS OR DESK REVIEWS. THEY ARE TO BE COMPLIMENTED.

THE PERCENTAGE OF REQUIRED COMPLIANCE REVIEWS FOR RESPONSIVENESS TO DISADVANTAGED BUSINESS ENTERPRISE AND ON-THE-JOB TRAINING CONTRACT REQUIREMENTS COMPLETED.
130% OF REQUIRED COMPLIANCE REVIEWS WERE COMPLETED. THE CIVIL RIGHTS OFFICE IS ANNUALLY TASKED BY FHWA WITH COMPLETING 10 CONTRACT COMPLIANCE REVIEWS. 13 REVIEWS HAVE BEEN INITIATED AND COMPLETED SO FAR THIS YEAR. THEY HAVE DONE AN OUTSTANDING JOB.

WHETHER THE DEPARTMENT COMPLETES THE ENVIRONMENTAL IMPACT STATEMENT PHASE ON THE KETCHIKAN AIRPORT ACCESS BY DECEMBER 31, 2001.

WORK IS PROGRESSING ON THE EIS WITH ALTERNATIVES IDENTIFIED.
THE DECEMBER 31, 2001 COMPLETION IS CURRENTLY ATTAINABLE.

**THE PERCENTAGE OF COST-EFFECTIVE PRIVATE MAINTENANCE
CONTRACTS AT NON-CERTIFIED AIRPORTS COMPARED TO THE TOTAL
NUMBER OF NON-CERTIFIED AIRPORTS;**

THE DEPARTMENT HAS 192 NON-CERTIFICATED AIRPORTS. THE
MAINTENANCE AND OPERATIONS OF 134 IS CONTRACTED TO PRIVATE
FIRMS OR INDIVIDUALS. 70% OF OUR NON-CERTIFIED AIRPORTS ARE
MAINTAINED BY PRIVATE CONTRACTORS.

MOST OF THE NON-CERTIFIED AIRPORTS MAINTAINED BY DOT&PF (58)
ARE LOCATED NEXT TO HIGHWAYS. OUR HIGHWAY CREWS ARE VERY
COST EFFECTIVE IN MAINTAINING THE AIRPORTS AND I DON'T SEE THAT
CHANGING.

**WHETHER THE DEPARTMENT MAINTAINS THE 100 PERCENT PASS
LEVEL OF ANNUAL FEDERAL AIRPORT CERTIFICATION INSPECTIONS
FOR RESPONSE AND SAFETY STANDARDS SET OUT IN FEDERAL
AVIATION REGULATIONS;**

THE FEDERAL AVIATION ADMINISTRATION (FAA) INSPECTS CERTIFICATED
AIRPORTS AT LEAST ANNUALLY TO MAKE SURE THEY ARE BEING

OPERATED SAFELY. 100% OF OUR AIRPORTS PASSED CERTIFICATION INSPECTION. (26 AIRPORTS)

WHETHER THE DEPARTMENT ACHIEVES A 5% ANNUAL INCREASE IN CARGO LANDINGS AT THE INTERNATIONAL AIRPORTS MEASURED ON A THREE-YEAR ROLLING AVERAGE

AT THE TED STEVENS ANCHORAGE INTERNATIONAL AIRPORT THE FY 00 CARGO LANDINGS VS. FY 99 LANDINGS SHOWED A GROWTH RATE OF 12.7%. THE 3-YEAR ROLLING AVERAGE FOR ANCHORAGE REFLECTS A GROWTH RATE OF 6.9%.

FAIRBANKS INTERNATIONAL AIRPORT HAS ACHIEVED A THREE-YEAR ROLLING AVERAGE OF 5% IN CARGO LANDING GROWTH.

**WHETHER THE DEPARTMENT COMPLETES THE GATEWAY ALASKA
TERMINAL REDEVELOPMENT PROJECT BY SEPTEMBER 1, 2004;
WE HAVE EXPERIENCED DELAYS DUE TO STRUCTURAL DESIGN PROBLEMS
ON THE NEW TERMINAL BUT THE TOTAL PROJECT COMPLETION DATE OF
SEPTEMBER 1, 2004 IS STILL ATTAINABLE. REMAINDER OF PROJECT IS
GOING WELL.**

**THE PERCENTAGE OF AIRPORT DEVELOPMENT MASTER PLANS THAT
ARE COMPLETED AND AIRPORT LAYOUT PLANS THAT ARE ADOPTED
BY REGION.**

AIRPORT LAYOUT PLANS (ALPS) ARE THE DRAWINGS THAT DEPICT
EXISTING CONDITIONS AND THE ULTIMATE DEVELOPMENT THAT IS
PLANNED AT AN AIRPORT. NORTHERN REGION HAS 96% OF THEIR
AIRPORT LAYOUT PLANS APPROVED (98 OUT OF 102). CENTRAL REGION
HAS 70% OF THEIR AIRPORT LAYOUT PLANS APPROVED (81 OUT OF 115)
AND SOUTHEAST REGION HAS AIRPORT LAYOUT PLANS APPROVED FOR
100% OF THEIR AIRPORTS.

**WHETHER THE DEPARTMENT MAINTAINS OR REDUCES THE NET
VALUE OF FACILITIES DEFERRED MAINTENANCE PROJECTS
ANNUALLY WITH LEGISLATIVE APPROPRIATION SUPPORT.**

- THE DEPARTMENT RECEIVED A TOTAL OF \$800,000 IN FY01 FOR MAINTENANCE OF ALL OF THE STATE-OWNED FACILITIES THE DEPARTMENT IS RESPONSIBLE FOR MAINTAINING.

THE ACCUMULATED DEFERRED MAINTENANCE BACKLOG HAS INCREASED 14% IN THE PAST TWO YEARS. THE ESTIMATED DEFERRED MAINTENANCE NEED, INCLUDING ADA, IS NOW IN EXCESS OF \$52 MILLION SIGNIFICANT DETERIORATION OF OUR PUBLIC FACILITIES CONTINUES.

THE PERCENTAGE OF FACILITY MECHANICAL SYSTEMS THAT PASS SAFETY INSPECTIONS EACH YEAR;

100% OF OUR MECHANICAL SYSTEMS HAVE PASSED SAFETY INSPECTIONS DURING THE PAST YEAR.

THE PERCENTAGE OF RURAL AIRPORT LEASES THAT ARE RENEWED OR NEWLY LEASED AT FAIR MARKET VALUE DURING THE FISCAL YEAR.

WHEN THE NEW TITLE 17 AIRPORT REGULATIONS ARE IMPLEMENTED LATER THIS SPRING, WE WILL BE ABLE TO BEGIN GRADUALLY INCREASING LEASE RATES TOWARD FAIR MARKET VALUE.

THE TRANSFER OF STATE-OWNED PORTS AND HARBORS TO LOCAL CONTROL WITH LEGISLATIVE APPROPRIATION SUPPORT.

LAST YEAR THE LEGISLATURE PASSED BOND FUNDING FOR THE TRANSFER OF SOME HARBORS IN CH 130. COMMUNITIES INCLUDED ARE: KLAWOCK, SELDOVIA, CORDOVA, VALDEZ, WHITTIER, KETCHIKAN, SITKA, PETERSBURG, AND NOME. NO COMMUNITY HAS TAKEN ADVANTAGE OF THIS LEGISLATION AND ALL HAVE INDICATED THAT THE TERMS OF THE BONDING ARE NOT SATISFACTORY. NO TRANSFERS OCCURRED THROUGH THIS APPROPRIATION.

THE NUMBER OF MILES OF GRAVEL ROADS THAT ARE SURFACED WITH CHIP SEAL, HOT MIX, OR HIGH FLOAT ASPHALT FOR THE FIRST TIME, REPORTED REGIONALLY

THE NUMBER OF CENTERLINE MILES OF GRAVEL ROAD SURFACED WITH CHIP SEAL, HOT MIX OR HIGH FLOAT ASPHALT FOR THE FIRST TIME DURING FY00 IS:

	TOTAL
CENTRAL REGION	103.0
NORTHERN REGION	49.0
SOUTHEAST REGION	5.0
TOTAL	157.0

THE PERCENTAGE OF HIGHWAY AND AIRPORT LANE MILES PER FULL-TIME-EQUIVALENT EMPLOYEE COMPARED TO THE AVERAGE OF MEMBER STATES OF THE WESTERN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS.

NORTHERN REGION MAINTAINS HIGHWAY AND AIRPORT LANE MILES WITH 42.1 LANE MILES PER FULL TIME EQUIVALENT POSITION.

SOUTHEAST REGION AVERAGES 35.3 HIGHWAY AND AIRPORT LANE MILES PER FULL TIME EQUIVALENT. CENTRAL REGION MAINTAINS HIGHWAY AND AIRPORT LANE MILES WITH AN AVERAGE OF 37 LANE-MILES PER FTE POSITION. THE DOT&PF AVERAGE IS 38.1 LANE MILES PER FTE POSITION.

THIRTEEN OF THE WESTERN STATES AVERAGED 21.7 LANE MILES PER FULL TIME EQUIVALENT POSITION.

THE DIFFERENCE BETWEEN ALASKA 38.1 AND THE WASHTO AVERAGE 21.7 REFLECTS THE REDUCTION OF ALASKAN HIGHWAY MAINTENANCE PERSONNEL OVER THE LAST 10 YEARS.

THE NUMBER OF MILES OF ROAD MAINTENANCE FOR WHICH RESPONSIBILITY IS TRANSFERRED TO LOCAL GOVERNMENTS.

IN FY00 22.6 LANE MILES OF ROAD MAINTENANCE RESPONSIBILITY WAS TRANSFERRED TO LOCAL GOVERNMENTS.

MATSU - 7.3

FAIRBANKS - 7.5

KENAI - 2.3

WRANGELL - 2.

JUNEAU - 3.5

**WHETHER THE DEPARTMENT FULLY IMPLEMENTS THE
MAINTENANCE MANAGEMENT SYSTEM STATEWIDE BY JUNE 30, 2003.**
THE DEPARTMENT WILL IMPLEMENT A MAINTENANCE MANAGEMENT
SYSTEM THAT WILL ESTABLISH SPECIFIC MAINTENANCE CRITERIA WITH
DEFINED SERVICE LEVELS AND ASSOCIATED COSTS.

A CONSULTANT WAS HIRED TO DETERMINE THE APPROACH AND SCOPE
OF A MAINTENANCE MANAGEMENT SYSTEM (MMS). IT IS ENVISIONED
THAT THE MMS WILL BE IMPLEMENTED IN A PHASED MULTI-YEAR
APPROACH STARTING IN 2001 AND COMPLETING IN 2003.

**WHETHER 80 PERCENT OF THE FLEET WET RENTALS ARE RETURNED
TO THE DIVISION AS SCHEDULED FOR PREVENTIVE MAINTENANCE ON
OR BEFORE JUNE 30, 2001**

REGIONAL TOTALS ARE AS FOLLOWS:

SOUTHEAST 44%

CENTRAL 56%

NORTHERN 90%

**THE AVERAGE DOWN TIME FOR LIGHT DUTY, ACTIVELY USED
EQUIPMENT IN URBAN AREAS;**

STATE EQUIPMENT FLEET HAS JUST STARTED TO TRACK DOWNTIME FOR LIGHT DUTY VEHICLES IN URBAN AREAS. WE DO NOT HAVE ACTUAL STATISTICS AT THIS TIME BUT WILL BE ABLE TO PRESENT ACTUAL NUMBERS NEXT YEAR.

THE NUMBER OF LOCATIONS OF THE STATE EQUIPMENT FLEET WHOSE RATES ARE EQUAL TO OR LESS THAN THE RENTAL RATES PUBLISHED IN INDUSTRY GUIDE BOOKS.

SEF HAS COMPLETED THE COMPARISON OF THE FY2001 RENTAL RATES WITH THE CURRENT RENTAL RATE BLUE BOOK FOR CONSTRUCTION EQUIPMENT. A TOTAL OF 862 VEHICLES IN 76 EQUIPMENT CLASSES WERE INCLUDED IN THE STUDY. IN ALL REGIONS SEF RATES WERE LOWER THAN THOSE IN THE BLUE BOOK. THE SEF RATES RANGED FROM LESS THAN 10% TO 86% OF THE BLUE BOOK RATES, WITH A STATEWIDE AVERAGE OF 39%.

WHETHER THE AVERAGE TIME FOR PAYMENT TO VENDORS IS 29 DAYS OR LESS;

OVER THE PAST THREE YEARS THE DEPARTMENT HAS MAINTAINED AN AVERAGE OF 24 DAYS FOR PAYMENT TO VENDORS. THROUGH THE FIRST QUARTER OF FY01 THE DEPARTMENT IS CONTINUING TO MAINTAIN A 24 DAY AVERAGE FOR PAYMENTS.

**HOW LONG IT TAKES THE DIVISION TO PROCESS A PURCHASE
REQUEST BEFORE THE ORDER IS PLACED.**

THE DOT&PF PROCESSES ABOUT 1,700 PURCHASE REQUESTS A MONTH
WITH A TOTAL OF 6,350 LINE ITEMS. THAT EQUATES TO A WORKLOAD OF
20,400 PURCHASES A YEAR CONSISTING OF 86,200 LINE ITEMS.

PROCESSING TIME INFORMATION IS CURRENTLY BEING COLLECTED FOR
FY 01 AND WILL BE PRESENTED NEXT YEAR.

**THE PERCENTAGE OF PROTEST AND CLAIM DECISIONS OF THE
DEPARTMENT OVERTURNED BY THE COURTS DURING THE FISCAL
YEAR.**

DURING FY2000, THERE WERE FOUR DOT&PF CLAIM APPEALS THAT WERE
EITHER ALREADY IN OR MADE THEIR WAY TO THE ALASKA COURTS.
NONE OF THESE CASES WERE FINALIZED IN FY2000.

THE PERCENTAGE REDUCTION IN PAYROLL CALCULATION ERRORS.
THE ADMINISTRATIVE SERVICES DIVISION HAS JUST BEGUN TRACKING
THE EXTENT OF PAYROLL CALCULATION ERRORS. THE COMPLEXITY OF
MANY OF THE LABOR AGREEMENTS CREATES PROBLEMS. WE WILL
REPORT ON THIS ITEM NEXT YEAR.

**COMMERCIAL VEHICLE SAFETY INSPECTIONS PER FULL-TIME-
EQUIVALENT EMPLOYEE OF THE DIVISION;**

DURING FY2000, ACTUAL PERFORMANCE WAS 145.54 INSPECTIONS PER FULL-TIME-EQUIVALENT EMPLOYEE COMPARED TO 109.81 PER FULL-TIME-EQUIVALENT EMPLOYEE IN FY99.

WEIGHING AND MEASURING DEVICE INSPECTIONS CONDUCTED PER FULL-TIME-EQUIVALENT EMPLOYEE OF THE DIVISION.

DURING FY2000 THERE WERE A TOTAL OF 14,813 WEIGHING AND MEASURING DEVICES INSPECTED FOR A TOTAL OF 1,481 INSPECTIONS CONDUCTED PER FULL-TIME-EQUIVALENT EMPLOYEE OF THE DIVISION. THIS COMPARES TO 1,397 INSPECTIONS CONDUCTED PER FULL-TIME-EQUIVALENT EMPLOYEE IN FY99. OUR GOAL IS 1500.

THE PERCENTAGE OF FEDERAL HIGHWAY FUNDS OBLIGATED IN THE PREVIOUS FEDERAL FISCAL YEAR;

100% OF FEDERAL HIGHWAY FUNDS WERE OBLIGATED THIS YEAR. THE DEPARTMENT'S PERFORMANCE PLACED THE STATE IN A POSITION TO RECEIVE AN ADDITIONAL \$1.5 MILLION IN FUNDING FROM THE FEDERAL HIGHWAY ADMINISTRATION. THE ADDITIONAL FUNDS WERE AVAILABLE BECAUSE OTHER STATES WERE UNABLE TO OBLIGATE THEIR FULL ALLOCATION OF FEDERAL-AID.

THE PERCENTAGE OF PROJECTS IN THE CAPITAL BUDGET THAT HAVE BEEN DESIGNED AND BID IN THE YEAR PROGRAMMED.