

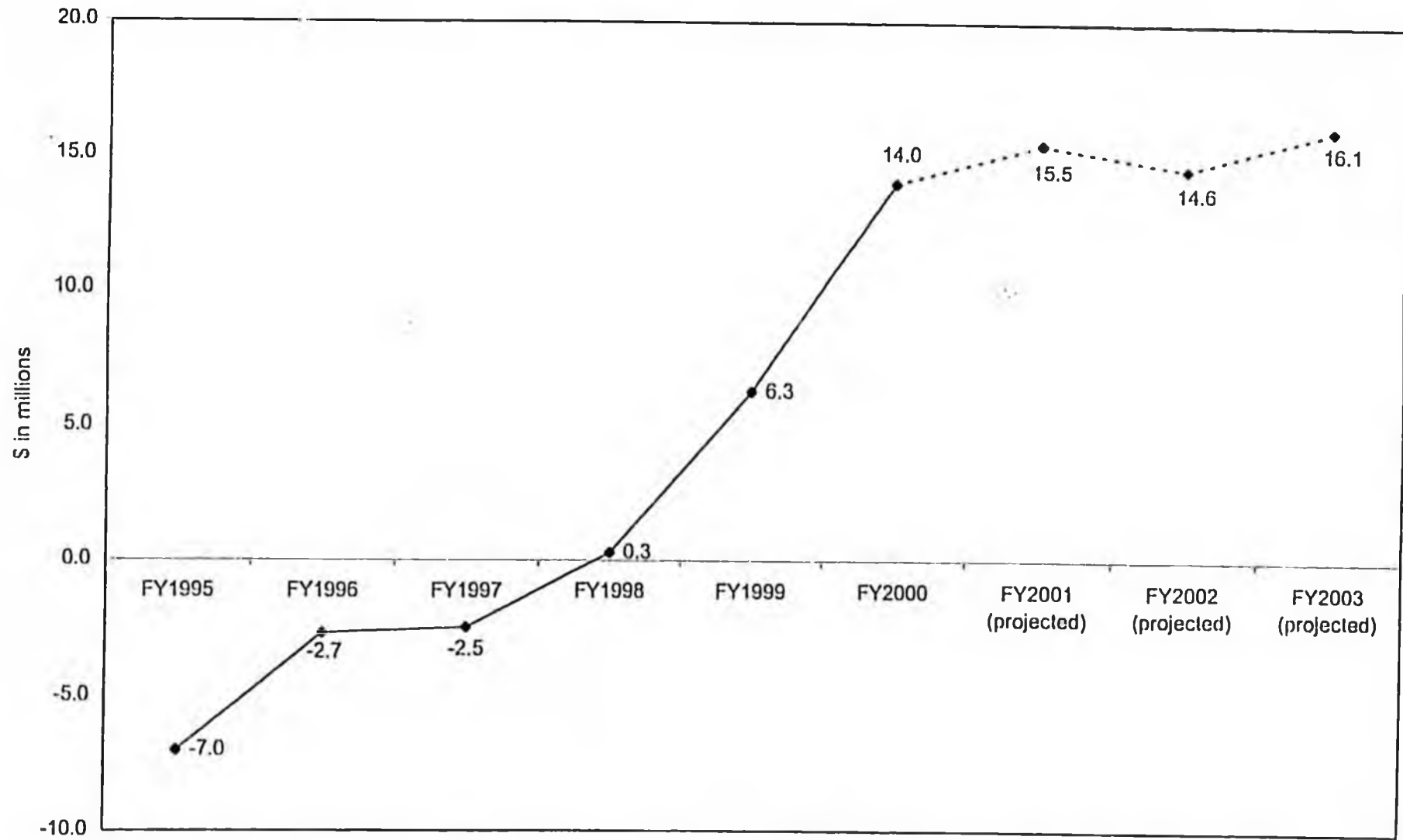
ALASKA LEGISLATURE

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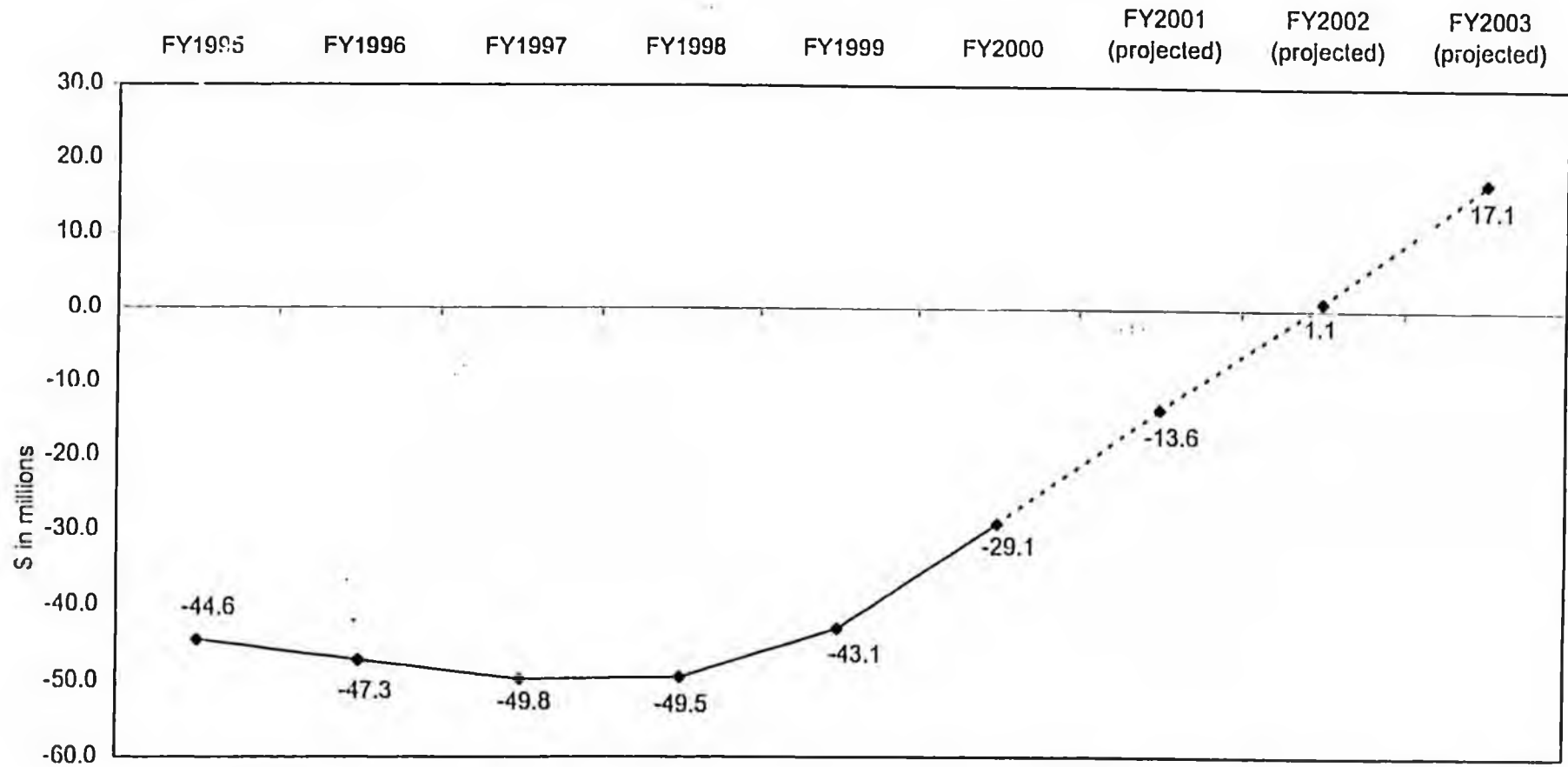
HOUSE and SENATE FINANCE COMMITTEE FILES,

2001 - 2002

Alaska Student Loan Corporation Income/Loss Trend



Alaska Student Loan Corporation Accumulated Deficit of Fund Equity*



Fund Equity Balance:	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001 (projected)	FY2002 (projected)	FY2003 (projected)
	\$262.1	\$259.4	\$256.9	\$257.2	\$263.6	\$275.4	\$286.9	\$296.2	\$307.2

*In 1987, the Legislature transferred assets valued at \$360 million in the form of student loans to the Corporation in order to establish the student loan fund.

Review of Department Accomplishments: Alaska Commission on Judicial Conduct

Mission

Alaska's Commission on Judicial Conduct was created by amendment to the state constitution in 1968. The Commission is composed of three state court judges, three attorneys who have practiced law in the state for at least ten years, and three members of the public. This group of nine individuals from differing backgrounds and geographical areas addresses problems of judicial conduct and disability. Any person may file a complaint alleging judicial misconduct.

Unique Role of the Commission

Judicial ethics commissions, like the Alaska Commission on Judicial Conduct, were created in the late sixties and early seventies to address the unique issues of judicial ethics and discipline. These commissions provided vehicles for public participation in judicial discipline through membership on the commission and today every state and the District of Columbia has a judicial ethics commission. By providing an independent agency from the court system, the Commission has some freedom to objectively receive and investigate ethics complaints against the judiciary. There is no other agency that fills this function in our state.

Effectiveness of the Commission

In 1999, the Commission processed more complaints and took informal action in more of those complaints than in prior years. However, the caseload and resulting actions fluctuate over any given time period and the Commission's actions depend on the nature of the complaints filed with us. In 2000, the number dropped to a more typical number and we held a formal hearing in a formally charged matter. Attached is a chart that reflects the past seven years of Commission activity.

We also undertake educational activities that, hopefully, prevent to some extent future ethical lapses by judges. The Commission issues advisory opinions to judges, publishes a quarterly newsletter, and participates in statewide judicial conferences. In addition, staff makes an effort to speak to local community groups to inform the public of our function and purpose. This past fall, the Commission issued new "Judicial Applicant Guidelines", co-published with the Judicial Council and the Alaska Bar Association to provide ethical guidelines to applicants for judgeships and their supporters.

Staff

Our Commission has a full-time staff of two: an executive director and an administrative assistant. As needed, the Commission hires special counsel when a complaint proceeds to a point that it creates an adversarial relationship between the Commission and the judge.

1/19/01

**Comparison of Actions Taken by
Alaska Commission on Judicial Conduct**

Action taken	1994	1995	1996	1997	1998	1999	2000
Complaints investigated	33	20	15	15	21	32	19
Judges asked to respond in writing	1	0	0	2	0	0	0
Judges summoned before Commission	0	0	0	2	0	1	2
Dismissed before formal hearing	0	0	0	1	0	0	0
Dismissed as unsubstantiated	0	0	0	0	2	1	0
Dismissed for lack of jurisdiction	18	28	16	25	28	41	34
Dismissed for insufficient evidence after investigation	30	20	14	13	17	25	16
Private sanctions and cautionary letters	2	5	1	1	2	6	3

Department of Revenue

Missions and Measures / Accomplishments / Priorities

What is our mission?

The mission of the Department of Revenue is to collect and invest funds for public purposes. *(This mission was adopted by the Legislature in Senate Bill 281 last session.)*

Who are our customers?

- The children and parents served by the almost 48,000 cases at the Child Support Enforcement Division. The caseload covers more than 60,000 children.
- The more than 600,000 Alaskans who apply for a Permanent Fund Dividend.
- The 160 municipalities that receive shared taxes and fees, such as the fishery landing tax and the electrical and telephone co-op taxes.
- The thousands of business taxpayers that deserve fair and reasonable treatment.
- The more than 1,100 owners who recovered \$1.13 million of unclaimed property in FY 2000.
- All 600,000 residents of Alaska who benefit from the timely collection of state revenues and prudent and profitable investment of state assets, including thousands of retired public employees who depend on Revenue for responsible management of their retirement funds.

How have we performed and what have we accomplished?

(The Alaska Housing Finance Corp. and Alaska Permanent Fund Corp. are excluded here because they were scheduled for their own presentation to the committee.)

Commissioner's Office

Mission: To provide support and policy direction to the divisions in the department.

Measures: The percentage of divisions that meet assigned performance measures.

It is too soon to quantify all of the divisions' performances against the measures established this past legislative session. We will be able to accurately quantify division-by-division performance against assigned measures after our first full fiscal year under this new program.

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The average time taken to respond to complaints and questions that have been elevated to the Commissioner's Office.

Dividend questions and complaints are answered within a week after they arrive in the Commissioner's Office. Child support inquiries are answered within two weeks of receipt. All other inquiries are answered within two weeks. *To ensure that all questions and complaints are answered in a timely manner, we have assigned certain categories of inquiries to specific staff members and will establish a tracking system within the Commissioner's Office and will monitor the receipt and response date on all such correspondence.*

The average time taken to issue decisions in child support and Permanent Fund Dividend appeals.

Most formal hearing decisions are issued within 30 days after the record closes. *The hearing section staff will continue to track appeals on a monthly basis, providing case status reports to the Commissioner's Office to ensure that cases are handled in a timely manner.*

Number of decisions sustained as compared to all decisions appealed to the Commissioner's Office.

The hearing officers overturn or amend less than 10 percent of the dividend and child support decisions appealed to formal hearing in the Commissioner's Office.

Accomplishments: Reducing the number of child support cases waiting for a formal hearing to an average of 70 during the year, and reducing the number of dividend appeals waiting for a formal hearing to an average of less than 170.

Priorities: The Commissioner's Office is heavily involved this year in analyzing the state's fiscal regime for an anticipated Alaska North Slope natural gas project, to ensure that Alaskans receive a fair share of the value of the publicly owned resource.

Administrative Services Division

Mission: To provide support services for departmental programs.

The division is comprised of the fiscal/procurement section, personnel/payroll and information technology.

Measures: The percentage of employee grievances that are overturned by a hearing officer from the Department of Administration or an arbitrator.

There have been none so far this fiscal year. A log will be maintained to track the number of grievances overturned each year. *The division's human resources manager will continue to provide training to management personnel throughout the department to help guard against conduct that could lead to employee grievances.*

Percentage of employee complaints and grievances filed at the departmental level that are resolved at that level.

Only one grievance has been filed this fiscal year; it has not been resolved yet.

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

The Administrative Services budget is 2.28% of total personnel costs for the Department of Revenue. *The division continues to look for cost efficiencies through consolidation of effort within the department.*

The number of late penalties assessed for payroll or vendor payments.

There have been no penalties assessed for late payments this fiscal year.

The number of audit exceptions resolved for the department.

A log will be maintained to track the number of audit exceptions.

Tax Division *(combined Oil and Gas and Income and Excise Tax Audit divisions)*

Mission: To collect taxes.

The division also oversees charitable gaming laws.

Measures: The division budget as compared to the total amount collected by the division.

The division's FY2000 budget is \$6.7 million. It collected \$1.555 billion, for a cost-of-collection ratio of 0.4%. *This compares well with the nationwide benchmark of 1% for the cost of collections.*

The percentage of taxes collected as compared to the percentage of taxes due.

The division collected 94.9% of all of the taxes assessed in Fiscal 2000 (\$1.555 billion of \$1.638 billion). *The division will survey other states to determine if a national benchmark is appropriate for percentage of taxes collected. The division also is working with taxpayers to make the state's tax rules more understandable in an effort to increase collections.*

The time expended compared to the time budgeted and the average time taken to complete audits.

Actual hours expended totaled 19,092 vs. 25,197 hours budgeted for the work.

The amount of assessments disallowed on appeal as compared to the amount of assessments claimed.

Just 2% of the tax and penalty assessment were overturned on cases that went before the state Office of Tax Appeals or a court.

Accomplishments: The Oil and Gas and Income and Excise Tax divisions successfully merged into a combined Tax Division effective April 1, 2000. The merger resulted in a small cost saving but greatly improved work flow, and allowed better allocation of professional staff as needed during the year.

The Tax Division, in conjunction with the Department of Law, successfully negotiated oil and gas tax and royalty settlements in Fiscal 2000 totaling more than \$440 million that were deposited into the Constitutional Budget Reserve Fund.

The Tax Division embarked on a major revision to its twice-yearly state revenue forecasts, designed to provide expanded information on the state's investment earnings and sources of income other than oil and gas revenues. The revised forecast books also provide a more detailed explanation of the state's fiscal situation, including the Constitutional Budget Reserve and investment strategies and risks.

Priorities: Defend the state's interests in a major challenge to the property tax assessment of the oil and gas production facilities at the Prudhoe Bay field, currently valued by the state at \$5.6 billion.

Permanent Fund Dividend Division

Mission: To administer the permanent fund dividend program.

Measures: **The percentage of dividend payments sent out on time to eligible applicants.**
For the 2000 dividend, 97.1% of the estimated payable dividends were issued as scheduled in October; just 2.9% of the applications were still in review or awaiting more information. *The division in 2001 will institute new procedures for screening applications, in an effort to reduce the number of applications delayed for review.*

The average time taken to process dividend applications.

It took the division, on average, about three to four weeks to process a dividend application and enter the data into the system in 2000. *Early applications are entered within a matter of days after the filing period opens in January. Then, as the inventory of applications grows during the filing period, the time between receipt of the application and data entry also grows, until the filing period closes and the division is able to complete its processing work. Promoting use of the division's new on-line application system will reduce the workload on the data entry staff — saving money and allowing for faster processing of applications submitted by paper.*

The average time taken to resolve informal appeals.

The statutory time frame to complete an appeal is one year. In Fiscal 2000, about 25% of the division's informal appeal inventory exceeded six months old, well below the statutory deadline. *By decreasing the number of cases that go to informal appeal — through better screening of the applications — the division will be able to reduce the waiting time for resolution of informal appeals.*

The average number of applications in review at the time of the dividend calculation.

The total was 13,331 when the 2000 dividend was calculated in October. *This equals about 2% of the more than 610,000 applications filed for the 2000 dividend. The division's goal is to reduce that number below 10,000 for 2001, with further reductions in subsequent years by improved screening procedures.*

Accomplishments: The division's promotional efforts have helped increase the use of direct deposit by dividend applicants. From 59% in 1998 to 63% in 1999, the number increased to 67% in 2000. Increased use of direct deposit helps reduce the division's operating costs, while at the same time moving the money to Alaskans faster.

The division offered its on-line application process for the first time in March 2000, and already this year has collected more than 16,000 on-line applications in just the first three weeks of the 2001 application period.

Priorities: In addition to increasing the public's acceptance of the new on-line application process and direct deposit, the division intends this year to institute for the first time ever in the history of the program a random audit of dividend applications. The intent is to safeguard the program by spotchecking applications to verify the accuracy of eligibility data.

Treasury Division

Mission: **Manage the state's funds.**

The division invests and manages state funds, including public employee retirement funds, and locates and returns unclaimed property to rightful owners.

Measures: **Investment returns against performance benchmarks.**

	FY 2000 Actual	FY 2000 Benchmark
General Fund		
and other non-segregated investments	5.29 %	4.82 %
CRRF	5.02 %	4.43 %
Alaska Children's Trust	6.41 %	6.93 %
Public School Trust Fund	6.43 %	6.93 %
International Airports Revenue Fund	5.17 %	4.75 %

Administrative costs per dollar of investment.

The division is in the process of determining if comparable statistics are available from similar entities nationwide. Meanwhile, we are compiling the data for Fiscal 2000 and Fiscal 2001 to begin a year-to-year trend analysis.

Accomplishments: The Treasury Division met or exceeded their benchmark rates of return for its two largest state funds.

The division issued \$25 million in additional Anchorage International Airport construction bonds and a \$60 million certificate of participation with the Municipality of Anchorage for the new Anchorage jail.

Priorities: The department transferred the Unclaimed Property Section from the Tax Division to the Treasury Division on Jan. 1, 2001. The Treasury Division intends to expand the efforts to locate the owners of unclaimed property, while also stepping up its audit work to ensure that financial institutions and other business turn over unclaimed property to the state. The Unclaimed Property Section generally recovers about \$2.25 million to \$2.5 million in property each year, returning on average about \$750,000 to the owners and depositing \$1.5 million in the state General Fund. Increased use of the Internet will help the Unclaimed Property Section return more assets to the owners.

The division has made changes in its investment policies for the Alaska Children's Trust and the Public School Trust Fund to ensure that both funds reach their benchmarks in Fiscal 2001.

Alaska Municipal Bond Bank Authority

Mission: To provide municipalities with financing options for capital projects.

Measure: The number of capital projects financed or refinanced with bonds as compared to the total number of projects for which funding was requested.

The Bond Bank Authority financed or refinanced four bond issues in Fiscal 2000, and has completed five projects in the first half of Fiscal 2001 (with two more under review). *The Bond Bank is evaluating the most reasonable method to determine the number of actual requests it receives, as many calls simply constitute information on the part of the municipalities. There were two applications received in FY 2000 that did not result in an issuance of Bond Bank bonds, however, both of these communities obtained alternate sources of capital. The Bond Bank will increase its contacts with municipal officials in 2001 in an effort to increase awareness and use of the Bond Bank, which often can assist a municipality in reducing its cost of borrowing funds for capital projects.*

The value of municipal bonds issued during the year.

The value of issues in Fiscal 2000 was \$24.8 million (projects in Fairbanks, Cordova, Kaktovik, Sitka, Unalaska and communities on Prince of Wales Island). The value of projects already approved in Fiscal 2001 is \$44.2 million.

Alaska State Pension Investment Board

Mission: To manage state pension funds.

Measures: The investment returns against performance benchmarks.

	5-Year Actual	5-Year Benchmark
Public Employees Retirement Fund	13.43%	13.23%
Teachers Retirement Fund	13.61%	13.23%

Administrative cost per dollar of investment.

The division is in the process of determining if comparable statistics are available from similar entities nationwide. Meanwhile, we are compiling the data for Fiscal 2000 and Fiscal 2001 to begin a year-to-year trend analysis.

Child Support Enforcement Division

Mission: To ensure that children receive the child support due them.

The division collects and distributes child support payments; establishes paternity; establishes and modifies child support orders.

Measures: The total operating budget of the division as compare to the total amount of collections.

The division's Fiscal 2000 operating budget totaled \$16.67 million. It collected \$85 million in child support, producing \$5.10 in collections for every \$1 in operating costs. If you measure collections against just state funds in the budget, the number increases to almost \$29 in collections for every \$1 spent. *The division plans to poll states with comparable caseloads to determine an appropriate benchmark for operational expenses vs. collections*

The percentage of ongoing cases receiving child support checks on time.

In Fiscal 2000, 47.3% of the ongoing cases received child support checks on time.

The number of cases with errors and cases appealed compared to the total number of cases.

The division operates a complaint resolution staff in the director's office. The staff handled 63 cases with division errors in Fiscal 2000. The hearing staff at the Commissioner's Office received 293 formal appeals of child support cases. *Certainly, the division made mistakes on more than 63 out of 48,000 cases last year, but errors corrected at the caseworker level do not reach the complaint resolution office, and the division does not have a reliable method of tracking errors corrected by frontline personnel. The division will increase its training of supervisory staff to quickly handle any case errors.*

The number of cases where adjustment is overdue by 30 days or more.

As of Jan. 1, 2001, the division's inventory of cases waiting more than 30 days for an accounting adjustment totaled 2,308. *This is down substantially from 6,500 on Oct. 1, 1999, and the division's target is to complete its backlog-reduction project by June 30, 2001. The division has established a "backlog team" to efficiently work through the cases waiting for adjustments, and is tracking the progress with monthly reports to the director's office and the commissioner's office.*

The number of cases in which there are child support orders.

The number of cases with orders was 79.4% of total caseload as of Oct. 31, 2000, an increase from 75% in October 1999. *The national rate in federal Fiscal Year 1999 was 60.4%.*

The number of cases with arrearages that have collections as compared to the total number of cases with arrearages.

On Sept. 30, 2000, the number was 64.8%. The national rate for federal Fiscal Year 1999 was 54.4%.

Accomplishments: The division collected more than \$85 million in child support payments in Fiscal 2000, another record year for the agency and a 5% increase over the \$81 million in collections in Fiscal 1999.

The division in 2000 achieved full federal certification of its computerized case management system for meeting all of the requirements of federal Family Support Act.

Concentrating on improving customer service, the division reduced the telephone hold time for callers from 36 minutes in November 1999 to between 3 and 4 minutes in January 2001.

In a cooperative program with law enforcement agencies, the division in Fiscal 2000 collected more than \$100,000 from property seized during the arrest of criminal suspects.

Priorities: The division is researching options for an improved phone system to help provide better service to the public and will continue rewriting its forms and letters to make them more understandable. The goal is to return phone calls and answer letters and emails in a timely manner. Additional training, monitoring of work flow and productivity will be used by management to ensure that the goal is met.

The effective collection and enforcement tools adopted by the Legislature in 1997 and 1998 sunset on June 30, 2001. Passage of legislation to repeal the sunset provisions is the division's — and the department's — top legislative priority this session. Failure to repeal the provisions would place the state out of compliance with federal welfare laws and would jeopardize up to \$80 million a year in federal funding for child support enforcement and public assistance programs in Alaska.

Alaska Mental Health Trust Authority

Mission: To ensure access to comprehensive and integrated mental health programs.

Measures: The amount of revenue from land and cash.

The income from land totaled \$1.381 million in Fiscal 2000. Investment income totaled \$11.522 million, exceeding the projection of \$11.340 million.

The percentage of trust income disbursed for mental health programs.

The trust disbursed 85% of its income to mental health programs (the benchmark is 75%); 10% for trust land office operating and capital expenses (the benchmark is 15%); and 5% went for trust administration expenses (the benchmark is 10%).

The number of partners and amount of money from mental health trust programs received from funding partners.

The trust received \$8.691 million from seven different programs partners in Fiscal 2000, including the Federal Transit Authority, Alaska Tribal Health Consortium, Alaska Housing Finance Corp., the City of Petersburg and the Fairbanks North Star Borough. *The staff is researching the performance of similar sized foundations and trusts to prepare a recommendation for a partnership benchmark for trustees to consider in August 2001.*

Accomplishments: The Alaska Mental Health Trust Authority supported the creation of only the third mental health court in the nation to divert mental health service beneficiaries from the criminal justice system to a more supportive and useful program.

Alcoholic Beverage Control Board

Mission: To ensure compliance with the state's liquor laws.

The board regulates sale of liquor in the state.

Measures: The cost of providing compliance services compared to the number of licenses per year.

The board spent \$290,500 on its compliance and licensing efforts and services in Fiscal 2000, covering 1,825 licenses, at a cost per license of \$159. *To improve its service, the ABC Board is working to accept license applications and fees on-line in Fiscal 2002.*

The cost of certifying or providing training services compared to the number of servers trained per year.

The board helped train 6,569 servers in Fiscal 2000, at a cost of \$700, or just 11 cents per server. *Training programs for license holders and their employees continues to be the ABC Board's most cost-effective operation.*

The percentage of noncompliant licenses compared to the number of licenses held per year.

The board handled about 100 noncompliant license cases in Fiscal 2000, of 1,825 licenses statewide, or 5.5%.

Accomplishments: The board opened a Southeast field office in Juneau, establishing a presence in Southeast for the first time since the 1980s.

ABC Board staff inspected 244 licensed premises statewide.

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Alaska State Legislature

House of Representatives

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

Official Business

CONFIRMATION COMMITTEE REPORT

Action date: May 12, 2002

The Finance Committee has reviewed the qualifications of the following appointee:

Alaska Mental Health Trust Authority Board of Trustees

Phil A. Younker, Sr. - Fairbanks

Appointed: 06/07/2001 Term Expires: 03/01/2005

The committee reports the following individual recommendations:

Signature:	Printed Last Name	Confirm	Do Not Confirm	No Rec
	Bunde	✓		
	Whitaker	✓		
	Naxizis	✓		
	CROFT	✓		
	DAVID	✓		
	MOSES	✓		
	Lancaster	✓		
	Hudson	✓		
	FOSTER	X		
Co-chair:				
Co-chair:		✓		

Please return to the Chief Clerk's office.



Official Business

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House of Representatives

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MEMORANDUM

Date: February 21, 2002

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

From: Suzi Lowell, Chief Clerk *SL*

Subject: Governor's Appointment

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

Alaska Mental Health Trust Authority Board of Trustees

Phil A. Younker, Sr. - Fairbanks

Appointed: 06/07/2001 Term Expires: 03/01/2005

The resume and committee report is attached for your use.

Attachments as noted

Community activities

<i>Member of Fairbanks North Star Borough Assembly</i>	<i>11 yrs</i>
<i>Presiding Officer Fairbanks North Star Borough Assembly</i>	<i>2 yrs</i>
<i>Member Board of Directors Alaska Municipal League</i>	<i>10 yrs</i>
<i>President Alaska Municipal League</i>	<i>2 yrs.</i>
<i>Chairperson of Board of Directors Alaska Municipal League- Joint Insurance Association</i>	<i>3 yrs.</i>
<i>Member Board of Directors U A F Alumni</i>	<i>2 yrs</i>
<i>Chairperson Fairbanks Chamber of Commerce- University of Alaska Fairbanks Committee</i>	<i>5 yrs</i>
<i>Chairperson Board of Visitors University of Alaska Fairbanks</i>	<i>2 yrs</i>
<i>Board member Western Interstate Region of Counties</i>	<i>3 yrs.</i>
<i>Member of Fairbanks North Star Borough Land Advisory committee</i>	<i>3yrs</i>
<i>Fairbanks North Borough Investment Advisory Committee</i>	<i>5yrs</i>
<i>Board of Directors Fairbanks Golf & Country Club</i>	
<i>Fairbanks North Star Borough Land Advisory Commission</i>	<i>1yr</i>
<i>Trustee University of Alaska Foundation</i>	<i>Elected fall 2000</i>

Personal

Married: Pamela Younker

Children: Phil A Younker Jr.

Laurie Anne Keyes