

ALASKA LEGISLATURE

2223

HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002

Program Area:	Dollar Amount(s):	Fund Source(s):
Community Jails	(\$400.0)	General Funds

Impact Analysis:

\$400.0 of general funds is needed in the Community Jails component to support 15 Local Community Jails under contract to the Agency. These contract facilities provide up to 57,000 mandays of prisoner incarceration capability for the State of Alaska. Contract amounts were set in FY96 and have not increased in over 6 years yet the contractors have had to absorb 15.00 % of labor cost increases and 10.5% of U.S. Consumer Price Increases on their Goods and Services. Without these funds, several local jails may be in serious financial difficulty and could close their facilities. The department does not have the empty beds to absorb these prisoners nor the funding to transport them to correctional centers across the state. Many of the prisoners are pending local court actions and need to remain at the arrest site. Others are short-term misdemeanor offenders. Housing is not available at state correctional facilities to support these prisoners.

Program Area:	Dollar Amount(s):	Fund Source(s):
Inmate Substance Abuse Treatment	(\$226.0)	General Fund/ Mental Health

Impact Analysis:

The impact of not funding \$226.0 for the Inmate Substance Abuse Treatment (ISAT) program is that the department can not sustain current service levels. A significant number of inmates are incarcerated due to alcohol related behavior issues. Alcohol is a public health problem and the department needs to pursue continued treatment rather than reduced treatment. These funds do not create new programs but sustain services at the current level. The services include assessments, education, treatment in individual and group settings, and post release planning for aftercare in the community. The public is pursuing greater penalties and more substance abuse programming for incarcerated felony DWI cases. It is a step backward to cut ISAT programs.

Program Area:	Dollar Amount(s):	Fund Source(s):
Inmate Health Care	(\$654.0)	General Funds
Reduce funding for Nursing Salary Increases		

Impact Analysis:

Due to difficulties in recruiting and retaining some of the 84 health care professionals, \$654.5 general funds is needed in the Inmate Health Component to enable the Agency to provide a two-range salary increase to all Nurses, Licensed Practical Nurses, and Health Practitioners working at correctional institutions. Alaska is not competitive in wages paid to health practitioners or skilled and semi-skilled nursing positions. The two-range increase will place the State of Alaska in the competitive arena, but not on the leading edge. Without this funding the department will have to reduce medical staff in 24-hour institutions by approximately 12 to 14 positions.

Program Area:	Dollar Amount(s):	Fund Source(s):
Office of the Commissioner	(\$205.6)	General Funds

Eliminate Strategic Planner and Special Assistant

Impact Analysis:

These funds support a Strategic Planner and Special Assistant to the Commissioner positions.

The Strategic Planner position is responsible for supervising several critical public policy issues including the implementation of HB 214 which was enacted into law last year (the Prisoner Litigation Reform Act). This legislation and the Department's commitment to compliance with court mandates in the Cleary suit make this position essential to continue with department efforts to implement PLRA and prevent court oversight of institutional activities. In this role, the position was the principal writer of the Department's Long-Range Plan and is the person tasked with coordination of American Correctional Association (ACA) accreditation of our institutions in order to mitigate against future lawsuits such as Cleary.

The Special Assistant position is critical to the Office of the Commissioner. The position is tasked with many special projects including policy and procedures, freedom of information act, subpoena for records and legal actions, human resource complaints, media relations, public contacts and responses to legislative inquiries.

Without these positions, the department will not have adequate management staff to implement PLRA and ACA standards and prevent court oversight.

Program Area:	Dollar Amount(s):	Fund Source(s):
Institutions Director's Office	(\$200.0)	General Funds

Eliminate Two Assistant Directors, Division of Institutions

Impact Analysis:

The Division of Institutions oversees 12 Institutions, 10 Community Residential Center contract sites, 15 Community Jail contracts, Electronic Monitoring Programs, Inmate Health Care, Out of State Contracts and Inmate Programs providing incarceration and supervision of approximately 4,500 inmates a month. The Director of Institutions utilizes the two Assistant Director positions to provide Division management oversight of the above program areas as well as bringing the Anchorage Jail on-line. In addition, these positions assist the Division in development, implementation and operations of juvenile and women's programs within Institutions. These two programs are the fastest growing segments of institutional service demands. The Director of Institutions requires assistance from these positions to provide overall management. Consistent management and oversight are critical to the safety and security of prisoners incarcerated throughout the state and in out-of-state contract facilities and to the delivery of rehabilitative services.

COURT SYSTEM

House Finance Subcommittee Alaska Court System FY 02 Operating Budget

The purpose of this memorandum is to describe the effect of the budget recommendations of the House Finance Subcommittee ("Subcommittee") for the Alaska Court System, Alaska Judicial Council and the Commission on Judicial Conduct.

The Subcommittee closed out its consideration of the budget at the February 22, 2001, meeting. The Subcommittee based its work on the FY 01 Management Plan reflected in HB 103/104. The Subcommittee's budget recommendations are within the allocation for this department.

The Subcommittee recommends maintaining the budget for the Alaska Court System at the FY 01 level except for seven transactions. Those seven transactions are set out in the attached spreadsheet

The Subcommittee recommends the Alaska Court System receive the following three increments which involve use of general funds:

1. \$337,700 for maintenance and operations of the new Fairbanks Courthouse;
2. \$125,000 for data processing chargebacks or "WAN" fees; and
3. \$22,300 for a court clerk position in Barrow.

Further, the Subcommittee recommends the Alaska Court System receive three additional increments in its authority to receive funds from sources other than general funds:

1. \$150,000 by transfer from the Mental Health Trust Authority for a court coordinated resources project to assist mentally ill persons who have been convicted of a misdemeanor crime;

2. \$188,100 of interagency receipt authority to receive funds from the Department of Revenue, Child Support Enforcement Division to establish a pro se center. The pro se center will assist litigants in family matters both before and after court proceedings; and

3. A \$216,000 increase in the authority of the Alaska Court System to receive federal funds to continue the Anchorage Drug Court pilot program.

Finally, the Subcommittee recommends that the Commission on Judicial Conduct receive an increment of \$15,000 in general funds to reduce the level of underfunding in its personnel budget.

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

**Alaska Court System
Date: March 2, 2001
Prepared by: Rhonda McLeod**

Program Area:	Dollar Amount(s):	Fund Source(s):
Appellate Courts	(79.0)	General Fund

Impact Analysis:

Increased funding was not approved for replacement computers, software upgrades and workstations.

Program Area:	Dollar Amount(s):	Fund Source(s):
Administration	(274.3)	General Fund

Impact Analysis:

Increased funding was not approved for a Computer Support Specialist, two Computer Training Specialists or a Library Assistant I. Funding for computers and micrographics equipment was not approved.

Program Area:	Dollar Amount(s):	Fund Source(s):
Trial Courts	(4,221.8)	General Fund

Impact Analysis:

The House Subcommittee approved GF funds for increased costs for operating and maintaining the new Fairbanks Courthouse, increased costs associated with access to the state's wide area network and for a part-time court clerk for the Barrow court.

The House Subcommittee also recommended approval of funding from Mental Health Trust Authority Authorized Receipts for a court coordinated resources project to benefit

Mental Health Trust Authority beneficiaries and approval for using interagency receipts to support a pro se center to assist un-represented litigants in family matters.

The House Subcommittee also recommended approval of the Anchorage Drug Court pilot program, which will be funded using federal receipts.

Funding was not approved for travel to improve judicial services in rural Alaska, a full-time in-court clerk in Barrow, a court clerk in Juneau, a court clerk in St. Mary's or for a part-time court clerk in Cordova. Increased funding was not approved for security screening in Kenai and Palmer, leasehold improvements to the Unalaska court, increased juror pay, or for additional court security officers.

Alaska Judicial Council

Date: March 2, 2001

Prepared by: William Cotton (by Teri Carns)

Program Area:	Dollar Amount(s):	Fund Source(s):
Alaska Judicial Council	(39.2)	General Fund

Impact Analysis:

The House subcommittee approved continuation funding for the Judicial Council. The continuation level of funding does not, in itself, cover the Council's essential expenses. The Council expects to use federal grants and RSAs for work performed for other agencies to fund the remainder of its costs.

The subcommittee denied an increment to complete a research project that would inform the legislature, courts and other agencies about how felony offenses are charged and sentenced. The project would provide up-to-date analysis that could be used for policy and program decisions. It also would address the reasons for disproportionate numbers of Alaska Natives and other minorities in Alaska's courts and jails. The courts and executive branch agencies have provided full support for this project by making files and data available.

The Council has pursued funding for this study, which is recommended both by the Supreme Court's Fairness and Access committee and the Criminal Justice Assessment Commission, for the past two years. This year, the Council has narrowed the scope of the study, and is collecting the data in the current fiscal year to reduce the funds needed to complete the work. The court system will mail case files to Anchorage, eliminating travel expenses. Despite substantial and continuing efforts to obtain federal funding to complete the work, no grants have been available. The requested increment will make it possible to

provide information about charging and sentencing, minority disproportions, and the characteristics of Alaska offenders by 2002.

Commission on Judicial Conduct

Date: March 2, 2001

Prepared by: Marla Greenstein

Program Area:	Dollar Amount(s):	Fund Source(s):
Commission on Judicial Conduct	-0-	General Funds

Impact Analysis:

The Commission on Judicial Conduct was funded at the request level.

EDUCATION +
EARLY
DEVELOPMENT

House Finance Budget SubCommittee on Education

SubCommittee Report FY02 March 1, 2001

The House Finance Budget SubCommittee on Education has adopted the attached summary of budget recommendations using as its starting point the FY2001 Management Plan agreed on by both the Legislative and Executive branch at the close of the 21st Legislative Session. The FY2001 Base includes year two of the labor costs agreed upon.

The quest for excellence in Alaska's educational system directed the subcommittee's initiative to improve and enhance the educational opportunities for Alaskan students. In these times of allocating scarce state resources, the subcommittee has encouraged savings within the department and stayed within its allocation.

Department of Education and Early Development House Budget SubCommittee FY02 Highlights

- combination of fund changes increases the DEED budget by \$18,590,500
- within the \$18.6 million increase, nearly \$16 million in new grant funds will be distributed to Alaskan communities
- the SubCommittee Budget includes \$725,302,300 of General Purpose Funds
- K-12 Foundation Formula Program is fully funded (\$671,204,800) based on DEED's estimated average daily membership for the 2001-02 school year
- Learning Opportunity Grants are fully funded at \$6,187,100
- Pupil Transportation's one-time AIDEA funding replaced by \$4,400,000 GF
- \$2,000,000 increment authorizes federal grant increases and carry forward for Special Education and Title I programs
- increment of \$1,200,000 for RightStart, bringing the annual appropriation to over \$32,000,000 for the Alaska Quality School Initiative
- increment of \$1,717,000 for Child Care Development Fund
- increment of \$2,000,000 for ChildCare Quality Initiative
- increased support for HeadStart training and Family Wellness models
- new position to provide staffing/coordination for new HeadStart activities
- increment of \$3,000,000 to fund Child Care Subsidy
- increment of \$100,000 for mini-grants to address child abuse and neglect
- authorized expansion of vocational training programs in construction, nursing and mining trades at Seward's AVTEC and Kotzebue's ATC
- increment of \$200,000 for Mount Edgecumbe Boarding School dormitory services and management contracts.
- increment of \$98,700 to fund a Network Specialist position to support libraries participating in the Gates Foundation Project

Department of Education & Early Development
Impact Statements in Response to
House Finance Subcommittee Budget Proposals
Date: March 2, 2001
Prepared by: Karen J. Rehfeld

Program Area:	Dollar	Fund
Head Start	Amount(s):	Source(s):
	(\$662.4)	General Fund

Impact Analysis:

The House Finance Subcommittee did not include an increase in state general funds that would support Alaska's Head Start grantees in applying for and receiving a projected \$3,312.0 available in federal program expansion funds. These federal funds are provided directly to the Head Start Grantees and require a 20% match. These new federal expansion funds will be used to expand services to approximately 325 children in 6-8 communities. Absence of increased state funds will require grantees to locate local sources to meet the match requirements.

Program Area:	Dollar	Fund
District Support Services	Amount(s):	Source(s):
	(\$350.0)	General Fund

Impact Analysis:

The House Finance Subcommittee did not include funding requested by the Governor's Education Funding Task Force for a District Cost Factor Study. The task force agreed that the current district cost factor methodology is flawed because it is based on what school districts spent over time, and during a time of scarcity, rather than on the actual costs of operating schools. The task force recommends the governor seek funds necessary to develop a new and appropriate methodology, and prepare statistically defensible district cost factors. These funds will be used to contract for development of a methodology that can be used to update district cost factors and make recommendations to the legislature. Without these funds, the department will be unable to comply with the statutory requirement to recommend updates to district cost factors on a biennial basis.

Program Area:	Dollar	Fund
Pupil Transportation	Amount(s):	Source(s):
	(\$2,464.7)	General Fund

Impact Analysis:

The House Finance Subcommittee recommendation funds pupil transportation at 95% of the amount needed to fully fund reimbursable transportation costs in FY2002 for a

total of \$48,099.3. Based on school district projections, the total amount needed in FY2002 to provide reimbursement for pupil transportation costs is \$50,564.0. Without full reimbursement, school districts will have to direct funds they would otherwise use for school operations to transportation services.

Program Area:	Dollar	Fund
Commissioner's Office	Amount(s):	Source(s):
	(\$33.5)	General Fund
	(\$31.4)	Inter-Agency Receipts

Impact Analysis:

By eliminating funding for the part-time special assistant in the commissioner's office, the House Finance Subcommittee is imposing an unallocated cut to department programs. If the department reinstates the position through charging program divisions to cover the cost, divisions will have to find additional dollars to support the costs. The commissioner's office is far from overstaffed with only four full-time positions and one part-time special assistant. This position provides a very necessary communication link between the various education organizations, the legislative offices, the governor's offices, and within the department. We feel it is appropriate for this work to be done and to be part of the commissioner's office.

Program Area:	Dollar	Fund
Commissioner's Office	Amount(s):	Source(s):
	(\$50.0)	General Fund

Impact Analysis:

The House Finance Subcommittee recommendation of a department-wide travel reduction will have to be spread to other divisions and programs that have general funds budgeted in the travel line. Most of the department's travel funds are related to specific federal program requirements including the provision of technical assistance, compliance reviews, and professional development.

Program Area:	Dollar	Fund
Quality Schools	Amount(s):	Source(s):
	(\$177.7)	General Fund

Impact Analysis:

The House Finance Subcommittee did not include funding for a position to administer the gifted and talented (GT) program and the statewide correspondence program.

The department does not currently have the resources to administer these programs including review and approval of district applications, providing technical assistance related to GT and statewide correspondence program development, responding to

questions from parents, teachers, administrators and the public, or conducting on-site GT and statewide correspondence program reviews, when necessary.

This funding would also provide for the training of GT complaint investigators and due process hearing officers when complaints and requests for due process hearings are received at the department.

Program Area:	Dollar	Fund
Quality Schools	Amount(s):	Source(s):
	(\$2,000.0)	General Fund

Impact Analysis:

The House Finance Subcommittee did not include funding requested by the Governor's Education Funding Task Force for Incentives for High Performing Schools. Based on the state school designator system, schools identified as high performing would earn financial incentives. Awards would range from \$10,000 to \$100,000 annually depending on the type and size of school. The task force recommended \$2 million in funding for the first year of the plan, with \$400,000 increases annually. The reason for the increase is the expectation that a growing number of schools annually will reach the goal of improving student achievement. Over time, they will receive the state designation as a high performing school, making them eligible for this program. The task force estimated 50 schools in the first year with a average incentive of \$40,000 with 10 additional schools designated high performing each year.

Program Area:	Dollar	Fund
Quality Schools	Amount(s):	Source(s):
	(\$2,000.0)	General Fund

Impact Analysis:

The House Finance Subcommittee did not include funding requested by the Governor's Education Funding Task Force for Assistance for Low Performing Schools. The task force recommended that schools designated as low performing be able to access funds based on a plan of improvement approved by the State Board of Education & Early Development. Awards would range from \$10,000 to \$100,000 annually depending on the type and size of school. The task force recommended funding this program at \$2 million the first year and decreasing the appropriation by \$200,000 each year over the remaining four years of the plan. The reason for the decrease in funding is the expectation that fewer numbers of schools annually will receive the state designation as a low-performing school, so fewer schools will need this program. Beginning in 2002, students must pass a competency exam to receive a diploma in Alaska. In order to be legally defensible, the state must demonstrate that intervention activities have been provided for those students at risk of not receiving a diploma.

Program Area:
Quality Schools

**Dollar
Amount(s):**
(\$2,000.0)

**Fund
Source(s):**
General Fund

Impact Analysis:

The House Finance Subcommittee did not include funding requested by the Governor's Education Funding Task Force for the Center For School Excellence. The Center for School Excellence will provide technical assistance to schools, analyze data on school improvement and student achievement, and conduct research to determine the effectiveness of efforts to improve instruction for all students. The center would place a priority on low-performing schools.

The center would be formed using a consortium model and be comprised of school districts, the Department of Education & Early Development, public and private Alaska universities, employers, professional education organizations and other entities. While the center would have only a modest number of full-time staff, the training cadre would be supplemented with contract staff matched to the particular need of the school requesting assistance. The task force recommended funding the center at \$2 million in the first year with \$200,000 annual increases.

Beginning in 2002, students must pass a competency exam to receive a diploma in Alaska. In order to be legally defensible, the state must demonstrate that intervention activities have been provided for those students at risk of not receiving a diploma.

Program Area:
Quality Schools

**Dollar
Amount(s):**
(\$730.0)

**Fund
Source(s):**
General Fund

Impact Analysis:

The House Finance Subcommittee did not include funding requested by the Governor's Education Funding Task Force for an increase in the department's capacity to gather and report data for schools and to provide support to schools in the collection and reporting of information. The statewide assessment system implemented in statute, has provided expanded information on the performance of students at various grades levels and has also expanded the reporting requirements. Collecting and reporting the data in a consistent manner and understanding what the data means will be critical to assist schools in improving student performance. The request includes two new technical positions to support the data collection effort and contractual funds to provide research and analysis of the data.

Program Area:
Education Special Projects

**Dollar
Amount(s):**
\$80.1
\$2,822.0

**Fund
Source(s):**
Federal Receipts
Federal Receipts

\$42.5	General Fund Match
\$.5	General Fund
\$924.0	Inter-Agency Receipts
\$70.7	Statutory Designated Program Receipts

Impact Analysis:

The House Finance Subcommittee recommends the transfer of Special Programs from Early Development into the Teaching & Learning Support Division including: the Alaska State Community Service Commission (Americorps), Homeless, Evenstart, and SEED. The department does not agree with the proposed transfers. When the legislation passed incorporating early development programs in the Department of Education, the governor and the legislature recognized the importance of early learning and development to the future of all children. The department has organized programs and services to address early development by targeting age groups rather than traditional grade level groups. For example, children from birth to age 8 are considered under the early childhood arena. The focus on these areas is on the social, emotional and developmental elements of a child's development, which is substantially different from the educational focus on cognitive development.

The location of Americorps under the Early Development Division is directly related to the history of the program under the former Department of Community & Regional Affairs and the benefit of having staff familiar with the program requirements. It is a requirement in the National Trust Act that there be a close alliance with the Department of Education.

The department has structured the budget and programs to support these priority areas and believes that the current organization signals the importance of early development

Program Area:	Dollar	Fund
Child Care Subsidy	Amount(s):	Source(s):
	(\$427.6)	General Fund

Impact Analysis:

The House Finance Subcommittee reduces the FY2002 estimate of full funding for the child care subsidy program. This reduction represents the state general fund portion of the FY2002 budget request which also includes \$3 million from welfare reform savings. If the level of funding proposed is not sufficient to provide child care subsidy to eligible families, the department will seek supplemental funding in FY2002.

Program Area:	Dollar	Fund
Special Programs	Amount(s):	Source(s):
	(\$35.0)	General Fund Match

Impact Analysis:

The House Finance Subcommittee reduction in general funds impacts the ability of the Alaska State Community Service Commission to meet the match for administrative funds for this federally funded community service/volunteerism program. Approximately \$2 million in federal grant funds are available to Alaska for this program with a very small administrative match. This reduction will impact the commission's ability to administer these funds and meet the federal program requirements.

Program Area: Special Programs	Dollar Amount(s): (\$1,000.0)	Fund Source(s): General Fund
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Impact Analysis:

The House Finance Subcommittee did not include funding requested by the governor to support parent education and professional development to improve children's literacy development, education, and over all health and development. Community Head Start agencies, school districts and parents would work together to implement/coordinate this program. The \$1,000,000 parent involvement request is an effort to provide resources to parents so that they can do their best job in helping their children to grow and learn. Many states are expanding their efforts to provide resources including materials to families with newborn babies on appropriate ways to stimulate the early development of children as newborns, toddlers, and preschoolers. These resources can make a big difference in children's social, emotional, and physical development.

Program Area: Special Programs	Dollar Amount(s): (\$80.1) (\$2,822.0) (\$42.5) (\$0.5) (\$924.0) (\$70.7)	Fund Source(s): Federal Receipts Federal Receipts General Fund Match General Fund Inter-Agency Receipts Statutory Designated Program Receipts
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Impact Analysis:

See Education Special Projects for analysis.

Program Area: Alyeska Central School	Dollar Amount(s): (\$1,000.0)	Fund Source(s): General Fund
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Impact Analysis:

The House Finance Subcommittee did not include funding requested by the Governor's Education Funding Task Force for distance delivered core courses based on state standards to be offered to high schools with fewer than 50 students. Courses developed and offered by Alyeska Central School would support students and teachers in these high schools. The courses would enable students to have better access to subject matter specialists while still having on-site teachers serve as facilitators and coaches to make sure students get the extra help they need. These courses would be offered free to qualifying schools. These funds will provide the instructional and support staff necessary to develop and deliver the core courses.

ENVIRONMENTAL CONSERVATION

House Finance Subcommittee
 Department of Environmental Conservation
 FY02 Operating Budget

The House Finance Department of Environmental Conservation Subcommittee has adopted the attached transaction sheets. The Subcommittee worked from the FY01 Management Plan reflected in HB 103. The budget recommendations are within the General Fund allocation of \$12,761.5 for the Department with one special exception. A net zero transaction of \$96.3 was transferred into D.E.C. from H.S.S. to cover food safety and sanitation services in the Norton Sound area

The following chart illustrates the Subcommittee's recommendation of increased investment to help D.E.C. in its' mission of protecting human health and the environment.

General Funds	Federal Funds	Other Funds	Total Funds	
12,857.8	16,223.8	21,715.8	50,797.4	FY02

Recommended Increments Include:

- ◆ Full funding of labor costs, including all salary increases for FY02
- ◆ \$554,000 in increased federal receipts in non-point source pollution funds to make grants for our highest priority water quality needs
- ◆ \$109,400 in oil/haz funds for the contaminated sites program for coordination and oversight of contaminated sights
- ◆ \$500,000 in oil/haz funds for oversight of the environmental and community commitments outlined in the BP charter
- ◆ \$77,500 as a one-time item to fund the administration of financial responsibility activities for the non-tank vessels and railroad cars program
- ◆ \$165,100 in CIP receipts for small drinking water system operator training and certification to help small communities maintain safe systems
- ◆ \$400,000 in federal receipts to fund the Aleutian/Pribilof remote maintenance worker program to maintain rural sewer and water systems
- ◆ \$75,200 in general funds to the solid waste program to help reduce fees

The Subcommittee also adopted various position transfers recommended by the Department in an effort to help the Department become more efficient and deliver better service to the public.

**Department of Environmental Conservation
Impact Statements in Response to
House Finance Subcommittee Budget Proposals
Date: March 1, 2001
Prepared by: Janice Adair**

Program Area: Commissioner's Office	Dollar Amount(s): (\$300.0)	Fund Source(s): General Fund
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Impact Analysis:

This funding is a new request to provide the state with a systematic monitoring program of heavy metals and/or persistent organic pollutants in Alaska's seafood products. The safety of seafood products is a growing concern in the United States and Europe.

Without a systematic monitoring program, Alaska will be unable to respond to questions from commercial buyers of Alaska seafood or recreational and subsistence users as to the safety of our seafood products.

We will also be unable to respond to federally issued consumption advisories because we will lack the scientific data to dispute them. Our inability to credibly challenge these consumption advisories will ultimately impact the marketing of Alaska's seafood products, which currently enjoy a major marketing advantage over other seafood products because of the perceived purity of our environment.

Alaska is one of the few states without some kind of routine monitoring program for heavy metals and/or persistent organic pollutants in its fishery resource.

Program Area: Food Safety and Sanitation	Dollar Amount(s): \$167.6 (\$167.6) (\$ 53.7)	Fund Source(s): Statutory Designated Program Receipts General Fund General Fund
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Impact Analysis:

This reduction is of two requests proposed in the FY2002 Governor's Amended budget, the first to supplant \$167.6 of unrealized statutory designated program receipts with general funds, and the second an increment of \$53.7. The objective of these two requests is to increase the number of routine inspections of high risk food operations that are inspected once a year without increasing fees. Current funding only allows the

program to inspect 54% of high risk food operations and 39% of high risk public facilities once a year. The target result of this increment and associated fund source change is to increase inspection percentages of high risk food operations performed annually. With the reduction, the state will not be able to inspect the 3,241 high-risk food facilities once each year. This means Alaska will continue to see increasing numbers of food borne illnesses as food operators go without inspection by and interactions with food safety specialists who can provide them with needed information about proper food storage, handling and preparation methods.

Program Area:	Dollar Amount(s):	Fund Source(s):
Food Safety and Sanitation	\$379.2	General Fund/ Program Receipts
	(\$379.2)	General Fund

Impact Analysis:

Approval of this no net cost request would decrease fees paid by retail food establishments, such as restaurants, grocery stores, and markets, by 31%.

As a result of the request being denied, these fees will not be decreased.

FISH & GAME

FISH GAME

House Finance Subcommittee
Department of Fish and Game

FY02 Operating Budget

The House Finance Subcommittee for the Department of Fish and Game closed out at the February 27, 2001 meeting. The budget recommendations are within the \$50.0 General Fund allocations for this department and do not exceed the \$30,735.6 General Fund Operating Budget allocation.

To provide for continuation of service at the Kenai River Center, the subcommittee approved an increment of \$88.3 to the Division of Habitat to pay for a biologist that would have been let go due to dwindling EVOS funds that had been used to fund the position before.

To increase administrative efficiency within the Division of Habitat and Restoration, the subcommittee approved a proposal to merge the Title 16 Permitting and the Habitat components into a single Habitat component within the Division.

The subcommittee recommends funding those salary increments that were funded with one-time money last year with General Fund dollars. Additionally, any position adjustments and transfer of general fund dollars within the department that did not increase the overall general fund amount were approved.

Increases in federal receipt authority include a 1.2 million dollars increase for Steller sea lion and harbor seal research projects and one million dollars to fund federal subsistence projects. An additional one million dollars in receipt supported services to fund various fishery projects across the state was also approved.

The FY02 subcommittee recommendations reflect approval of the non-General Fund increments requested by the department, with the exception of CARA funds described below.

The Division of Wildlife Conservation will have the authority to receive \$1,510.0 in federal receipts for the Conservation and Reinvestment Act (CARA) implementation for FY 02 spending level with the following intent language:

It is the intent of the legislature that the Department seeks approval of the Legislative Budget and Audit Committee to receive and expend additional federal receipts in the event Conservation and Restoration Act funding is reauthorized in Congress.

The subcommittee thanks the Department of Fish and Game for their work in developing this budget.

Department of Fish and Game
Impact Statements in Response to
House Finance Subcommittee Budget Proposals
Date: March 2, 2001
Prepared by: Kevin Brooks

Program Area:	Dollar Amount(s):	Fund Sources:
Habitat and Restoration	(\$100.0)	General Fund

Impact Analysis:

Oil and gas exploration, leasing, and development on the North Slope have increased dramatically in the last several years due in part to high oil prices, but also related to advances in technology (improved 3-D seismic), the opening of new areas such as NPR-A to exploration, and increased interest in potential gas reserves in the northern foothills of the Brooks Range. Some examples include increased exploration drilling by Phillips and BP in NPR-A and the Colville River Delta; and gas exploration by Anadarko in the foothills.

Fish and wildlife issues and local concerns have increased as oil and gas exploration and development expands to these new areas. The department's early involvement in working with industry to identify and resolve issues has become even more essential to ensuring environmentally sound and timely development of oil and gas resources. Increased field presence also is required as exploration and development enters new areas. Our participation in development of plans for rehabilitation of abandoned or contaminated pads will increase as industry begins to implement conditions of the Charter Agreement between the state and the oil industry. The department's role to ensure adequate fish and wildlife protection is equally important in demonstrating the state's ability to wisely develop the oil and gas resources within its boundaries. Ultimately, progress made on mitigation of impacts while allowing oil and gas extraction is tied to development of new, and as yet unauthorized areas such as the Arctic National Wildlife Refuge.

This reduction of \$100.0 will continue to leave the department in a position where we cannot fully participate in the review and permitting of oil and gas exploration and development projects. Our existing budget is not adequate to conduct the field reviews required before, during, and after project activities. This has limited our ability to work cooperatively with industry when project designs are in the early stages of development, a time when the department's input is often the most important. The department's early involvement results in the least economic impact to industry, and provides for the highest level of protection for fish and wildlife resources, while still allowing development to occur.

Program Area:	Amount(s):	Source(s):
Boards Support Section	(\$121.7)	General Fund

Impact Analysis:

During the course of the year, the Board of Fisheries normally meets five times, the Board of Game meets three times, and the Joint Board meets once. There are also work groups and additional meetings held by teleconference. Funding is also provided for advisory committee chairs to attend Board meetings that deal with issues in their area, and represent the members of their committee. This general fund cut will continue to result in fewer meeting days by the Boards and an overall decrease in the effectiveness and efficiency of the state's regulatory system related to fish and wildlife resources.

During the current fiscal year, reduced funding required the Board of Fisheries to combine meetings scheduled for Dillingham (Bristol Bay issues) in November, Bethel (AYK issues) in December, and Anchorage (Alaska Peninsula/Finfish issues in January, and Statewide issues in February), into a single 23-day meeting in Anchorage from January 9th through February 1st. While this single meeting allowed the Boards section to live within their budget, the cost to the public and other department employees was increased. The impact to the affected components are detailed below:

Boards of Fisheries and Game Component (\$76.7)

The Board of Fisheries has traditionally held meetings at or near the fishing grounds whenever possible, to give opportunity for input to those whose livelihoods are dependent upon the board's decision. The board will not be able to have full board meetings for fishing communities. The decision may be made again to change the board cycle. This will curtail public input, increase costs for other meeting participants, and the meetings will be shorter and not held in fishing communities most impacted by the issues.

Advisory Committees Component (\$45.0)

Currently, participation from all Advisory Committees is limited due to lack of funding. This prevents both boards from receiving the full community input that the Advisory Committees were statutorily designed to provide. Some of the existing advisory committees are inactive because funding has not been available to promote activity. This cut will continue to limit participation in the board process due to lack of travel funds.

GOVERNOR

GOVERNOR

House Finance Subcommittee Governor's Office

Adopted March 1, 2001

The attached reports are subcommittee recommendations to the House Finance Committee. The recommendations match the Governor's request with three exceptions. First, an original request for \$8.35 million federal funds and an amended request for an additional \$4.5 million for coastal impact assistance were reduced to \$100,000. That amount will allow planning activities to proceed but will require the Governor's Office to seek additional authorization before spending all money made available by the Conservation and Reinvestment Act. Second, the request for additional funds for the Division of Elections will be addressed in the language section. Third, the additional FTE in DGC will be addressed after the issue is decided in the fast track supplemental.

The recommendations reflect acceptance of transactions as follows:

- A reduction of five temporary positions in Elections and one PPT in the Human Rights Commission
- Five line item transfers that have no impact on the bottom line
- Transfers of 3.9 GF in (from the Legislature) for facilities rent and 17.4 GF out (to Labor and Workforce Development) for facilities rent
- A transfer of all International Trade and Market Development funding (1,003.1) to the Department of Community and Economic Development
- A transfer of 17.2 GF (associated with HB 361, Fees for Services) from OMB to Governmental Coordination
- Replacement of 93.0 ILTF and 25.8 SDPR (nonrepeatable funding for labor costs) with GF
- The following Decrements/One-Time Item Reductions
 - 24.4 federal receipts (HUD education and outreach grant) in the Human Rights Commission
 - 50.0 ILTF (transferred to DOA, where it may be replaced with GF) for supervisory training
 - .1 GF, 94.0 ILTF and .1 AHFC (FY01 statewide labor costs) in OMB
 - 980.0 GF (FY00 reappropriation used for contingency funding) in Executive Operations
 - 1,629.0 GF (election year funding) in Elections
 - 1.5 GF (ballot initiative funding) in Elections

Under the subcommittee recommendations, GF appropriations would be 15,536.8, which equals the allocation set by the Finance Committee. Federal funds would be 3,512.6 and other funds would be zero.

**Office of the Governor
Division of Governmental Coordination
Impact Statements in Response to
House Finance Subcommittee Budget Proposals
Date: 03/02/2001
Prepared by: Gabrielle LaRoche**

Program Area:	Dollar Amount(s):	Fund Source(s):
Coastal Impact Assistance	(\$12,750.0)	Federal

Impact Analysis:

Congress recently appropriated funds for Coastal Impact Assistance to oil producing states, including Alaska. Alaska's share is \$12,850.0 of which 35% or \$4,500.0 is directed to county-equivalent coastal political subdivisions (i.e., boroughs and Coastal Resource Service Areas) based on a formula contained in the bill. The remaining \$8,350.0 is to be used for a wide range of purposes related to planning, coordination, implementation, conservation, protection and restoration of coastal resources.

The Office of the Governor/Division of Governmental Coordination (DGC) requested \$8,350.0 in federal funds in the Governor's Budget and submitted an amendment for the additional \$4,500.0 in federal funds. The amendment was based on direction from the U.S. Department of Commerce that Coastal Impact Assistance funds for the coastal political subdivisions would pass through the State of Alaska for distribution to the coastal political subdivisions rather than directly by the federal government.

The Governor must submit a Coastal Impact Assistance Plan for the entire amount, including the coastal political subdivision plans, to the Secretary of Commerce by July 1, 2001. Following approval by the Secretary of Commerce, the federal funds will be made available to the State of Alaska beginning on October 1, 2001.

The DGC is seeking these incremental federal funds to implement Alaska's Coastal Impact Assistance plan. The House Finance subcommittee did include \$100.0 in federal funds for the development of the plan. If the full amount of federal funds is not included in the FY2002 DGC budget, the division will seek incremental federal funds through the Legislative Budget and Audit Committee sometime in the fall. This may delay the distribution of these funds to coastal political subdivisions and other parties involved in implementing Alaska's Coastal Impact Assistance Plan.

Program Area:	Dollar Amount(s):	Fund Source(s):
Alaska Coastal Management Program (ACMP)	(\$ 66.6)	General Fund

Impact Analysis:

The Office of the Governor/Division of Governmental Coordination (DGC) requested a general fund increment for the addition of a Project Review Coordinator. This position would be responsible for determining consistency with the ACMP for oil and gas related projects.

Beginning in the month of October 2000, the average number of new oil and gas consistency reviews received by DGC ballooned to 7 per month, up from an average of two per month in 1999. Currently there are 8 oil and gas projects under ACMP consistency review and 7 more in pre-application. On average, oil and gas projects require 100 hours of staff time to complete an ACMP consistency review. The major oil companies have informed the DGC that they intend to increase oil and gas exploration and development projects. Additionally, independent oil companies have been showing more interest in North Slope and Cook Inlet area projects.

The DGC does not have sufficient project review staff to meet this incremental demand. During this permitting season, the start-up of important exploration and development projects have been delayed due to DGC's increased oil and gas workload including projects in the Colville River delta and the National Petroleum Reserve-Alaska. Without the addition of a Project Review Coordinator, focused on oil and gas projects, the DGC will be unable to deliver the usual problem solving services that arise during a multi-agency review. This will result in delays in completing future oil and gas project reviews.

HEALTH +
SOCIAL SERVICES

House Finance Subcommittee on Health and Social Services

Budget Narrative

The House Finance Subcommittee on DHSS submits the following recommendations to the full Finance Committee for its consideration. Clearly, the requests of the department to expand its menu of services are greater than a prudent budget allocation would allow. However, the subcommittee recommends increasing the department's budget by \$104.7 million for the total budget, with more than \$19.3 million in general funds,

After numerous committee meetings and discussion with department personnel, the committee successfully crafted a DHSS budget that captures the maximum in federal dollars possible, while allowing for increments in some programs. In addition, some of the innovative proposals put forth by the Governor and the Mental Health Trust were funded.

The Department of Health and Social Services employs more than 2400 dedicated, hardworking Alaskans who provide an array of services to promote and protect the health and welfare of the people of Alaska. These are constitutionally-mandated missions, in which the department serves 100s of thousands of Alaskans (as well as many visitors). These missions were at the forefront of the minds of the subcommittee members as they considered the DHSS budget, which, at \$1,192,532,300.00, is the largest of any administrative department.

Using the FY 01 management plan as our starting point, the subcommittee recommends the following changes:

Please note the subcommittee accepted all of the administration's requests for increased labor costs due to labor contracts approved in May of 2000.

1. Public Assistance	
Adult Temporary Assistance Program	- 8,050.2 GF
Adult Public Assistance	+ 630.0 GF
Longevity Bonus Hold Harmless	- 340.3 GF
PFD Hold Harmless	- 1,370.8 PFD Fund
Energy Assistance Program	+ 6,483.9 Fed. Rcpt.
Tribal Assistance Program	+ 2,850.2 GF

The lower cost of ATAP reflects the effectiveness of Alaska's welfare reform of three years ago, as fewer Alaskans are staying on temporary assistance.

The subcommittee funded a reasonable rate of growth for Adult Public Assistance.

The Longevity Bonus hold harmless is dropping as recipients pass away or otherwise leave the program.

PFD hold harmless likewise reflects the drop in welfare recipients. While it is not a savings in GF, this \$1.37 million savings will be seen in each PFD check. The federally-funded energy assistance program has received a substantial increase in funding due to the rising cost of residential heating. Tribal assistance has increased because a third tribal entity, Association of Village Council Presidents, has agreed to run the ATAP program for its people. This GF match is a portion of the state's maintenance of effort for federal funds.

- | | |
|------------------------------|----------------------------------------------|
| 2. Medical Assistance | |
| Medical Services | + 24,133.6 GF match
+ 50,450.9 Fed. Rcpt. |

The substantial growth in the Medicaid entitlement program reflects growing demand, increased medical and pharmaceutical costs, and a wider array of qualified recipients, among other things.

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|---------------------------------------------------------|------------|
| 3. Catastrophic & Chronic Illness Assistance | |
| Catastrophic & Chronic Illness Assistance | - 304.4 GF |

The subcommittee reduced the funding for this appropriation to free up GF to be used in other high priority programs.

- | | |
|--------------------------------------------|----------------------|
| 4. Public Assistance Administration | |
| Quality Control | + 100. GF |
| PA Field Services | - 186.2 GF |
| Work Services | + 1,861.7 Fed. Rcpt. |
| Child Care Benefits | + 1,500.0 Fed. Rcpt. |

Quality Control will use \$100.0 GF for training to satisfy a USDA food stamp program penalty levied for high rate of error on food stamp applications.

The subcommittee agreed to remove \$200.0 from Field Services and place in fraud investigations to help get caseloads under control in that area.

Work Services will use the new federal money (from ATAP) for Families Work Initiative.

Child Care Benefits will use TANF funds in RSA to Dept. of Education and Early Development to increase Alaskans' moving from welfare to work.

- | | |
|--------------------------------|------------|
| 5. Fraud Investigations | |
| Fraud Investigations | + 209.4 GF |

Transferred from PA field services to bolster fraud investigation efforts.

- | | |
|--------------------------------------|----------------------------------------------------------|
| 6. Purchased Services | |
| Subsidized Adoptions & Guardianships | + 1,000.0 GF
+ 393.6 GF Match
+ 1,366.2 Fed. Rcpt. |

The subcommittee allowed a \$1 million transfer from ATAP to pay for child protection services. In addition, this valuable program for children will be bolstered by an increase in federal support and the match to go with it.

7. **Front Line Social Workers**
Front Line Social Workers + 1,095.6 GF
+ 1,580.6 Fed. Rcpt.

The subcommittee allowed a modest rate of growth in this appropriation, but moved the social workers attached to the Balloon Project to a new BRU of its own. The subcommittee also approved an increment to continue the psychiatric nurse program.

8. **Balloon Project**
Balloon Project + 1,386.6 GF

By making the Balloon Project its own BRU, the Legislature will be better able to keep track of this special project and the funding it provides to the effort to place long-term and hard-to-place children.

9. **DFYS Management**
DFYS Management + 138.0 Fed. Rcpt.

10. **Juvenile Justice**
McLaughlin Youth Center + 120.8 GF
+ 506.0 GF/MH
Johnson Youth Center - 42.8 GF
Bethel Youth Facility + 88.9 GF
Mat-Su Youth Facility + 190.8 GF
Ketchikan Regional Youth Facility + 905.9 GF

Increases for McLaughlin include an increment to annualize funding.

Johnson Youth Center reflects the subcommittee's expectation that lower costs will obtain when youth offenders from Ketchikan are placed in the new facility in their home town.

The subcommittee approved an increment to address overcrowding stress problems at the Bethel facility.

The increment for Mat-Su is substantially to annualize funding for this facility.

The subcommittee provided most of what the administration requested to open the new Ketchikan facility, but asked the department to stair-step new hires.

11. **Norton Sound**
Norton Sound Sanitation - 96.3

Norton Sound sanitation was transferred to the DEC budget.

12. State Health Services	
Nursing	+ 1,214.8 GF
Epidemiology	+ 244.4 GF
Community Health/EMS	+ 11,749.6 Fed. Rcpts.
State Medical Examiner	+ 65.9 GF
Public Health Labs	+ 510.8 GF
	+ 150.6 Fed. Rcpts.

The Nursing increment includes funding for a better facility in Bethel, approximately 1/3 of the administration's request to increase the Back-to-Basics program, increased labor costs, and annualization of maintenance costs of Kenai Health Center.

The subcommittee funded Epidemiology an increase for Back-to-Basics.

Community Health/EMS reflects a significant new federal effort of \$10 million for "Frontier Health."

The subcommittee agreed with annualization of a third pathologist for the State Medical Examiner's office to meet growing caseload.

Increments for the Public Health Labs include Back-to-Basics and annualization of the Anchorage lab.

14. Alcohol and Drug Abuse Services	
Alcohol and Drug Abuse Grants	+ 760.0 GF/MH
Community Action Grants – Prevention	+ 400.0 Fed. Rcpts.
General Community Mental Health Grants	+ 64.0 Fed. Rcpts
	+ 100.0 MHTAAR
Psychiatric Emergency Services	+ 1,070.5 GF/MH
Services to Chronically Mentally Ill	+ 1,263.8 GF/MH
	+ 1,578.3 Fed. Rcpts.
Designated Evaluation and Treatment	+ 100.0 GF/MH
	+ 200.0 MHTAAR
Alaska Psychiatric Institute	+1,466.2 GF/MH
Gov.'s Council on Disabilities & Special Ed.	+ 549.5 Fed. Rcpts.

The subcommittee increased ADA grants to backfill an unusable fund source from last year (Federal FAS/FAE grant), to approve an increment for domiciliary care in Fairbanks, and to add \$100.0 to the spirit/recovery camp effort.

The subcommittee approved an increase in federal dollars for prevention grants targeted at teenagers.

General community mental health grants will receive \$64.0 carried forward from last year's federal projects BRU, plus \$100.0 in MHTAAR money for deaf and hearing impaired.

The subcommittee supported the effort in psychiatric emergency services to increase funding for clinician services in small communities. The \$305.5 increment will allow each of the communities to be funded at \$200.0.

Increments for the Chronically Mentally Ill include funding for an assisted living home rate increase required under last year's SB 73, as well as Katmai extended care.

The subcommittee approved increments for DET due to increased use of this program by community hospitals.

Increment for API is substantially for disproportionate share to pay the costs of services provided to indigents.

The Governor's Council on Disabilities and Special Education was given an increment to address Medicaid services to working Alaskans with disabilities.

**Department of Health and Social Services
Impact Statements in Response to
House Finance Subcommittee Budget Proposals
Date: March 2, 2001
Prepared by: Janet Clarke, Administrative Services Director**

Program Area

BRU: Public Assistance
Component: Adult Public Assistance

Dollar	Fund
Amount(s):	Source(s):
(\$1,205.1)	General Fund
(\$ 85.0)	Inter-Agency Receipts

Impact Analysis:

Reduction Title: Formula Growth projected at 4.7% over FY2001

Impact: The APA budget request estimated the APA caseload would continue to grow by about 4.7% to 14,617 persons in FY2002. The House Finance Subcommittee budget funds an APA population increase of less than 2%. The Department has no discretionary control over formula program service demand or the number eligible. If the APA authorization is insufficient to meet program demand, the Department would request supplemental funding. This reduction is a combination of denying a transfer of \$240.3 and reducing the formula increment.

The Adult Public Assistance program was established with the purpose of furnishing financial assistance to needy aged, blind and disabled persons to cover basic living expenses such as shelter, clothing and food. The elderly and disabled poor are the most vulnerable citizens. With few options to improve or even maintain their quality of life these citizens tend to be heavily dependent upon state assistance to provide basic necessities.

Any potential reduction in the APA benefit takes away from the income around which these Alaskans have structured their lives. A reduction in APA benefits could destabilize the living arrangements of a poor disabled or elderly person who is living independently, forcing them into institutional care at greater public expense, or into homelessness.

Program Area

BRU: Medicaid Assistance
Component: Medicaid Services

Dollar
Amount(s):
(\$300.0)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Court Ordered Abortion Coverage

Impact: On the September 18, 2000, the Alaska Superior Court issued an order in Planned Parenthood of Alaska v. Karen Perdue, requiring the State to pay for abortion procedures for Medicaid eligible women.

Program Area

BRU: Public Assistance

Component: Old Age Assistance-Alaska Longevity Bonus (ALB) Hold Harmless

Dollar
Amount(s):
(\$100.0)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Potential Decrease in caseload

Impact: The ALB program is closed to new applicants and we are now seeing OAA-ALB Hold harmless expenditures begin a sustained decrease as the number of APA and SSI recipients – who also receive the ALB – drops off. The FY02 request assumed the OAA-ALBHH caseload decline would result in savings of \$240.3 GF (a transfer to Adult Public Assistance that was denied, see impact above). The House Finance Subcommittee proposed budget assumes program savings of \$340.3 GF. If the FY2002 OAA-ALBHH authorization is insufficient to meet program demand, the Department would have no option other than to request supplemental funding to meet actual formula expenditures.

Program Area

BRU: Medicaid Assistance

Component: Catastrophic and Chronic Illness Assistance

Dollar
Amount(s):
(\$734.4)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Utilization Growth at 10% (\$430.0)
Cut Payments to Hospitals (\$304.4)

Impact: The Chronic Acute Medical Assistance (CAMA) program provides a very limited package of health services to extremely needy individuals with an immediate need for medical care who are unable to secure other private or public assistance. Personal income is limited to \$300.00 per month. Total resources, excluding a vehicle and a home, cannot exceed \$500.00.

CAMA assistance is available only to Alaskans with terminal illnesses, who are undergoing chemotherapy, or who have one of four chronic illnesses: diabetes, seizure disorder, chronic mental illness, or hypertension. Medical services provided are limited to necessary prescription drugs, a fixed number of physician visits, and required hospital care for no more than 8 days per year. In FY 2000, the CAMA program provided these services to 1,153 Alaskan.

The \$734.4 reduction in funding is to be applied to hospital payments. Many of Alaska's hospitals, particularly the smaller facilities, cannot absorb 100% of the cost to provide these necessary services at the current level of care and will be forced to cut services.

Program Area

BRU: Public Assistance Administration
Component: Public Assistance Field Services

Dollar	Fund
Amount(s):	Source(s):
(\$200.0)	General Fund

Impact Analysis:

Reduction Title. Field Services Reduction (Eliminate Fee Agent Services)

Impact: Fee Agent services cannot be eliminated due to a court settlement in 1978. Furthermore, since fee agent activity supports federal Food Stamps, ATAP, and Medicaid program eligibility, it is financed mostly with federal funding. Currently the entire budget for fee agents is \$200.0 of which 90% is funded with federal and GF Match sources; only \$21.0 is general fund. Therefore, a \$200.0 general fund reduction would have to come from the only source of non-matching general fund in this component, funding for caseworkers who serve the Adult Public Assistance population.

This \$200.0 general fund reduction would have the unintended impact of cutting four existing APA case workers statewide that collectively manage an average monthly caseload of 1,200 APA cases. The impact of insufficient APA field services staff would be needy elderly and disabled Alaskans not receiving timely benefits that provide basic needs including shelter, food and clothing.

The APA population has been growing at an annual rate of 4-5 percent. The Division has not asked for increased general funds for field workers to add staff for the growing casework. We have absorbed APA caseload increases by streamlining business

practices, but this is reaching a limit where additional APA caseloads will probably require additional staff in the future. We cannot absorb the work increases and endure staff cuts without a serious reduction in APA case services.

Program Area

BRU: Public Assistance Administration
Component: Public Assistance Field Services

Dollar
Amount(s):
(\$200.0)

Fund
Source(s):
General Fund

Reduction Title: Transfer funding to increase Fraud Investigations

Impact: The Department is not opposed to enhancing Fraud Investigation efforts. However, any increase in Fraud control should not be funded by large reductions in essential PA Field Services allocations needed for basic program eligibility work and direct client services.

The Public Assistance Field Services component provides basic eligibility services for ATAP, Food Stamps, Medicaid, Adult Public Assistance (APA) and General Relief from 17 locations statewide. Eligibility workers and clerical support review applications, verify information, assess the household's needs, explore personal and community resources available to meet those needs, make referrals, determine initial and ongoing eligibility, authorize benefits and deliver services. For ATAP and Food Stamp households subject to work activities, the staff performs case management functions focused on moving families to self-sufficiency. Any permanent general fund reduction will impact services.

The state and federal government share in the costs of Field Services. This includes the administrative cost for field staff salaries, travel, contractual support and supplies. About 10% of all field activity is associated with eligibility work supporting the APA. This work is funded by state-only GF and the brunt of any GF reduction would need to be absorbed by APA.

A general fund reduction to the PA Field Services budget would cut basic core services in local field offices for public assistance clients. Specifically, a reduction of \$200.0 general fund would result in elimination of funding for about 4 positions statewide that collectively manage an average monthly caseload of 1,200 APA cases. We cannot absorb the APA casework increases and endure staff cuts without a serious reduction in client services.

Program Area

BRU: Public Assistance Administration
Component: Fraud Investigation

**Dollar
Amount(s):**
\$200.0

**Fund
Source(s):**
General Fund

Impact Analysis:

Reduction Title: Increased Fraud Investigation

The Department is not opposed to enhancing Fraud Investigation efforts. However, any increase in Fraud control should not be funded by the large reductions in essential PA Field Services allocations needed for basic program eligibility work and direct client services. Costs due to increased payment errors due to cutbacks in Field Services may erase any savings due to fraud recoveries.

There is a backlog in fraud investigation cases partially due to higher than normal staff vacancy rates last year. Now at full staff, the backlog is expected to decrease. Nevertheless, the Division could use another fraud investigator in the Fairbanks office.

Program Area

BRU: Purchased Services
Component: Foster Care Base Rate

**Dollar
Amount(s):**
(\$193.2)

**Fund
Source(s):**
General Fund

Impact Analysis:

Reduction Title: Foster Care Caseload Growth

Impact: The Foster Care caseload increased 16.8% in FY1998 and by another 16.4% in FY1999. Due to the success of the State permanency planning Initiative, The Balloon Project, the foster care caseload began to level out.

In FY2000 the foster care caseload grew by only 5.8%; in FY2001 there has been a net decrease in the foster care caseload as children have transitioned out of foster care and into permanent adoptive and guardian homes.

At the current time (FY2001) Foster Care growth rates and the number of children are below FY2000 levels. If this trend continues in FY2002, funding at this level will not be a problem. If the number of children in Foster Care increases above this budget level, DFYS cannot restrict taking children into state custody for their own protection and would have to come back to the Legislature for a supplemental.

Program Area

BRU: Purchased Services
Component: Foster Care Augmented Rate

**Dollar
Amount(s):**
(\$227.2)

**Fund
Source(s):**
General Fund

Impact Analysis:

Reduction Title: Foster Care Caseload Growth – Augmented Rate

Impact: The Foster Care caseload increased 16.8% in FY1998 and by another 16.4% in FY1999. Due to the success of the State permanency planning Initiative, The Balloon Project, the foster care caseload began to level out.

In FY2000 the foster care caseload grew by only 5.8%; in FY2001 there has been a net decrease in the foster care caseload as children have transitioned out of foster care and into permanent adoptive and guardian homes.

At the current time (FY2001) Foster Care growth rates and the number of children are below FY2000 levels. If this trend continues in FY2002, funding at this level will not be a problem. If the number of children in Foster Care increases above this budget level, DFYS cannot restrict taking children into state custody for their own protection and would have to come back to the Legislature for a supplemental.

Program Area

BRU: Purchased Services
Component: Foster Care Special Needs

**Dollar
Amount(s):**
(\$557.6)

**Fund
Source(s):**
General Fund

Impact Analysis:

Reduction Title: Foster Care Caseload Growth – Special Needs

Impact: Foster Care Special Needs funds reimburses foster care providers for one-time or short-term approved expenses authorized by AS 47.14 that are not covered by the Foster Care Base Rate. These costs include: initial purchase of clothing for a new placement; required food for special diets as prescribed by a physician; extraordinary laundry due to medical or psychological reasons; personal incidentals such as sports equipment, field trips, shop supplies, music lessons; one-time items such as a baby crib or bed; travel costs for family visits; long-distance phone cards to allow children to maintain family contact.

The Foster Care caseload increased 16.8% in FY1998 and by another 16.4% in FY1999. Due to the success of the State permanency planning Initiative, The Balloon Project, the foster care caseload began to level out.

In FY2000 the foster care caseload grew by only 5.8%; in FY2001 there has been a net decrease in the foster care caseload as children have transitioned out of foster care and into permanent adoptive and guardian homes.

At the current time (FY2001) Foster Care growth rates and the number of children are below FY2000 levels. If this trend continues in FY2002, funding at this level will not be a problem. If the number of children in Foster Care increases above this budget level, DFYS cannot restrict taking children into state custody for their own protection and would have to come back to the Legislature for a supplemental.

Program Area

BRU: Purchased Services
Component: Foster Care Special Needs

Dollar
Amount(s):
(\$150.0)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Citizen Review and Participation in Six-month Review Conferences

Impact: Federal law requires that the cases of children in foster care be reviewed every six months by either a court or by administrative review. The purpose of the review is to determine the safety of the child, the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to and safely maintained in the home or placed for adoption or legal guardianship. Since the closure of the Foster Care Review Board, more required reviews have been absorbed by the Division.

DFYS performs "Administrative Reviews" which, according to Federal law, are open to the participation of the parents of the child. They are conducted by a panel of appropriate persons, at least one of whom is not responsible for the case management of or delivery of services to either the child or the parents who are subject of the review.

The Division has worked hard to maintain public input and involvement in the Foster Care Review process. The Division believes that public participation in six-month case reviews bridges the gap between perception and reality and is a crucial element in maintaining the public's trust and confidence in DFYS.

The Division's goal is to have at least one community member that will participate in every six-month review conference held. Most offices try to have one public citizen, but it is very difficult to find someone who is willing to donate time every week. Since community members may have varying knowledge about subjects which benefit their participation in the review conference, DFYS is planning on implementing a statewide

training program for individuals who are interested in serving as community members at case review conferences.

Funding of this increment request is crucial to ensure continued public participation in this case review process. Community representatives have expenses in connection with participating in a case review conference, such as childcare, parking, or transportation to the case review conference. Telephone costs may also be incurred in situations where a community member is not available in the community where the case review conference takes place, but a community member from another community participates via telephone.

DFYS wants to provide a stipend, similar to the honorarium for jury duty, to community members who participate in six months conferences to help paying for these costs, and to create an incentive for public citizens to participate and provide input. The Division will also develop a statewide committee, made up of one citizen who participates in six-month review conferences, from each region to share experience and recommend overall system improvements.

Program Area

BRU: Purchased Services

Component: Subsidized Adoption & Guardianship

**Dollar
Amount(s):**
(\$1,069.9)

**Fund
Source(s):**
General Fund

Impact Analysis:

Reduction Title: Subsidized Adoption & Guardianship Caseload Growth

Impact: The number of children provided permanent homes through the Subsidized Adoptions & Guardianship program has increased significantly over the past several years. From FY1992 to FY2000 the number of children removed from the Foster Care system and placed in a permanent home increased 294% from 338 to 1,332.

This caseload increase is in large part attributable to the success of State permanency planning initiatives, Project SUCCEED and the Balloon Project. The Balloon Project, implemented in July 1999, provides funds to DFYS, the Attorney General's office, the Public Defender Agency, and the Office of Public Advocacy to increase the State's ability to comply with State and Federal permanency planning mandates and to focus on legal proceedings needed for children who have been in custody the longest period of time.

The proposed reduction by the House Finance Subcommittee of \$1,069.9 General Funds from the FY2002 caseload growth increment could result in insufficient funding for approximately 137 children per month if the Department's amended FY2002 projected caseload is accurate, resulting in the need for an FY2002 supplemental.

Program Area

BRU: Front Line Social Workers

Component: Front Line Social Workers

Dollar
Amount(s):
(\$450.0)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Case Note Transcription Services for Social Workers

Impact: Failure to implement new technologies via statewide implementation of Transcription Services reduces the Division's ability to protect abused and neglected children and to provide vital services to their families. Statewide implementation of Transcription Services (estimated incremental cost of \$450.0 General Fund) would be cost effective. This service brings all case documentation to real time, which is critical in developing appropriate and timely services. Transcription services will minimize delays in case documentation and the potential for lost or duplicated work efforts by other staff due to a worker being sick or out of the office for other unavoidable reasons. Currently, DFYS Social Workers spend at least 30 percent of their time completing necessary case documentation, assessments and court reports. This limits the amount of time Social Workers can spend providing services to abused and neglected children and their parents.

DFYS initiated a Pilot Transcription Project in January 2000. Eight social workers in three DFYS offices participated in the pilot project. Preliminary review of this pilot project shows that workers using transcription services spend on average 7.5 hours, or one work day per week, less completing paperwork. Other states, including Utah, have implemented Transcription Services for their social workers and have seen an immediate decrease in the amount of time the social workers spend completing documentation, as well an improvement in the timeliness and accuracy of case documentation.

Statewide implementation of Transcription Services would enable DFYS Social Workers to spend more time working with children and families. This proactive approach has the potential to reduce the number of foster care and other out-of-home placements. As well as the increase in client time, implementation of the Transcription Services will greatly improve documentation in case files. Documentation in case files will be more current. This will allow for improved communication with the court system, Attorneys General, Guardians Ad Litem and other system partners. It will also improve the timeliness and accuracy of DFYS data in the PROBER data system.

Program Area

BRU: Front Line Social Workers

Component: Front Line Social Workers

Dollar
Amount(s):
(\$241.8)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Continue Balloon Project

Impact:

The Balloon Project is a collaborative effort of the Department of Health and Social Services, the Department of Law, the Alaska Court System, the Office of Public Advocacy and the Public Defenders Agency to move children who have lingered in the child protection system for more than three years into permanent placements.

The Balloon Project has been extremely successful in reducing the foster care caseload backlog. One measure of the Balloon Project's success can be seen in the reduction of the growth of the foster care case caseload. Prior to implementation of the Balloon Project (July 1, 1999), the Foster Care caseload was increasing dramatically. The Foster Care caseload increased 16.8% in FY1998 and by another 16.4% in FY1999. In FY2000, the first year of the Balloon Project, the Foster Care caseload began to level out and the growth rate decreased to 5.8%. In FY2001, the Division has actually seen a decline in the Foster Care caseload due, in large part, to children transitioning to permanent adoptive and guardian homes.

The proposed \$241.8 reduction could result in either a reduced number of Social Worker positions that DFYS would be able to dedicate to the Balloon Project or would reduce the amount of funds available to the Division's legal partners. Either situation would potentially reduce the effectiveness of the Balloon Project to transition children out of foster care and into permanent homes. Continued full funding of the Balloon Project will serve to further reduce backlogged cases and prevent future backlogs from occurring.

Program Area

BRU: Front Line Social Workers

Component: Front Line Social Workers

Dollar
Amount(s):
(\$200.0)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Implementation of Risk and Safety Assessment Tool

Impact: In March 1998, the State Division of Legislative Audit issued a report based on an audit of DFYS. This audit identified the need for DFYS to redesign the Risk and

Safety Assessment Tool, to involve social workers in the project, and to provide adequate training to all field staff on the use of the new tool. The Risk and Safety Assessment Tool is a guideline which utilizes defined criteria to help Social Workers evaluate the risk of a child remaining at home with their parents. The Division is currently working with a contractor on developing a new Risk and Safety Assessment tool for use by DFYS social workers. This new Risk and Safety Assessment Tool will be utilized by DFYS social workers during the screening, investigation of Reports of Harm and on-going case management of DFYS cases.

Funding of the Division's increment request is critical to ensure that Social Workers receive the training they need to properly use this new tool. Failure to provide this funding will diminish the Division's ability to provide the necessary training and will ultimately reduce the utility or value of the Risk and Safety Assessment Tool. The intent of the Risk and Safety Assessment Tool, to protect abused and neglected children, will be diminished without requisite training.

Background: During the course of an investigation and throughout the life of a DFYS case, the social workers and supervisors make many critical decisions. These critical decisions are made in an effort to ensure children's safety. The decisions start in the investigation process by determining if there is a need to provide support services to the family, remove the child(ren) from the home, or close the case after investigation. The critical decisions continue throughout the life of the case and include the identification of appropriate services, parents' ability to protect and nurture the child(ren) after treatment and with or without supportive services, the appropriateness of placement out of home, need for continued intervention, and identification of permanent placement. These are difficult as well as critical decisions.

The Risk and Safety Assessment Tool is a process/guideline for the social workers to be used with all Reports of Harm and on-going cases to identify the basis for response, the level of response, and necessary intervention by DFYS. The guidelines are based on consistent interpretation of jurisdiction, identification of risks to a child(ren)'s safety, and identification of parent/caregiver's ability to protect the child(ren). The Risk and Safety Assessment Tool will be useful throughout the life of a DFYS case in assessing risk and safety factors within a family or placement. The Risk and Safety Assessment Tool will incorporate remedial actions on the part of the caregiver, engagement of appropriate supportive services, and current behavior and attitude of the parents/caregiver and child(ren), as well as historical family information that impacts risk and safety assessment.

Program Area

BRU: Front Line Social Workers
 Component: Front Line Social Workers

Dollar	Fund
Amount(s):	Source(s):
(\$600.0)	General Fund

Impact Analysis:

Reduction Title: Eias - Fund Change Due to Title XX 4.25% Limit

Impact: The Division submitted a proposal to transfer in \$947.8 in General Funds from the Division of Public Assistance to the Front Line Social Workers component to preserve the current level of child protective services. This transfer would replace funding which was previously derived from transfers from Federal TANF funds to fund child protective services under program guidelines established by Federal Title XX Social Services Block Grant (SSBG)

Program Area

BRU: Juvenile Justice
Component: McLaughlin, Fairbanks, Johnson, Bethel, Mat-Su, and Ketchikan Regional Youth Facilities

Dollar	Fund
Amount(s):	Source(s):
(\$70.6)	General Fund

Impact Analysis:

Reduction Title: Nursing Position Reclassification

Impact: Without the \$70.6 requested, the ability of the Division of Juvenile Justice to recruit and retain qualified nurses to serve residents detained in youth facilities will be impaired. The Division has ten nursing positions that provide comprehensive medical care for residents in six youth facilities. The services include emergency first aid services and staff training, intake screening and triage referrals, blood-borne pathogen and sexually transmitted disease control and training, and daily monitoring of resident health and hygiene.

The State of Alaska does not offer competitive wages for skilled and semi-skilled nursing positions. There are both national and statewide shortages of registered nurses. The nursing reclassification will begin to get nursing position salaries more in line with those offered by other employers and will hopefully improve the Division's ability to attract qualified applicants.

Program Area

BRU: Juvenile Justice
Component: McLaughlin Youth Center (MYC)

Dollar	Fund
Amount(s):	Source(s):
(213.5)	General Fund/ Mental Health

Impact Analysis:

Reduction Title: Alternative to Institutionalization

Impact: Without the \$213.5 requested, the increasing number of youth within the juvenile justice system that require intensive and specialized services due to their mental health and/or co-occurring substance abuse needs will not be served. The Division cannot divert this population from a locked juvenile institution without adequate community based alternatives, which will not be developed without the specialized probation officer positions funded by this increment. Lack of treatment staff within McLaughlin Youth Center will result in these mentally ill youth not receiving adequate resources, which will put both treatment center youth, as well as institutional staff, at risk for injury and potential harm. Over the long run it will cost the state more to institutionalize this population than it would to provide treatment options. Lastly, increasing numbers of youth with mental health and alcohol dependency issues will likely continue to result in increased overtime needs for youth counselor positions at MYC.

Program Area

BRU: Juvenile Justice
Component: McLaughlin Youth Center (MYC)

Dollar Amount(s): (292.5)
Fund Source(s): Gen Fund/Mental Health

Impact Analysis:

Reduction Title: Youth Offender/ Adolescent Treatment Bundle

Impact: Without the \$292.5 requested, youth in the Anchorage area with mental health and/or co-occurring substance abuse disorders will continue to be underserved. This will most likely result in inappropriate and/or longer use of locked detention for this population due to the lack of available front-end services. Youth within the treatment institution will not receive the individualized treatment services that their diagnoses require. Those youth being released from secure institutionalization will be at much higher risk of re-offending and/or requiring psychiatric intervention due to inadequate community based transition services, which will continue to be unavailable without the resources that would be provided by this increment.

Program Area

BRU: Juvenile Justice
Component: Johnson Youth Center

Dollar Amount(s): (50.0)
Fund Source(s): General Fund

Impact Analysis:

Reduction Title: Cut Budget because of Ketchikan Opening

Impact: This reduction is based on the assumption that there will be reduced costs at the Johnson Youth Center because of the opening of the Ketchikan Regional Youth Facility. Any reductions in the facility population due to the opening of the Ketchikan Youth Facility would only impact the detention unit. A preliminary analysis of the overtime savings is \$13.0, leaving a reduction to basic operations of \$37.0. The detention unit has 8 beds and the treatment program has 22 beds. This means that the smaller detention unit operation is expected to generate the majority of savings anticipated in this reduction. While the division would exercise prudent management, we are uncertain about whether the \$13.0 in savings could be generated. While overcrowding contributes to overtime costs, the facility will in all likelihood continue to operate at or near capacity after the opening of the Ketchikan Regional Youth Facility and will still require the core staffing and services required in a 24 hour per day, 7 day per week institution.

Program Area

BRU: Juvenile Justice
Component: Ketchikan Regional Youth Facility

Dollar	Fund
Amount(s):	Source(s):
(300.0)	General Fund

Impact Analysis:

Reduction Title: Annualize funding for the Ketchikan Youth Facility

Impact: The facility will provide detention of youth who are awaiting court hearings or who are court ordered into this facility for a brief period of time (up to 30 days), residential diagnostic and treatment for emotionally disturbed and mentally ill youth, and protective custody/observation beds. Construction is scheduled to be completed by July 1, 2001. The appropriation of less than a full year's operating funding will require a staggered opening of the Ketchikan Facility. The staggered opening will result in delays in hiring staff and accepting residents into the facility, leaving the division with the undesirable option of continuing to send juvenile offenders from Ketchikan and surrounding communities to the Johnson Youth Center Detention Unit.

Program Area

BRU: Juvenile Justice
Component: Probation Services

Dollar	Fund
Amount(s):	Source(s):
(564.5)	General Fund

Impact Analysis:

Reduction Title: Add Juvenile Probation Officers/Victim Services to reduce highest case to officer ratio

Impact: The Division will be unable to provide services to victims of juvenile crime and will increasingly fail to provide them with opportunities to exercise their constitutional and statutory rights to participate in the judicial and restitution processes. The division would have located these additional juvenile probation officers in those areas with the highest caseload and programmatic need as follows: Anchorage (2), Bethel, Barrow, Dillingham, Kenai, Ketchikan, Kodiak, and Valdez. This was to have been the first year of a three-year initiative to intervene earlier and more effectively with juveniles before they penetrate further into the formal juvenile justice system - in other words, to prevent juveniles from entering one of the state's six youth facilities.

If offense referrals continue at current levels or increase by any amount at our rural offices, the delinquency response will be limited to only the most serious felony cases. Early intervention and effective diversion activities will be reduced, eliminated or not initiated due to continued lack of resources. There will be fewer consequences for young offenders who commit minor crimes; this, in turn, will increase the likelihood that juveniles will offend due to the lack of accountability for their inappropriate behavior.

Without additional probation resources, the Division will not have the personnel to support continuation or expansion of community-based intervention or prevention programs. Without adequate support from the Division, many community programs will cease to function. This, in turn, will mean that there are fewer services to meet the needs of offenders, their families, and communities. Over time, as these needs go unmet, the undesirable behaviors of some youth will escalate. The system will be compelled to intervene and will very likely need to place these youth in out-of-home care or institutionalize them for long term treatment. This is a much more expensive option than prevention and intervention.

Program Area

BRU: Juvenile Justice
Component: Probation Services

Dollar
Amount(s):
(93.5)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Victim's Services Coordinator

Impact: The expansion of restorative justice services to victims will slow and could diminish without a victim's services coordinator. Communities that want to develop programs to support victims of juvenile crime will have to depend on adult service system providers who see the impact of delinquency as inconsequential and as a lower priority concern. There will be no one to voice the concerns of the juvenile justice

system as the state, communities, and victim advocacy groups work to expand services and support to crime victims. Victims of juvenile crime will be underserved as the Departments of Law and Corrections move forward to meet the needs of victims of adult crime.

Program Area

BRU: State Health Services
Component: Nursing

Dollar Amount(s): (\$852.2)
Fund Source(s): General Funds

Impact Analysis:

Reduction Title: Back to Basics: TB/Hepatitis/STD Initiative

Impact: The 67% reduction in the increment requested for Public Health Nursing significantly reduces the necessary improvements in Alaska's disease control efforts. The communicable disease problems addressed in Back to Basics such as TB, HIV, Hepatitis, sexually transmitted diseases, and loss in immunization coverage remain threats to the public's health.

The reduction from 11 public health nurses requested to 4 public health nurses and one aide funded means some areas will continue to experience disease problems that could have been identified, treated and controlled with adequate nursing personnel. The original proposal for 11 nurses and 4 support staff was modest in terms of the work to be done in our state with current disease loads such as TB, Chlamydia, HIV, and Hepatitis A/B/C and the needs for identifying and protecting people who may have already been exposed. With the partial funding of Back to Basics, there will be the addition of a few staff in some critical areas to begin addressing some of the most serious gaps in disease control.

Areas previously identified with major disease control gaps that would have been addressed with full funding in the Back to Basics Nursing request will continue to struggle with disease control demands. Those areas include the Anchorage area (Municipality), Mat-Su, Kenai Peninsula, Bristol Bay area, Delta Junction and Interior Region, Valdez, Aleutian Chain communities, or other areas that might experience increased disease control problems. The disease burdens in these areas are likely to continue or increase without increased public health control efforts.

This partial incremental improvement begins to improve Alaska's public health response capability to protect our citizens, and to uphold the state's mandate to protect the public's health.

Program Area

BRU: State Health Services
Component: Nursing

Dollar Amount(s):	Fund Source(s):
(\$198.3)	GF Match
(\$330.4)	General Funds
(\$ 30.4)	GF/Program Receipts
(\$559.1)	

Impact Analysis:

Reduction Title: Partial Budget Amendment-Nurse Salary Increase

Impact: The Nurses' salary increase is essential to recruit and retain qualified nurses who provide public health nursing care and services to every community in Alaska. There are 129 nursing positions in State Health Services. There is a shortage of nurses across the state and the nation. State employed nurses' salaries have not kept up with other nurse employers in Alaska. For public health nursing that means extended vacancies, and hiring less experienced entry-level nurses who require more training and supervision. This results in reduced services and less public health protection for Alaska's citizens. Alaska, if it is to remain healthy and have essential public health services and protections such as immunizations, infectious disease control, and health care for vulnerable children, elderly and their families, must be able to compete with employers in the lower 48 in salary and benefits. Alaska does not produce nearly the number of nurses needed each year to staff hospitals and clinics. Without an adequate nursing workforce, who will provide the screening and treatment services for diseases that threaten the health and safety of our children, our vulnerable elderly and all citizens? The management strategies for dealing with such a large shortfall in staff funding would include extended vacancies and service reductions.

Program Area

BRU: State Health Services
Component: Maternal, Child and Family Health

Dollar Amount(s):	Fund Source(s):
(\$150.0)	General Funds

Impact Analysis:

Reduction Title: Birth Defects Registry

Impact: Birth defects are a leading cause of infant mortality in Alaska, contributing to about one-half of the neonatal infant deaths that occur annually. During 1995, DHS promulgated regulations establishing the Birth Defects Registry effective as of January 1996. These regulations require all hospitals, physicians, and other health care practitioners who have identified a patient from birth through age one with a birth defect or defects to report the patient to the Alaska Division of Public Health within three months of the date of diagnosis or treatment. Birth defects registries have value in

improving the health of children by identifying service needs and improving service delivery to children with birth defects, by identifying areas for targeting interventions designed to prevent birth defects [such as folic acid supplementation to prevent neural tube defects], and by providing information necessary to identify the causes of birth defects. Currently, 8,634 children are in the Registry, having been reported as having a birth defect with dates from 1990 forward. Of this figure 5,953 have major anomalies.

The impact of not funding the Registry would mean that we would not be able to conduct birth defects surveillance for the state of Alaska, which includes Fetal Alcohol Syndrome (FAS) surveillance. Primary cases for the FAS Surveillance project, by definition, come directly from the birth defects registry. Eliminating the birth defects registry would result in an inability to identify the number of children statewide that have congenital anomalies, describe the severity of the conditions these children experience, identify the children who are accessing available services, and identify system needs that are not being met by the services currently available. Furthermore, we will be unable to identify areas in the state that have higher than expected rates of preventable birth defects. Therefore, we will not be able to target or improve prevention and intervention services in those areas. We will not be able to monitor trends of birth defects over time, including the ability to identify possible environmental factors contributing to birth defects.

Even preliminary data from the Birth Defects Registry has demonstrated that the prevalence of Alaska's birth defects is different from that of the US. Birth defects such as heart anomalies, Hirschsprung's disease, and cleft lip and palate are higher in Alaska than in some other states.

The State's current folic acid campaign is an excellent example of the use and value of data from the Birth Defects Registry to target prevention activities. A woman taking adequate folic acid in her diet can prevent neural tube defects. These birth defects are being targeted by an ongoing folic acid campaign to educate the public about the importance of the B vitamin folic acid. This is a collaborative campaign by Maternal, Child and Family Health, the Centers for Disease Control and Prevention, March of Dimes and other local health care organizations.

Program Area

BRU: State Health Services
 Component: Epidemiology

Dollar Fund
 Amount(s) Source(s)
 (\$200.0) General Funds

Impact Analysis:

Reduction Title: Public Health Evaluation of Environmental Contaminants

Impact: Since the submission of this increment, the US Food and Drug Administration and US Environmental Protection Agency have issued national warnings against eating seafood due to concerns over exposure to methylmercury. The Department of Environmental Conservation and the Department of Health and Social Services responded by contacting federal agency staff and challenging the scientific basis of this national blanket warning. Limited data, available to the Department of Environmental Conservation and Department of Health and Social Services, was sufficient to convince the federal agencies to modify their warning. They had to agree that Alaska seafood had much lower levels of methylmercury and could be safely consumed in amounts far greater than the national warning advised.

Only by establishing an ongoing joint monitoring program will Alaska be able to provide credible evidence upon which to reassure the public and Alaska residents in the future of the safety of locally harvested seafood. We proposed a "source to fork" fish monitoring program by Department of Environmental Conservation and a complementary "fork to tissue" monitoring program Department of Health and Social Services.

In the absence of the \$200.0 funding, there will be no Department of Health and Social Services monitoring program of actual human exposures to methylmercury. Both the Environmental Protection Agency and Federal Drug Administration are planning to launch a major, national program to educate the public about the dangers of methylmercury and the need to restrict consumption of seafood. Alaska will not be able to effectively counter these national messages without scientific data from our proposed program.

Program Area

BRU: State Health Services
 Component: Epidemiology

Dollar	Fund
Amount(s)	Source(s):
(\$439.0)	General Funds

Impact Analysis:

Reduction Title: Back to Basics: Positions to eradicate infectious diseases (Tuberculosis, Chlamydia, Hepatitis, Sexually Transmitted Diseases)

Impact: The 67% reduction in the Back to Basics requested increment and the proposed funding level will mean that we will not be able to meet the demands to provide public health services to protect against emerging infectious diseases.

Just this week, the Centers for Disease Control and Prevention released national data on the incidence of tuberculosis in the US. Alaska led the nation with the highest rate of increase of 77% in 2000. We have about 700 Alaskans who have been recently

infected with tuberculosis and are at increased risk of developing active and infectious tuberculosis for which preventive antibiotic therapy is indicated. Our goal is to provide these medications using direct observed therapy; to do so, we would need to have the increment fully funded. We will also not be able to respond to the needs of persons infected with HIV, sexually transmitted diseases, hepatitis C, and other infectious diseases, and to oversee and respond to reports of food or water borne illness in a timely manner.

Case management is personnel-intensive and requires a skilled team of nurses, laboratory staff, and epidemiology and medical professional staff to be effective. Similarly, the cuts to the Nursing and Laboratory Sections will compromise our ability to case manage in the field and to obtain diagnostic specimens and process them in a timely manner.

Program Area

BRU: State Health Services
 Component: Infant Learning Program Grants

Dollar Amount(s): (\$700.0)
Fund Source(s): General Funds

Impact Analysis:

Reduction Title: Fund change for ILP grants from Interagency Receipts to General Fund/Mental Health

Impact: This reduction will mean that over 300 children under 3 years old that are currently on the waitlist for Infant Learning Program/Early Intervention services will not receive the services. Research has shown that these children show the greatest gain in function when intervention services are started early. These requested funds would have eliminated the waitlist. A child that does not receive these services while they are very young may never be able to overcome the deficits of the early years. These children may then require the more expensive adolescent or adult services.

Program Area

BRU: State Health Services
 Component: Public Health Laboratories

Dollar Amount(s): (\$235.0)
Fund Source(s): General Funds

Impact Analysis:

Reduction Title: Back to Basics: TB/Hepatitis/STD

Impact: The 67% reduction to the Back to Basics initiative will result in the elimination of one proposed microbiologist position and a 50% reduction in much needed

commodities. Failure to provide adequate professional staff significantly hinders the timely diagnosis of such diseases as tuberculosis, hepatitis and sexually transmitted diseases. Additionally, delay of appropriate treatment will result in either spread of these infectious diseases or secondary results such as respiratory failure, childbirth complications and liver failure. For example, the federal Centers for Disease Control and Prevention recommends 2.5 full-time equivalent (FTE) employees for the volume of tuberculosis testing we currently do. Budget constraints limit staff to 1.5 FTE for TB testing. Our current staff is already stretched to the limit. Should another significant outbreak occur (such as the recent hepatitis outbreak in Homer), significant delays will occur.

The reduction in commodities funding will also impact laboratory operations. Reagent costs and increased test volume have resulted in as much as a 200% cost increase for certain testing (e.g. hepatitis). For the past several years, the laboratory has run short of reagents for chlamydia and Hepatitis C testing by the third quarter.

Program Area

BRU: Alcoholism and Drug Abuse Services
 Component: Alcohol Safety Action Program

Dollar	Fund
Amount(s):	Source(s):
(\$1,366.1)	General Fund

Impact Analysis:

Reduction Title: Stabilization & Restoration of Adult ASAP

Impact: This increment is part of the Governor's Public Safety initiative. In the past year Alaskans have been shocked by the death and destruction caused by drunken drivers on our highways. For the Alaska law enforcement community, these headlines have simply highlighted what has long been known: alcohol is the single biggest contributing factor to crime in Alaska. Approximately \$450.0 would fund increases in the Anchorage ASAP office, \$415.0 would reestablish five community grantee offices, and \$500.0 would increase funding at ten other grantee Alcohol Safety Action Program (ASAP) locations.

The basic ASAP function is to provide case management and accountability for Driving While Intoxicated (DWI) and other alcohol and drug related misdemeanor cases. This involves screening cases referred from the district court into drinker classification categories, as well as managing and monitoring cases throughout education and/or treatment requirements.

The Criminal Justice Assessment Commission (comprised of judges, prosecutors, defense attorneys, treatment programs and victim's organizations) consistently expressed the need to efficiently and effectively monitor misdemeanor offenders to ensure compliance with sentencing recommendations imposed by the Court. Helping

the offender to complete recommended treatment increases the probability that criminal behavior will not be repeated.

The impact of not funding this expansion will be:

- Rural and other small locations in the state (Barrow, Cordova, Nome, Seward, Sitka and Valdez) that have expressed the need for the restoration of ASAP will not receive such services.
- There will be an increase in the amount of time before an offender must appear for screening and referral to education or treatment from 1-2 weeks to a minimum of 1-2 months.
- Reporting noncompliance to the prosecutor and the Court will be less effective, as there will be a backlog of approximately 2000-3000 cases.
- Linking the repeat DWI, Domestic Violence Assault and other offenders to needed services and intensively monitoring them in the ASAP system will be eliminated.
- There will be an overall decrease in the efficiency and effectiveness of both the criminal justice system and substance abuse treatment throughout the state.
- There will be an increase in the number of repeat DWI, Domestic Violence Assault and other offenders in the system. A majority of these offenders will require an increase in jail time and space utilization at the Department of Corrections.
- The training, technical assistance and grant reviews provided by the Anchorage ASAP office to other locations in the state will be reduced substantially.

The major outcome evaluations of the ASAP program over time have shown ASAP's effectiveness in preventing repeat offenses. In the last evaluation done by the University of Alaska, Anchorage, one of the strongest recommendations made was to concentrate on the "high-risk" ASAP client. This is the group of clients who comprise 30-35% of the client population, but utilize an enormous amount of services throughout the system. Since a number of these clients are repeat DWI offenders, it was recommended that intensive monitoring and other strategies be employed to deal effectively with this population.

Program Area

BRU: Alcoholism and Drug Abuse Services

Component: Alcohol Safety Action Program

Dollar
Amount(s):
(\$63.5)

Fund
Source(s):
General Fund

Impact Analysis:

Reduction Title: Underage Drinking, Establish Juvenile ASAP Assessment and Referrals

Impact: This increment is part of the Governor's Public Safety initiative. The existing Alcohol Safety Action Program does not serve juveniles. Funding was requested for a full-time Juvenile Probation Officer to administer the new program.

Not funding this position will result in the continuation of an inadequate response from the Division of Alcoholism and Drug Abuse to the growing demand for help dealing with the increasing numbers of minor consuming and other juvenile alcohol-related crime.

Emergency rooms and trauma centers have recorded a slow but steady increase in alcohol-related injuries to youth between 1991 and 1998. Early intervention with minors who are known to use alcohol would likely reduce future demands on both the juvenile and adult criminal justice systems.

Program Area

BRU: Alcoholism and Drug Abuse Services
Component: Alcohol/Drug Abuse Grants

Dollar	Fund
Amount(s):	Source(s):
(1,500.0)	General Fund

Impact Analysis:

Reduction Title: Fund Switch to replace anticipated loss of federal funding (SYNAR)

Impact: Under federal law, known as the Synar Amendment, States receiving a Substance Abuse and Mental Health Services Administration Block grant must meet predetermined targets for enforcing sales of tobacco to minors. The federal mandate for the reporting period federal fiscal year (FFY) 2000 could not exceed 20%. During this period Alaska's non-compliance rate was 34%. This means that minors participating in compliance checks were successful in buying cigarettes 34% of the time. As a result, the State of Alaska has recently been found in non-compliance with Synar and stands to lose up to \$1.5 million in federal substance abuse treatment funds. A Congressional proposal has been approved which allows for new State tobacco funding as an alternative "penalty".

The impact of the loss of federal funding (\$1.5 million) and denial of this requested switch to General Funds would result in an 8% reduction of grant funds across all ADA grants to service providers. For programs with level or declining funds, an 8% decrease will be significant. They will have no source from which to make up the funding, so treatment capacity will be lost. The following would be the likely impact in terms of beds lost during FY 02:

- Eliminate 5 detoxification beds
- Eliminate 19 co-ed, 8 women only and 2 adolescent intermediate care beds
- Eliminate 8 adult and 2 adolescent long-term care beds

The reductions in outpatient capacity are difficult to calculate but would be significant.

The demand for substance abuse treatment continues to grow. The child protective services system, criminal justice system, juvenile justice system and public assistance programs have all identified needs for additional treatment funding. The loss of existing substance abuse treatment capacity will be a significant setback for all of these agencies and programs.

Program Area

BRU: Alcoholism and Drug Abuse Services
Component: Alcohol/Drug Abuse Grants

Dollar	Fund
Amount(s):	Source(s):
(\$2,000.0)	General Fund

Impact Analysis:

Reduction Title: Adult Alcohol Treatment Services Expansion

Impact: Alcohol is the single greatest contributor to crime in Alaska. It is also a major factor in child abuse, domestic violence, health problems and poor educational achievement. We need to provide intervention and prevention services and impose tough, unavoidable consequences on offenders. The intent of this increment is to eliminate the waitlists for substance abuse treatment by increasing outpatient and residential treatment capacity with a specific priority placed on individuals involved with the criminal justice system. Outpatient and residential care services for the adult misdemeanor and felony offender population is in high demand.

Approximately \$800.0 would be used to increase outpatient treatment capacity by adding 18 outpatient counselors within grantee agencies and approximately \$1,200.0 would increase residential treatment capacity by fully funding 54 treatment beds.

The impact of not funding this increment will be:

- the continuation of long waitlists for treatment,
- the inability of the courts to get a person into treatment on a timely basis and avoid incarceration, and
- continued inadequate response to the impacts that alcohol abuse has on Alaskans.

In May 2000, the *Final Report of the Alaska Criminal Justice Assessment Commission* reaffirmed the connection between alcohol and crime. In addition to the carnage caused by drunken drivers in Alaska, the report notes that:

- Alcohol is implicated in most homicides resulting from arguments or disputes and is often a contributing factor in incest, child abuse, spousal abuse, robbery with injury, and family violence;

- Crime-related costs of offenders who do not receive alcohol treatment far exceed the costs of treatment; and
- Recidivism rates for offenders who receive clinically appropriate treatment are significantly less than for offenders who receive no treatment or inadequate treatment.

Program Area

BRU: Alcoholism and Drug Abuse Services
 Component: Alcohol/Drug Abuse Grants

Dollar	Fund
Amount(s):	Source(s):
(\$1,010.5)	General Fund

Impact Analysis:

Reduction Title: Juvenile Alcohol Treatment Services Expansion

Impact: In the 1998 Household Survey of Drug Abuse conducted by the Substance Abuse and Mental Health Services Administration (SAMHSA), 30.6% of youth ages 12 to 20 report being current users of alcohol, 15.2% report binge drinking and 6.9% report consistent heavy use. When the age group is narrowed to high school students, the Youth Risk Behavior Survey (YRBS) found that 50% of students were current users.

Failure to fund this increment will result in the continuation of an inadequate response from the Division of Alcoholism and Drug Abuse to the growing demand for help dealing with the increasing numbers of minor consuming, other juvenile alcohol-related crime and continuing demand for adolescent treatment.

Local communities, Native organizations and the Governor have called for renewed action on prevention of suicides. Research indicates that youth suffering from substance abuse frequently suffer from depression and that substance abuse increases the risk for suicide. The need for treatment expansion is critical. Currently treatment providers are at capacity and have large waitlists.

Research shows that youth who begin to consume alcohol before the age of 15 are four times more likely to develop alcohol dependency (alcoholism) than people who wait until after the age of 21 to begin drinking. In 1999 more than 2,200 citations were issued for minors under the age of 18 consuming alcohol according to the Alaska Court System.

The demand for alcohol treatment for youth currently exceeds the availability of services. Youth residential treatment is only available in Anchorage, Fairbanks, and Sitka and all providers have large waitlists. Outpatient treatment for youth is available in Wasilla, Anchorage, Juneau, and Fairbanks. As early intervention becomes more available through the establishment of Juvenile Alcohol Safety Action Program Services, the need for treatment will become more pronounced.

This funding would be utilized to provide grant funding for approximately 22 youth outpatient and continuing care counselors statewide.

Program Area

BRU: Alcoholism and Drug Abuse Services

Component: Alcohol/Drug Abuse Grants

**Dollar
Amount(s):**
(\$257.0)

**Fund
Source(s):**
General Fund/
Mental Health

Impact Analysis:

Reduction Title: Spirit/Recovery Camp Development

Impact: This increment is part of the Governor's Public Safety initiative. The intent is to expand the capacity for culturally appropriate family treatment especially in rural Alaska and to identify methodology for improving treatment outcomes for rural Alaskans. The original request of \$357.0 would allow ADA to fund grants for 8-12 camps, each a minimum of 30 days duration. This project will require significant resources from local communities, the Alaska Native Tribal Health Consortium and other tribal entities.

The impact of the decrease from \$357.0 to \$100.0 would reduce the number of grants to 2-4 camps, each of a minimum of 30 days duration.

Local communities, Native organizations and the Governor have called for renewed action on prevention of suicides and to aid those communities that have had major impacts due to suicides. Recovery Camps target families impacted by substance abuse. As substance abuse, depression and suicide go hand in hand, this program, by involving families, has the potential to help those at risk for suicide and those who otherwise might become at risk in the future.

Program Area

BRU: Alcoholism and Drug Abuse Services

Component: CAASA Grants

**Dollar
Amount(s):**
(\$426.0)

**Fund
Source(s):**
General Fund

Impact Analysis:

Reduction Title: Underage Drinking, Establish Juvenile ASAP Assessment and Referrals

Impact: Research shows that youth who begin to consume alcohol before age 15 are four times more likely to develop alcohol dependency than people who wait until age 21.

In 1999 the Alaska Court System recorded over 2,200 citations for minors under the age of 18 consuming alcohol. The existing Alcohol Safety Action Program, (ASAP) does not serve minors. No mechanism currently exists to require minors cited for consuming or possessing alcohol to be screened and assessed for alcohol dependency. This is true even for youth who have been cited on numerous occasions. Early intervention with minors who are known to use alcohol would likely reduce future demands on both the juvenile and adult criminal justice systems.

The impact of not funding these grants will be:

- Approximately eight communities, including Anchorage and Mat-Su, who are experiencing the most problems with minor consuming, will not receive juvenile ASAP services through grants with community based agencies.
- Increase in the number of repeat juvenile offenders who progress to levels necessitating increased supervision and space utilization.
- Repeat juvenile offenders will eventually enter the adult system (Department of Corrections) resulting in more costly jail time or felony supervision.
- Across time, not funding these grants will increase the number of new DWI, Domestic Violence Assault and other alcohol/other drug related offenses statewide due to lack of early intervention.

In the Detention Unit at McLaughlin Youth Center, it is estimated that 39% of the youth report substance use that would be classified as dependence on the Substance Abuse Subtle Screening Inventory (SASSI).

In addition, proposals before the legislature for "graduated sanctions" for minor consuming will not be able to operate as envisioned unless there are adequate services in the local community.

Local communities, Native organizations and the Governor have called for renewed action on prevention of suicides. Juvenile ASAP programs would be an ideal place to screen for depression among high-risk youth (those who get into legal trouble by use of alcohol and other drugs).

Program Area

BRU: Alcoholism and Drug Abuse Services
 Component: Rural Service Grants

Dollar	Fund
Amount(s):	Source(s):
(\$750.0)	GF/Mental Health

Impact Analysis:

Reduction Title: Rural Human Services Program Expansion – Alcohol Substance Abuse Counselors

Impact: This increment is part of the Governor's Public Safety initiative. This proposal will fund the salaries, training and supervision, clinical space, supplies and support for ten additional workers. Today, there are 98 human service workers in 75 communities. This expansion would increase the number of workers from 98 to 108 while the number of communities served by Rural Human Service Workers would increase from 75 to 85.

The Rural Human Services program trains community residents, primarily from rural Alaska, to provide alcohol and mental health services in their communities. This program has proven to be successful because it provides the opportunity for local residents to combine their cultural knowledge with alcohol and mental health counseling and intervention skills.

Unless this increment is funded, these additional programs will not be funded and the additional need for these services will not be met.

Local communities, Native organizations and the Governor have called for renewed action on prevention of suicides. Trained village-based counselors are the front line of suicide prevention.

Program Area

BRU: Institutions and Administration

Component: Alaska Psychiatric Institute

**Dollar
Amount(s):**
(609.9)

**Fund
Source(s):**
General Funds

Impact Analysis:

Reduction Title: Nurse Salary Increases

Impact: Without the \$609.9 the ability of API to recruit and retain qualified nurses to serve residents of the facilities will be impaired. The Division has over 100 nursing positions that provide comprehensive medical care for residents in a 24-hour facility.

The State of Alaska does not offer competitive wages for skilled and semi-skilled nursing positions. There are both national and statewide shortages of registered nurses. The proposed nursing reclassification will begin to get nursing position salaries more in line with those offered by other employers and will hopefully improve the facility's ability to attract qualified applicants.

Additionally, Hospital accreditation standards and federal Health Care Financing Administration licensing standards set forth minimal requirements for patient units which must be met in order to retain accreditation and be eligible for Medicare and Medicaid reimbursement. In order to maintain a patient unit open, there must be at least one RN on every patient unit for every shift. These are the minimum requirements; these standards are then to be adjusted by each hospital based on a hospital's patient acuity

rating system, which assists in determining appropriate staffing levels for both RNs and ancillary nursing staff (psychiatric nurse aides).

Because API must provide patient care 24 hours a day and because there is a shortage of qualified nursing staff, API must rely on the use of mandatory overtime. If, for any reason, a patient unit lacks RN coverage and no RN is willing to volunteer to work overtime, then we are forced to turn to our mandatory overtime list.

Program Area

BRU: Mental Health Trust Boards
Component: Alaska Mental Health Board

Dollar	Fund
Amount(s):	Source(s):
(56.5)	GF/Mental Health

Impact Analysis:

Reduction Title: AMHB Statewide Children's Coordinator Funding Change

Impact: The position's mission is coordinating development of a unified system of care for children in Alaska. The position facilitates integrated service delivery by coordinating planning and implementation targeting collaboration across multiple systems of care; needs of children in custody (including out-of-state placement); leveraging resources for service and system change; and strategies to improve transition to adult services. The position serves a statewide role including staffing the AMHB Children's Subcommittee and DHSS children's initiative's efforts, and coordinating the Children's Mental Health Conference.

The FY02 GF/MH increment of 56.5 represents the first year of a two-year transition from MHTAAR funding. The AMHB's two-year plan adopted by the AMHTA includes a 60.5 GF/MH increment in FY03. Without the FY02 increment, funding for the position is limited to 56.5 MHTAAR, half the FY01 level. This would reduce the position to half-time, requiring abandoning or delaying key projects and initiatives:

- **Staffing:** The position would no longer staff the Children's Work Group or Transition Services Task Force or chair 2001 Health Summit Mental Health Track planning efforts.
- **Liaison:** The coordinator's duties would be severely curtailed, depriving the AMHB and DMHDD of links to key organizations such as the Infant Toddler Behavioral Health Institute, the State Transition Policy Team, Home Visiting Collaboration Committee, Healthy Stable Families, and Family Voices.
- **Planning/Implementation:** Half-time status would require reprioritizing program and planning activities. Lost would be key contributions to planning the 2001 Pathways Conference, drafting and implementing the Mental Health Block Grant, implementing the Memorandum of Agreement (MOA) between Division of Juvenile Justice (DJJ) and DMHDD, developing an integrated service delivery system for children involved

with DJJ, implementing the MOA between DMHDD and the Department of Education and Early Development, and developing an integrated service delivery system for children involved in school special education programs.

The end result will be delay in crucial and long-overdue integration and development of a more effective and unified children's system of care.

LABOR +
WORKFORCE
DEVELOPMENT

**House Finance Subcommittee Recommendation
FY02 Operating Budget Request
Department of Labor and Workforce Development**

The subcommittee adopts the attached summary and transaction worksheets. The subcommittee began their consideration at the FY01 Base level reflected in HB 103. These budget recommendations reflect our general fund allocation for FY02 of \$12,228.1. This represents a reduction of \$859.6 from last year's (FY01) general fund level. The subcommittee concurs in general with all transactions occurring between the FY01 Management Plan and the FY02 Adjusted Base. These transactions are necessary to accommodate departmental consolidations and implementation of HB 378, which transitions the general fund support of OSHA and Workers' Compensation programs towards a fees-based Workers' Safety account. In addition, at our final meeting on February 22nd, there was consideration of the Governor's Amended Budget items effecting the Department of Labor and Workforce Development. The approved amendments are included in the subcommittee recommendation column.

Overall growth in the department's budget for all fund sources is 4.34%. This is composed of a general fund decrease of -6.57%, an increase in federal funds of 5.56% due in part to consolidations in the Employment Security Division relating to Job Training programs, as well as a 6.38% increase in "other funds" due substantially to the transition to the Workers' Safety fund source for OSHA and Workers' Compensation divisions. Vocational Rehabilitation Division received the largest overall percentage increase gaining nearly \$1.5 million through increased federal program funds.

The subcommittee recommended reducing general funds in the Commissioner's Office by \$40.0. The current Deputy Commissioner vacancy in the Commissioner's Office allowed for a general fund decrease of \$10.0 allocating a total of \$93.0 to allow for replacement of this critical position. Also in the Commissioner's Office, the subcommittee recommended replacing \$30.0 in general funds with interagency receipt authority in the same amount for a position that compiles regulations dealing with agency, state, and federal programs.

Increased expectations effecting Workers' Safety fund receipts available through implementation of HB 378 is the recommended source for funding the Workers' Compensation hearing officer general fund increment in the Governor's budget request for \$100.0. The subcommittee recommends increasing the receipt authority from the Workers' Safety fund source an additional \$41.5, and authorizing \$58.5 in general funds to add an additional hearing officer to assist in addressing the backlog and minimizing extremely long delays for hearings in injured worker cases.

The subcommittee concurs in the transactions represented as occurring between the FY02 Adjusted Base and the FY02 Governor's Request phases with the above exceptions. The recommendation funds the second year of labor contract cost increases and replenishes the one-time funds depleted by funding the first year of contract costs from various fund sources.

FY02 Budget Amendments

The subcommittee concurs with the Governor's amended operating budget requests effecting the Employment Security Division. Two increment requests have been incorporated in our budget recommendation spreadsheet totaling \$600.0 entirely from "other funds." These include \$100.0 of increased expenditure authority from the Training and Building Fund to train data processing staff in new technologies; as well as \$500.0 increased authorization from STEP funds to serve 200 additional participants statewide. Concerning the Governor's amendment request for \$90.0 in general funds to support the State Independent Living Council, the subcommittee supported the

idea to expand rural outreach to approximately 65 additional disabled individuals offering assistance with such independent living skills, personal care assistance and accessing necessary home modifications. The subcommittee pursued locating a non-general fund source to fund this increment. However, no adequate non-general fund sources were identified, either by the department or through interagency receipts with other agencies. Therefore the subcommittee could not add this item to their recommendations.

Approved: Representative Bill Hudson, Chair
Representative Jeannette James
Representative Lisa Murkowski
Representative Kevin Meyer
Representative Joe Hayes
Representative Harry Crawford

Date: February 22, 2001

**Department of Labor & Workforce Development
Impact Statements in Response to
House Finance Subcommittee Budget Proposals
Date: 03/01/01
Prepared by: Remond Henderson**

Program Area:	Dollar Amount(s):	Fund Source(s):
Worker's Compensation	(\$41.5) \$41.5	General Fund Workers Safety Fund
Occupational Safety & Health	(\$27.7) \$27.7	General Fund Workers Safety Fund

Impact Analysis:

If sufficient Workers Safety Fund receipts are available there will be no impact from this fund source change. However, as this is the first year of the fund the department can only estimate the amount that will be received and available for expenditure.

If the funds received are not sufficient to support these expenditures the department will be unable to hire the additional Worker's Compensation Hearing Officer needed to reduce the hearing backlog. The backlog currently causes a delay in scheduling hearings of over four months. In addition the department would be unable to provide the 40% matching funds necessary to secure federal funds for a position to address two Annual Performance Goals that the USDOL has cited us for in the past two annual evaluations of our State Plan. The goals are to better target Occupational Safety efforts and to implement a system to evaluate program performance.

Program Area:	Dollar Amount(s):	Fund Source(s):
Independent Living Rehabilitation	(\$90.0)	General Fund

Impact Analysis:

Without these funds the department will be unable to expand outreach services to persons with disabilities in rural Alaska. This means that some rural communities and some areas of the state, such as Western Alaska, that have been under served or not served at all, will remain that way. Also the state will continue to see the higher costs for institutional and primary care programs for individuals from these areas.

For example, 85% of all persons who are placed in long-term institutions are Medicaid funded, at an average cost of more than \$90,000 per individual per year. In FY99, Alaskan Centers for Independent Living were directly responsible for successfully relocating 18 people from nursing homes to their chosen communities. Another 165 individuals received services that helped avoid their being sent to long-term care facilities. The one-year savings in Medicaid costs alone for those 183 individuals are estimated to be over \$10 million.

Program Area:	Dollar Amount(s):	Fund Source(s):
Commissioner's Office	(\$40.0) \$30.0	General Fund Inter-Agency Receipts

Impact Analysis:

The department will attempt to find non-general funds to replace the funds cut. However, if unsuccessful, this reduction will result in an additional unallocated reduction that will negatively impact departmental programs by reducing their ability to provide services.

LAW

House Finance Subcommittee
Department of Law
FY02 Operating Budget

The House Finance Subcommittee on the Department of Revenue closed out review of the budget at the February 28, 2001 meeting, adopting the attached summary and transaction sheets. The subcommittee worked from the FY01 Management plan reflected in HB 103, which included full funding for the salary increases approved by the 21st Legislature.

The subcommittee recommendations are aligned with the House Finance Committee's General Operating Budget allocation of \$25,673.6 and provide a stable level of funding for the department while authorizing general fund dollars to replace the one-time monies supporting the negotiated labor contracts.

In addition to the baseline management plan, the subcommittee approved general fund allocations for the following:

- \$137.0 for an additional Juvenile Delinquency Attorney position in Anchorage to handle the significant increase in the number of cases over the past two years;
- \$90.0 for an Associate Attorney position (paralegal) to conduct specialized research and assist within the Governmental Affairs Division;
- \$135.9 to the Victim Witness Notification and Support program to provide for more reliable notification of victims.

**Department of Law
Impact Statements in Response to
House Finance Subcommittee Budget Proposals
Date: March 1, 2001
Prepared by: Kathryn Daughhettee**

Program Area:	Dollar Amount(s):	Fund Source(s):
Civil Division – Collections and Support Victim Restitution	(306.5)	General Fund

Impact Analysis:

The Victim Restitution Project funding would allow the Collections Unit to handle the collection and payment of restitution on behalf of crime victims. The Unit currently has a collections database that provides a method for efficient and streamlined collection of debts owed to the state. With some modifications, this database and related collections procedures could be used to collect restitution owed on behalf of victims. This funding would allow the purchase of necessary computer hardware and computer programming to achieve the data base modifications and cover the cost of an additional associate attorney, administrative clerk, and secretary to oversee the collections process. The governor's budget included \$250.0 and the governor's amended budget added another \$56.5 for this project. The subcommittee did not consider the governor's amended budget, but did consider the \$250.0 request. The entire amount of requested funds for Victim Restitution are currently contained in a fiscal note in conjunction with HB 133 and SB 107. It was agreed that if the legislature passes this legislation and fully funds the fiscal note, the Department of Law would be able to undertake the collection and payment of victim restitution.

Program Area:	Dollar Amount(s):	Fund Source(s):
Civil Division – Governmental Affairs Bank of America	(250.0)	General Fund

Impact Analysis:

The state is proceeding with its claim regarding the alleged mismanagement by the Bank of America and other affiliated banks serving either as trustee or fiscal paying agency on over 1200 bond issues of state and municipal agencies. Nearly all the participating municipalities, the AHFC, and AIDEA have paid their share of the prorated costs. Those funds plus an original general fund appropriation in the amount of \$250.0 made in FY 1998 have been exhausted. The Department of Law is currently seeking both a FY 2001 supplemental and this increment, which will be needed to pay the state's share of litigation costs that will arise in FY 2002. This request was included in the governor's amended budget, which was not taken up by the subcommittee.

If the case proceeds to litigation and there are no general funds appropriated for the state's share of the costs that would be incurred in FY 2002, it could jeopardize the state's claim and dramatically reduce the amount of money we may otherwise recover.

Program Area:	Dollar Amount(s):	Fund Source(s):
Criminal Division – Third Judicial District Alcohol Interdiction	(200.0)	Inter-Agency Receipts
Criminal Division – Fourth Judicial District Alcohol Interdiction	(300.0)	Inter-Agency Receipts

Impact Analysis:

Alcohol is at the root of a number of problems in Alaska. The correlation between alcohol and crime is significant, and alcohol is related to a number of accidental deaths and injuries. In addition, many children are born with FAS or FAE because their mothers consumed alcohol during pregnancy.

A federal grant to The Department of Public Safety funds \$1.4 million (\$500.0 of which has been earmarked for prosecution) for the first year of a proposal intended to significantly reduce violent crime, accidental deaths, and incidence of FAS and FAE by cutting off the easy availability of alcohol through aggressive investigation and prosecution of bootlegging offenses.

The project will be a joint effort between the Departments of Public Safety and Law. Additional troopers to be placed in Bethel, Nome, Kotzebue and the Anchorage International Airport will aggressively investigate bootlegging in and into rural Alaska. They will work closely with local law enforcement agencies and the United States Postal Service. A new prosecutor position will be located in Bethel to handle prosecution of bootlegging in the Bethel region. A prosecutor in Anchorage will obtain cross-designation as an Assistant United States Attorney to obtain federal search warrants to search packages shipped via the US mail, to handle the prosecutions in Anchorage, Nome, and Kotzebue, to provide legal advice during investigations, and to respond to motions and appeals in bootlegging cases. In addition, money is requested for a paralegal in the Bethel District Attorney's Office to handle subpoenas, witness travel, and other tasks.

This increment was included in the governor's amended budget, which was not considered by the subcommittee. However, the Department of Public Safety's subcommittee did consider and approve the \$1.4 million of federal funds requested by that agency, which is the source of the inter-agency receipts requested in this increment.

LEGISLATURE

LEGISLATURE

House Finance Subcommittee

Legislature

March 1, 2001

FY02 GF appropriation is the same overall level as FY 01. An appropriation summary, agency total and transaction reports are attached. The House Subcommittee FY02 budget for the Legislature is identical to HB 103 (i.e., FY01 Mgt Plan) with the following exceptions:

- 1) Legislative Audit has added 250.0 I/A to formalize an RSA with DOA for auditing executive branch agencies. There is no real change in funding; the RSA was unbudgeted in FY01 (and prior year).
- 2) Transfers of 11.1 (to Admin Services for dues increases at NCSL, CS&G and the Energy Council) and 10.1 (to facilities rent for rate increases in the SOB (Legislative Audit and Legislative Finance), Court Plaza (Ombudsman) and Community Building (print shop)) from LB&A Committee Expenses.
- 3) A transfer of 3.9 GF to the Governor's Office to fix incorrect FY01 billing for facilities rent. This was in the Governor's budget.
- 4) Addition of one PFT (data processing personnel) in the Admin Services component of Legislative Council.
- 5) LITs in Salaries and Allowances and in Admin Services.
- 6) An increment of 60.0 I/A in Admin Services (for increased print shop receipts).
- 7) Replacement of 15.0 GFPR with GF in Admin Services (reduced receipts expected).
- 8) A decrement of 12.9 I/A in Session Expenses (reduced receipts for copies of statutes).

MILITARY +
VETERANS'
AFFAIRS

**House Finance Subcommittee
Department of Military and Veterans' Affairs
Subcommittee Report FY 02**

The House Finance Subcommittee for the Military and Veterans' Affairs closed out at the February 19, 2001 meeting. The subcommittee worked from the FY01 Management Plan reflected in HB 103. The budget recommendations are within the House Finance Committee's \$667.0 General Fund increment and do not exceed the \$8,413.9 General Fund Operating Budget allocation.

The Department of Military and Veterans' Affairs is funded through 4 BRUs; Disaster Planning & Control; Alaska National Guard; Alaska National Guard Benefits and Veterans' Affairs.

Budget Summary

The budget changes recommended by the subcommittee are reflected on the budget summary page.

Recommended General Fund Increment Distribution

- a) Fund the \$200,000 requested by Gen. Oates to allow 24 hour staffing of the Emergency Coordination Center.
- b) Fund the requested \$69,000 state match for increased federal funding Army Guard facility maintenance.
- c) Fund the requested \$163,900 state match for increased space and federal funding for Air Guard facility maintenance.
- d) Fund \$199,300 of the \$311,100 in General Fund increments requested for the Alaska Military Youth Academy, which does meet the full 40 percent match. Other state funds can be identified to make up the additional match required. One example would be foundation funds from the state correspondence program.
- e) Adopt the Governor's Proposed Amendments and incorporate them into the committee report.

Recommendations to Full Committee

The full Finance Committee should consider funding Tuition Assistance from sources other than General Funds.

The full Finance Committee should address Local Emergency Planning Committee Grants. Since OMB has eliminate the funding source, which has been 1055 IA/OIL HAZ funds, the committee should decide whether the program should be continued with General Funds, transferred to DEC, or continue to be funded from the same funding source. Since this is not one of the primary missions of DMVA it was the subcommittee's position, that it should not come out of the General Fund increment allocated.

Other changes reflect needed adjustments to reflect changes in funding source and/or receipt authority and do not impact the General Fund total for the recommended budget.

The subcommittee's recommendations will allow the Department to:

- a) Bring an estimated \$320 million Federal dollars into Alaska's economy through military related programs;
- b) Maintain over 4,000 jobs in communities across the State;
- c) Continue to provide a Missile Defense Project Coordinator to facilitate new mission possibilities that could potentially bring as many as 100 new National Guard related jobs to Alaska;
- d) Provide the needed 25% State Match for maintenance and operations of the new facilities at Kulis AFB and other Alaska Air National Guard facilities.
- e) Provide the needed 25% State Match for increased Alaska Army National Guard facilities.
- f) Continue the Veterans outreach program at it current level. During the past year, this program helped Alaska Veterans identify and secure \$27.5 million in Federal assistance.
- g) Allow the Alaska Military Youth Academy to change personnel to permanent status and to meet its 40 percent State Match Funds requirement.

In Summary, for an investment of \$8,413.9 in General Funds, the Department of Military and Veterans Affairs creates over 4000 jobs and brings in \$3.0 million in Federal funds through military payroll, veterans' benefits and other Federal connected funds.

FY 2001 Supplemental HB 116

***Sec. 9. INCREASED FUEL COSTS**