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FRAN ULMER
Lieutenant Governor

Dear Governor Knowles:

It is with great pleasure that I transmit these policy transition team recommendations to you for your consideration. These recommendations are the product of a consensus process of team members working together.

Because public involvement is so important to the credibility and productivity of government, we wanted to start our new administration by bringing together citizens with a wide variety of perspectives to participate in the public policy process. The policy transition teams provided forums for Alaskans to share their views and creative suggestions with our administration. The pages that follow are the summary of the recommendations of thirteen teams of 325 individuals who met between January 3 and January 13, 1995, in Anchorage, Bethel, Fairbanks, Juneau, Kenai, Kodiak and Sitka.

The teams were requested to provide public policy recommendations to guide the state in new directions. They were asked not to focus on personnel and agency organizational structures. In every case the meetings were successful in providing specific recommendations to achieve the goals you have established.

There were constant themes heard throughout the team meetings: 1) open up the public process; 2) streamline state government; 3) simplify permitting and regulations; and 4) work cooperatively with the federal government, regional interests and private entities.

The transition team process described in this summary is only the beginning of this administration's efforts to open the doors and windows of state government to more meaningful public participation. We must build upon this effort and continue with similar citizen participation processes to address the complex issues which must be resolved by Alaskans working together.

Sincerely,

Fran

Fran Ulmer
Lieutenant Governor

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TABLE OF CONTENTS

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Economic & Community Development

Members of the Economic and Community Development (E&CD) policy team proposed ways in which the state can help build a stronger economy in urban and rural Alaska. The team addressed specific small business and regional development issues, the best methods to market Alaska's products and services both domestically and internationally, and the future of Alaska's financing agencies.

Recognizing that encouraging economic growth is a complex task, the E&CD policy team was separated into four subcommittees: Finance, Marketing Alaska, Regional Economies, and Small Business.

FINANCE SUBCOMMITTEE

The Finance Subcommittee was asked to review the issues facing the state's top grant and loan programs, including Alaska Industrial Development and Export Authority (AIDEA), Alaska Housing Finance Corporation (AHFC), Municipal Bond Bank (MBB), and Alaska Science and Technology Foundation.

RECOMMENDATIONS

ALASKA HOUSING FINANCE CORPORATION

- Ensure that Alaskans have safe, sound and sanitary housing with an emphasis on low- and moderate-income, and special-needs housing.
  - Establish a state policy to prohibit further raids on AHFC assets. Any disbursements ought to be part of an overall fiscal policy for the state, not a quick-fix funding source.
  - Continue dividend payments to the state from AHFC corporate earnings, as part of a long-term fiscal plan.
  - Support and implement a housing policy as articulated in merger legislation.
  - Inventory programs for effectiveness and potential consolidation opportunities.
  - Explore housing partnerships with other public and private entities.
  - Develop a fiscal policy to ensure the viability of AHFC.
  - Provide incentives and flexibility for home ownership in keeping with mission.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

- Work more aggressively on the primary mission of job creation through assisting small businesses.
  - Issue revenue bonds to promote economic development in small Alaska communities.
  - Pursue more private-public partnerships.

- Review and incorporate AIDEA activities into an overall strategy to promote broad-based economic development, consistent with this administration's economic policies.
  - Establish the policy that there will be no raids on the assets of the AIDEA. Funds should only revert to the state's general fund as part of an overall fiscal policy or long-term solution, not a stop-gap funding source for lack of planning.
  - Request the board of directors to update the 1990 University of Alaska-Anchorage/Institute for Social and Economic Research evaluation report of AIDEA.
  - Request the AIDEA board to do a complete inventory of loans by size, geographic distribution, employment, and performance. The review should include all economic develop-

ment and finance tools currently available in all state agencies.

a) Work with private lenders to identify capital gaps that exist in the current lending environment.
b) Review and identify the appropriate level of legislative oversight and administrative authority over project financing.
c) Review the size and makeup of the board, possibly broaden the representation with more private sector members.
d) Assess AIDEA's export authority potential and pursue possible opportunities in the Far East.
e) Review its loan distribution to determine the availability of the authority's funds for rural Alaska projects.

MUNICIPAL BOND BANK

- Encourage the Municipal Bond Bank (MBB) to take a pro-active role in assisting Alaska communities with their economic and infrastructure development needs.
    - Communicate available opinions to the communities.
    - Maximize the use of MBB to assist smaller, less creditworthy communities by providing access to necessary credit.
    - Focus on helping communities with their general obligation and tax-exempt revenue bonding needs.

ALASKA SCIENCE AND TECHNOLOGY FOUNDATION

- Enhance the marketing efforts of the Alaska Science and Technology Foundation, in recognition of its unique role in Alaska's economic development future.
    - No further raids on the assets of the foundation. Any funds reverted to the state's general fund ought to be part of an overall fiscal policy or long-term solution.

MANAGING ALASKA'S ASSETS AND FINANCIAL PROGRAMS

- Promote the use of Alaska expertise in managing public investments, whenever feasible.
    - Improve the state's approach toward using instate investment firms to manage Alaska's capital.
    - Consider potential regulatory and/or statutory changes.
    - Incorporate Alaska bidders' preference where appropriate.
    - Pursue ways to assist smaller firms to qualify for investment firm requirements, such as considering an individual's experience, not just the firm's longevity.

- Establish a process for review and cooperation among all state finance and investment programs.
    - Institute quarterly meetings with the governor and the directors of all investment programs.
    - Charge the team of directors with a thorough review of all state financial programs, including AHFC, AIDEA, the Division of Investments, and the Alaska Science and Technology Foundation.

MARKETING ALASKA SUBCOMMITTEE

The mission of the Marketing Alaska subcommittee was to address strategies that the state can employ to increase its market share in the world economy. The primary question considered was: "How can the state of Alaska provide an incentive for local, national and international businesses to grow in Alaska?"

RECOMMENDATIONS

- Develop markets and invest in oil, seafood, tourism, timber and mining industries with the understanding that Alaska's priorities are hiring Alaskans, adding value to Alaska's resources, and enhancing, not detracting from, the beauty and unspoiled nature of Alaska.
  - Support and provide assistance for small business development.
  - Convene a multi-industry marketing summit.
  - Charge the Alaska State Council on the Arts with the responsibility of assessing the economic impact of Native arts and crafts and identifying particular actions that need to be taken to foster the growth and expansion of Native arts and crafts as an industry.
  - Consider the marketing knowledge and experience of candidates when appointing to boards and commissions.
  - Aggressively market Alaska as a location for film production.
  - Use Alaska as a backdrop for national advertising campaigns.
  - Encourage the processing of value-added products in the state.

- Actively market Alaska as a visitor destination in international and domestic markets and conduct long-range planning and research to create steady industry growth and create jobs in Alaska.
  - Develop an alternative marketing program to "Tourism North" that promotes road-oriented tourism traffic.

- Support the development and provide technical and financial assistance to both regional and special-interest tourism marketing organizations.
  - Serve as an advocate for the restoration and rehabilitation of key recreation and tourism sites on public lands.
  - Recognize industry in-kind and financial contributions on all levels (local, regional, etc.) toward the tourism marketing match.
  - Participate in National Forest management planning.
  - Continue to provide leadership in "Alaska Host" program in an effort to improve visitors' experiences.
  - Support the activities of the "Governor's Tourism Coordinating Committee."
  - Encourage the University of Alaska, Fairbanks, to continue its effort to construct a center to enhance visitors' experiences of the Aurora Borealis.
  - Introduce legislation to reduce the costs of limited liability insurance.

- Recognize the importance of protecting the high quality image of Alaska products and services.
  - Develop an action plan to ensure that quality standards are maintained.
  - Support Alaska Seafood Marketing Institute marketing and quality programs in domestic and international markets.

- Assess the economic impact of research as an industry in Alaska and encourage the development technology and knowledge as exportable commodities.

- Encourage private-public funding for economic development that is reasonable, fair, equitable, consistent, and that encourages industry incentives in order to participate.
    - Call for an oil industry summit, involving industry, public and other interested parties to review all methods of generating revenue from the oil industry, including the tax and incentive structure in Alaska.
    - Coordinate publicly funded marketing projects with private enterprise.
    - Participate in infrastructure development through partnerships for state, federal and industry joint investments.
    - Reactivate Tourism Revolving Loan Fund.
    - Leverage contacts through the Alaska Permanent Fund to encourage more business investments in Alaska.

REGIONAL ECONOMIES SUBCOMMITTEE

The Regional Economies subcommittee believes that a strong, sustainable economy in rural Alaska can be realized by building needed infrastructure and communications systems, recognizing and enhancing the differences between rural and urban businesses, and developing potential public-private partnerships.

RECOMMENDATIONS

RESOURCE DEVELOPMENT

- Aggressively pursue resource development opportunities consistent with local preferences and involvement.
    - Recognize the differences between rural and urban "economies."
    - Aggressively pursue continuation of Community Development Quotas (CDQ) and expand the program to other fish species.
    - Use the CDQ program as model of how to access financial resources to benefit impacted communities.
    - Propose and pursue a subsistence constitutional amendment.
    - Inventory resources for development, by region.
    - Review the state's role in market research and development.
    - Promote public-private partnerships for achieving comprehensive regional resource development.
    - Promote co-management of resources through effective sharing of on-the-ground management responsibility among resource owners and resource users.
    - Review the ban on mariculture.
    - Support and establish standards for value-added processing.
    - Promote self-sustaining resource development.
    - Promote the opening of the Arctic National Wildlife Refuge (ANWR).
    - Maintain control of Alaska's resources.
    - Encourage regional product certification programs.

TOURISM

- Encourage the continued growth and geographical and seasonal expansion of the tourism industry, including rural tourism services and infrastructure.
    - Shift tourism marketing to include an emphasis on smaller local and regional locations.
    - Encourage investment and financing opportunities in rural Alaska.
    - Establish adequate local infrastructure as a means of attracting and accommodating tourists, such as the Alaska Native Heritage Park in Anchorage.
    - Assist Alaska villages to promote Alaska village tours.

LOCAL EMPOWERMENT

- Empower local and regional organizations to develop community and regional economies through decentralizing government services and having state agencies recognize the specific needs and preferences of local people.
    - Take a strategic and comprehensive approach to technical assistance.
    - Recognize Native governments.
    - Implement regional and local plans.
    - Establish an Office of Native Affairs.
    - Improve the state's relationship with ANCSA corporations by establishing mechanisms for local and regional economic development, and better utilize the available vehicles for resource and other development.
    - Recognize local capacity to leverage money.
    - In addition to ANCSA corporations, use other existing regional development entities such as local governments, IRAs, regional non-profits, Alaska regional development organizations (ARDORs).
    - Assure that basic human and social needs do not distract from efforts to address long-range economic development.
    - Reduce bureaucratic red tape and change grant guidelines (deadlines) to make them more user-friendly.
    - Make state plans conform to regional interests/plans (departments of Transportation and Natural Resources).
    - Enhance the communications infrastructure statewide.

HUMAN RESOURCES

- Fully utilize our human resources through local hiring and training and by recognizing and supporting the unique characteristics of our rural economies.
    - Promote "force accounting" for government programs.
    - Provide technical assistance to local governments on force accounting process and procurement.
    - Encourage state agencies to contract with local entities where possible.
    - Eliminate or revamp the existing state hiring system. (Give local people preference for positions, improve accountability, review qualification requirements, possibly recognize life and work experience as acceptable experience to qualify for state positions, and make state employment applications more user friendly.)
    - Pursue a state Minority Business Enterprise/Disadvantaged Business Enterprise (MBE/DBE) program for all departments of government, including expansion of the already

existing federal program located in DOT/PF.
- Expand the "Buy Alaska" program and circulate a statewide list of Alaska-owned business and supplies.
- Educate the public and rural communities about state hiring procedures.

ACCESS TO CAPITAL

- Ensure adequate capital is locally available to take advantage of local and regional economic development opportunities.
  - Provide technical assistance for local communities and regions on leveraging money from multiple sources, and use feasibility studies.
  - Maintain AHFC Rural Loan Guarantee, which enables banks to achieve Community Reinvestment Act obligations, and promotes "in home" businesses.
  - Promote the leveraging of funds where possible (maximize use and opportunities as required by the Community Reinvestment Act).
  - Research the feasibility of Alaska community foundations.
  - Monitor federal/corporate foundations for additional capital opportunities.
  - Review existing feasibility studies for current applicability.
  - Expand AIDEA's involvement in rural areas to address the needs of smaller start-up or existing businesses.
  - Encourage and support economies of scale through public-private partnerships at the state, regional and local levels to attract "outside" investment capital.

GOVERNMENT COORDINATION

- Mandate early cooperation and coordination on all government projects and programs between various state and federal agencies, local governments and private parties.
  - Recognize and support the Alaska Federation of Native's short- and long-term plans.
  - Coordinate the state's approach to technical assistance and the entire planning process.
  - Encourage ARDORs to work with all existing governments and programs.
  - Organize clearinghouse or better reference material on "who to contact" for economic development assistance.
  - Foster the university system as a partner in development.

INFRASTRUCTURE AND TECHNOLOGY

- Support development of infrastructure necessary to promote community and economic development, using technology that can be sustained by available human and financial resources (e.g., affordable electricity, sewer and water, sanitation, information superhighway).
  - Support the power cost equalization program.
  - Utilize technological advances and innovation to reduce the cost of living in rural Alaska.
  - Help rural communities plan, build, and maintain cost-effective water, sewer and sanitation systems as a critical foundation for economic development.
  - Use appropriate technology for regions, considering the needs of the local people and operations and management costs before approving projects.
  - Seek opportunities which utilize communication technology that allows business to be conducted from any location.
  - Fund water, sewer and energy needs in rural Alaska.
  - Improve telecommunication systems.

- Provide better access to natural resources.

SMALL BUSINESS SUBCOMMITTEE

The Small Business subcommittee discussed the state's role in encouraging both the establishment of new businesses and providing assistance for existing businesses to remain healthy and viable.

In addition to the following recommendations, the Small Business Subcommittee endorsed the 1989 Governor's Conference on Small Business recommendations.

RECOMMENDATIONS

SUPPORT ALASKA BUSINESSES

- Build a strong, sustainable economy through the support of Alaska small businesses.
  - Adopt a new attitude to foster small business development statewide, including a "buy Alaska" approach to state purchases of goods and services.
  - Develop incentives for local hire, and a "real" definition of what constitutes a "local business."
  - Work cooperatively with local private business organizations to assist business development.
  - Develop policies (where appropriate) to support the development and expansion of Alaska-owned and located businesses.

TRANSPORTATION

- Explore ways of reducing freight transportation costs.
  - Continue to pursue federal funding for essential air service.
  - Explore ways to continue commuter and charter service in the face of impending changes in federal regulations.
  - Examine federal freight subsidy policies.
  - Introduce enabling legislation for the creation of freight cooperatives.
  - Review the TransWestern Rate Agreement.

- Maintain and improve transportation services to benefit small business.
  - Evaluate impacts of regulation on small transportation-related businesses.
  - Pursue the establishment of a marine highway authority.

- Invest in needed improvements and maintenance of Alaska's transportation system to lower costs and improve access to markets.
  - Encourage the state to fully utilize available federal funds for airport, road and ferry improvements.
  - Maintain and enhance the existing road system.
  - Explore development of local/private marine transportation systems.
  - Improve rural airports, including modernizing equipment, especially Global Positioning System approaches.
  - Improve the utilization of back haul opportunities.
  - Explore the state's role in establishing insurance pools for charter and commuter airlines

to lower the cost of insurance.
  - Pursue new partnerships with unions representing workers on the Alaska Marine Highway System.
  - Define operational goals for the ferry system.
  - Create a road advertising plan that includes advertisement kiosks at pullouts, as an alternative to billboards.

FINANCE

- Support financial access for small business development, recognizing that a lack of adequate financing is a major stumbling block.
  - Identify, review and consolidate the financing opportunities for small business projects.
  - Publicize available financing information for small business people.
  - Review and adjust the Alaska Industrial Development and Export Authority (AIDEA) policies, if necessary, to allow greater flexibility for smaller loans.
  - Review venture capital options.
  - Provide incentives to private banks to increase loans to residents and businesses in rural Alaska.

REGULATION

- Change the state's attitude and alleviate the cumbersome nature of regulations as they affect small businesses.
  - Create and publicize a "small business advocate" position.
  - Establish workable variance and appeal-review processes.
  - Coordinate federal, state, and local agencies to further streamline the regulatory process.
  - Establish a regulatory review commission.
  - Coordinate federal, state and local regulatory bodies and consolidate annual reporting requirements.
  - Ensure that all regulations have a sunset date and a process for appeal.

WORKFORCE EDUCATION/TRAINING

- Take a leadership role in training Alaskans for Alaska jobs.
  - Establish incentives for apprenticeships.
  - Commit to overhaul the Job Training Partnership Act (JTPA) program.
  - Provide better access to training programs.
  - Work with the public and private sectors to identify and teach the skills, values and attitudes critical for successful employment.
  - Coordinate, consolidate and improve existing training programs.
  - Support partnership programs with businesses.

TECHNICAL ASSISTANCE TO SMALL BUSINESS

- Promote needed technical assistance to small businesses.
  - Inventory, coordinate, consolidate and publicize existing programs.

- Provide access to existing studies.
- Support incubation programs statewide.
- Continue to support regional economic development organizations and minimize matching fund requirements in areas where there is a limited economic base.
- Provide an incentive program for those who undertake applied research projects that result in economic development.
- Establish a small business "peace corps" for remote areas that would bring in MBA candidates and other professionals to serve internships and assist business development efforts.
- Practice a "force account" policy for small remote state construction projects using local workers.

INTERNATIONAL TRADE

- Support small business opportunities in international trade.
  - Review all international trade and marketing activities in state government.
  - Inventory, coordinate and consolidate existing programs.
  - Publicize existing programs aimed at affected businesses.
  - Review departmental location and function of the Office of International Trade.
  - Staff overseas offices with experienced business people who are fluent in the language of the appropriate country.
  - Support reciprocal visa requirements.
  - Adopt a long-term, culturally sensitive policy.
  - Bestow honorary titles on Alaska trade mission delegates from the private sector.

INSURANCE

- Assert the state's interest in controlling the cost of insurance for small business.
  - Develop a more consumer-oriented approach to the Division of Insurance.
  - Assist in the development of insurance pools to lower the cost of insurance.
  - Pursue the creation of Alaska classifications for workers' compensation.

TELECOMMUNICATIONS

- Support the use of telecommunications as a private and public conduit for information transfer and education.
  - Bring all state agencies onto a coordinated system.
  - Increase local community and individual access to state computer resources.
  - Create systems for interaction between small businesses and regulatory agencies.

ACCESS TO THE STATE'S RESOURCES

- Assist small businesses' efforts to gain access to adequate resources and raw materials.
  - Adopt sustained-yield management of all natural resources.
  - Review land leasing policies as they relate to small business viability.

Education

The education of our children is the single most important investment Alaska can make f · its future. The many challenges facing our educational institutions are not only limited to issues o. nancial resources. We must have fundamental shifts in philosophy that will have positive effects in accessibility and equity, accountability, local control and empowerment, education standards, funding mechanisms, marketing and public support, interagency cooperation, and learning.

RECOMMENDATIONS

STANDARDS AND STATEWIDE VISION

- Immediately establish a state vision for education that recognizes:
  - Children are our most valuable resource;
  - An investment in children is an investment in Alaska;
  - It takes a whole Alaskan community to raise its children; and
  - Children should be taught to be good citizens with responsibilities to community, family and self.
- Articulate the vision and provide leadership to manage the vision to its success.
- Annually address the Legislature on the "State of the Alaskan Child."

FUNDING AND REVENUE SOURCES

- Immediately pass the education budget by March 1st.
- Immediately institute procedures that will allow districts to collect third party receipts including Medicaid.
- Convene a Blue Ribbon Commission to develop a new funding program that will be completed prior to January 1998. An interim report will be made to the Governor by January 1996.
- Review the following issues and others, to develop a new funding program:
  - Forward funding (2 year rolling budget)
  - Early funding (by March 1st)
  - Third party billing
  - Inflation proofing
  - Single site school districts
  - Categorical funding
  - Residential Schools
  - Secondary correspondence
  - Mandated Kindergarten

- Preschool programs
- Current maintenance
- Deferred maintenance
- Student transportation
- Alternative programs
- Impact aid/disparity funding (PL874)
- Equity in funding
- Accounting procedures/count days
- Area differential
- Universal access to technology
- Alaska School Price Index
- Local contributions/cap
- Incentives for preventative maintenance

- Review the recent negative changes in PL874.

- Increase the foundation unit to $63,000.

- Reestablish the Governor's Commission on Children and Youth. Its mission should include families.

- Introduce legislation this session to fund the backlog of deferred maintenance for all K-12 schools and the university system.

- Establish a secure funding base for education, a constitutionally mandated service. Possibilities include:

  - Income tax;
  - Education endowment fund; and
  - Dedicated impact fees.

MANDATES

- Review all existing statutes, regulations and proposed legislation to determine which mandated programs are funded. Determination must be made on each mandate's effectiveness.

- Evaluate the impact of state and federal unfunded mandates. Evaluate and balance the mandates, i.e., the effect on all students and program aspects.

- Explore the potential efficiency and effectiveness from consolidation of programs and services. Shared services between school districts could include administration, accounting and business management, special education, educational TV, and expanded educational technology.

ACCOUNTABILITY AND LOCAL CONTROL

- Revisit the accountability processes we currently have in place.

- Continue work on current statewide standards and assessment processes.

- Examine the student transportation regulations to facilitate participation in public schools of choice.

- Hold school districts accountable to the citizens of Alaska for the education of children. School districts should also recognize the rights of parents to be involved in schools.

- Be aware of the "Law of Unintended Consequences." Question whether our laws and regulations are producing what we expect. An example would be the School Report Card.

- Support local communities in training and development of local standards to meet or exceed state standards.

- Allow local school boards and the community to decide for themselves if the standard is being met. Parents and communities need tools to assess and influence their schools.

- Allow schools to have site-based management while meeting district standards.

MARKETING AND PUBLIC SUPPORT

- Create incentive grants and recognition programs for schools forging innovative program learning models which can be shared and replicated in other Alaskan schools.

- Help our education system to enter the realm of consumerism. Use sophisticated marketing techniques. Use simple language that is easily communicated. Use reporting that reaches most of the public.

- Establish a cross-referenced computer database from all recommendations of various task forces affecting education, and make this database easily accessible.

INTERAGENCY, PARENT, AND COMMUNITY COOPERATION

- Provide leadership for the development of a statewide technology and communications infrastructure through coordinated initiatives with the public and private sector. Establish a coordinated approach to academic, vocational and technological programs to prepare students for occupations of the 21st century.

- Identify and promote model programs which identify the benefits of community partnerships and that demonstrate interagency, parent and community collaboration, which increases parental involvement.

- Develop and maintain a clearly defined and concerted effort of collaboration between state and local agencies to address the delivery of services for youth.

- Remove road blocks and increase cooperation between agencies to ensure:
    - Child abuse prevention;
    - Violence-free, safe schools;
    - Teen pregnancy prevention;
    - HIV/AIDS prevention and awareness; and
    - Drug and alcohol prevention and education.

- Establish an educational infrastructure to network schools and universities. Facilitate closer cooperation between the University of Alaska, the K-12 education system and other agencies, especially in technology, research and the Alaska Teacher Placement Program.

- Continue to support and expand a statewide system for staff development which promotes best instructional practices to achieve student performance standards, based on knowledge of how adults learn.

LEARNING

- Immediately mandate Kindergarten in all districts.

- Make preschool programs available for all Headstart-eligible children. Provide funding for these programs. Establish a closer connection between preschool programs (Headstart) and the schools.

- Establish support for public education for preschool through University programs. The Governor's office should lead this effort.

- Review the results of class size projects on learning in the state and distribute the results.

EQUITY

- Ensure districts are meeting Alaska Statutes, Chapter 18, requirements. Equity is defined as opportunity and outcome.

- Foster traditional and non-traditional role models in every community and school in Alaska.

- Promote recruitment of educators so that each teaching community reflects the racial and cultural diversity of the state of Alaska. One such model is the Lower Kuskokwim School District.

Federal / State Relations

The federal government has always had a strong presence in Alaska. It owns 220 million acres of lands under the jurisdiction of more than a dozen federal agencies. In addition, the federal government regulates our transportation system and our pipeline construction and monitoring. Export of Alaska's oil is federally prohibited, military bases support a substantial sector of our economy, our offshore fisheries are largely regulated and managed by the U.S. government, and the federal government is increasingly assuming control of our fish and wildlife management.

RECOMMENDATIONS

SUBSISTENCE

- Establish a Blue Ribbon Federal/State Subsistence Commission under the office of the Governor.
  - Establish a program to educate urban voters about subsistence.
  - Set up a statewide vote on subsistence for 1996 .
  - Hold Commission hearings across Alaska followed by a report to the Governor.
  - Pass a state rural/tribal constitutional amendment and/or an amendment to the Alaska National Interest Lands Conservation Act (ANILCA) for a rural/Native subsistence preference.

OIL ISSUES

- Seek removal of the ban on export of Alaskan crude oil.
- Support Alaskan Liquid Natural Gas sales.
- Enforce federal requirements for Alaska Native hire on Alyeska's work force.
- Seek the immediate buyback of the Bristol Bay federal oil leases.
- Request the Department of the Interior to halt offshore oil leasing plans in the Chukchi Sea and Hope Basin.

FEDERAL FISHERIES ISSUES

- Continue the state's involvement in the Magnuson Fishery Conservation and Management Act reauthorization and the North Pacific Fisheries Management Council issues.
  - Continue state involvement to minimize bycatch and discards, with emphasis on cleaning up the most wasteful fisheries.
  - Advocate for onshore fish processing.
  - Endorse the Community Development Quota (CDQ) program and assess expansion of the program to other Bering Sea communities.

- Continue the state position of supporting commercial and subsistence fishing in Glacier Bay National Park.

- Protect Alaska's fisheries from "Lower 48" endangered species restrictions through continued litigation.

- Conduct Canadian-American Salmon Treaty negotiations with strong state participation.

- Use available funding to solicit public input on the Endangered Species Act fisheries restrictions and hire an expert to track and coordinate state policy on this issue.

- New appointments to the Board of Fisheries and the Board of Game should be supportive of rural preference.

TRANSPORTATION

- Support Alaska Native Claimes Settlement Act (ANCSA) 17(b) for identification of access across ANCSA lands. The state should assert RS 2477 rights-of-way on federal Bureau of Land Management, National Park Service and Fish and Wildlife Service lands, but not on ANCSA lands.

- Pursue an RS 2477 test case for a right-of-way to establish standards for acceptance.

- Develop a long-range transportation plan for Alaska. Provide for greater public and community involvement in transportation projects. Maintain existing facilities while providing for incremental expansion.

TRIBAL ISSUES

- Support authority of tribal entities to administer welfare and health benefits and guardianship of Native children. Issue an Executive Order recognizing tribal authority to implement the Indian Child Welfare Act.

- Promote localized preventative health care to reduce long term costs. Freeze current Medicaid regulations and review existing and proposed regulations. Determine options for preventative, localized medical services and the impact of co-payment fee-for-services.

- Recognize tribes as political bodies, not as racial groups.
    - Revoke Administrative Order #125 and issue a new administrative order and a comprehensive Attorney General's opinion recognizing tribes as political entities.
    - Review all state litigation involving tribal rights for consistency with this new state policy.

OTHER ISSUES

- Provide drinking water and sanitation services to every rural Alaskan community.
    - Assign a lead agency to address rural water and waste water issues.
    - Pursue a federal/state commitment for stable funding and implement a strong operations and maintenance training program.

- Endorse the Denali Task Force recommendation and support formation of a federal/state coordinating committee regarding management of Denali National Park.

- Work with the federal government, local communities and nearby Native villages to develop a land-use plan for the Chitna Valley access corridor and the McCarthy area.

- Establish a state task force to mitigate adverse economic impacts due to the closure of Southeast Alaska timber mills.

- Support the efforts of the Southeast Alaska ANCSA Coalition to acquire land entitlements under ANCSA.

- Calculate the true sustainable yield of Alaska's forests. Tongass National Forest logging should emphasize maximum value-added processing. In cooperation with the U.S. Forest Service, develop small parcel timber offerings to maximize jobs and opportunities while protecting fish and wildlife habitat.

- Identify state lands subject to reversion. Lands no longer needed by the state should be reconveyed to communities.

- Ensure that federal wetlands provisions take into consideration Alaska's special circumstances. Work with state and federal agencies, native groups and other interested parties in developing the state's approach to wetlands.

- Seek appropriations through the U.S. Congress to replace the U.S. Air Force Burnt Mountain nuclear power station with a nonnuclear alternative.

- Assess the state's role in the Arctic Environmental Protection Strategy (AEPS) and the Northern Forum.

Fiscal Policy

The Knowles/Ulmer Administration asked the Fiscal Policy team to build on the ideas from other public forums to develop guidelines for a responsible fiscal plan to guide the state into the 21st century, and to make recommendations on how to achieve the broad public support necessary for their implementation.

RECOMMENDATIONS

- Continue to articulate a "vision" of the state's financial future—the administration's views on the appropriate role of government and the values and criteria that should guide our public policy decisions—and recognize the threat the fiscal gap poses to ourselves and our children.
  - Make a commitment to develop a plan to bring annually recurring revenues into balance with state spending.
  - Integrate the cabinet into the plan and process, i.e., the commissioners should all be speaking in concert and actively involved in the plan's development.
  - Convey the message that sound fiscal management equals good government and good government means good politics.
  - The team emphatically endorses the Knowles/Ulmer campaign pledge to cap total state spending (except for education funding) at the FY 95 level.
  - Continue with an unwavering policy of budget sustainability and develop an annual report card to inform the public about the success of the administration's actions to protect Alaska's fiscal future.

- Give average citizens a direct voice in shaping the future and invite the public to help develop a shared vision for Alaska and the role of government in their lives.
  - Develop a strategy for inviting public input into fiscal decisions and collect baseline information on public attitudes regarding the fiscal gap.
  - Implement a strategy for educating the public on Alaska's fiscal situation and our choices for the future. Effective forums might include: newspaper inserts, town meetings, market research, industry groups, social service groups and local government bodies.
  - Ask the legislature to participate in every step of the outreach process.
  - Make government more open to the public through better use of communication systems, including electronic media (video conference, internet, Alaska Online, etc.).
  - As part of a long–term strategy, the administration should budget for public participation in reexamining the respective roles of state and local governments, setting goals and benchmarks for Alaska, and deciding the role of the Permanent Fund in the state's fiscal future.

- Create an annually updated five-year fiscal plan.
  - Work with and inform the legislature in a timely manner of any changes the administration wishes to make in the FY 96 budget, and announce that a fiscal plan will be in place by the time the FY 97 budget is proposed.
  - Develop a five-year plan and a comprehensive reporting framework that encompasses all aspects of state spending and revenues, including "off-budget items" such as Permanent Fund earnings, Permanent Fund dividends, cash reserves, public corporations, etc. Include deferred maintenance and the operating and maintenance costs of capital projects in the plan.

- Resolve legal questions surrounding the use of the Constitutional Budget Reserve funds, the setting of specific revenue and expenditure targets (including Permanent Fund dividends), development of a debt policy (including school debt reimbursement), an overall reserves policy employing triggers for instituting an income tax, and a cash-flow management plan.
- Implement the five-year plan and keep the public informed of Alaska's fiscal situation and progress toward reaching fiscal stability. Although no consensus was reached, one approach recommended was to set up a budget commission or blue ribbon task force to act as a conduit between the executive branch, legislature and the public to develop a long-term fiscal strategy for Alaska.
- Capitalize cash reserves to the greatest extent possible.
- Pass legislation to automatically inflation-proof the Permanent Fund by distributing only real earnings for dividends.
- Explore means of controlling personnel costs.
- Examine various public services for potential privatization.
- Evaluate all entitlement programs on an ability-to-pay basis.

■ Form partnerships for economic development and intergovernmental alliances.
  - Emphasize partnerships between the executive and legislative branches, state and local governments, and the public and private sectors.
  - Create a spirit of cooperation between the state of Alaska and the federal government.
  - Eliminate unfunded mandates on local governments.
  - Reexamine the state's petroleum tax and royalty regime with the intention of maintaining Alaska's competitiveness.
  - Improve federal relations and understanding of Alaska issues, particularly with respect to oil and gas development, and adopt a "Visit Alaska" program to allow members of Congress to see the state in order to make more informed decisions.
  - Maintain the economic viability of resource development by ensuring that efforts aimed at increasing revenues from resource industries are made via an income tax on jobs rather than through increased business taxes. (The team noted that non-petroleum resource development actually ends up costing the state money in comparison to revenues generated.)
  - Make serious efforts at regulatory reform to reduce government red tape.

■ Organize programs to streamline the delivery of state government services.
  - Make state government as cost-efficient as possible by adopting a customer-oriented approach to public service delivery.
  - Develop and begin to implement meaningful, real-world performance measures of the effectiveness of government programs.
  - In order to provide incentives to agencies, commissioners should be allowed to use part or all of their cost savings for investments that will increase future productivity.
  - An employee recognition and cash reward system should be developed and funded for employee ideas that save money.
  - Join in a partnership with local governments to thoroughly evaluate the delivery of services to the public. Ensure that public services are delivered at the most appropriate level of government to meet the needs of the citizenry in the most cost-effective manner possible, even if government roles need redefinition.

Fisheries

Alaska's fishery resources are critical to the local and statewide economies of the state and to the personal lives of Alaskans. Besides providing more jobs than any other resource or industry in the state, our fishery resources are central to the very sustenance and lifestyle of most Alaskans. Because fish play such a vital role in our lives, and because fisheries in Alaska are biologically complex, the management of this resource naturally generates widespread interest and debate.

RECOMMENDATIONS

BOARD OF FISHERIES

- Retain the basic structure of the existing Board of Fisheries (BOF).
  - Maintain a BOF comprised of lay citizens.
  - Ensure broad geographic interest and expertise by members so that the BOF represents the diversity of interests and regions of the state.
  - Provide that individual BOF seats should not be designated for specific interest groups.

- Consider whether to establish additional Boards, such as a separate BOF for management of groundfish and shellfish and/or separate regional Boards in addition to a statewide Board.

- Make statutory changes regarding BOF member terms in order to depoliticize the confirmation process.
  - Appoint full term BOF members during the first ten days of April, with confirmation by the end of the legislative session.
  - Seat newly confirmed BOF members on July 1 each year.
  - Provide for 3-year staggered terms as currently is done.
  - Fill vacancies for unexpired terms within 30 days.

- Fine tune the current process for reviewing BOF proposals.
  - Retain the current 3 year cycle for review of agenda topics.
  - Improve the agenda change and petition criteria and the process for out-of-cycle issues of importance.

- Reduce the number of proposals reviewed by the BOF by streamlining the proposal process. Consider methods to reduce the number of proposals taken up by the BOF, but do not restrict the public from offering proposals.

- Conduct BOF meetings more effectively through:
  - Management of testimony according to topic.
  - Making all proposal information available to the public 30 days before the meeting.
  - Strictly prohibiting personal advocacy by ADF&G employees at BOF meetings.
  - Increasing use of electronic bulletin boards for information about meetings.

- Consider moving the BOF administratively out of ADF&G and into the Governor's Office or another administrative unit.

ECOSYSTEM CONCERNS

- Prepare an annual ADF&G report on the ecological status of Alaska's fisheries to present to the public, the Legislature and the BOF.

- Protect fisheries habitat statewide.
  - Strengthen the recently adopted state water quality standards.
  - Endorse the repeal of provisions of Senate Bill 308, passed in 1994, regarding the public process for Coastal Zone Management (CZM).
  - Support federal reauthorization of the CZM program and the Clean Water Act.
  - Protect the ocean bottom off Alaska's shores, particularly coral beds and crab habitat.
  - Establish a Timber Observer Program to train observers to monitor timber industry operations.
  - Support instream flow reservations for fish habitat.

DEPARTMENTAL EFFICIENCY

- Use currently available funds more efficiently. Generate new and adequate funding by creative methods and from new sources to supplement inadequate and declining revenues. Hire an outside professional to conduct a review of ADF&G to find ways to streamline operations.

FEDERAL FISHERIES CONCERNS

- Resolution of the subsistence issue is the single most important concern for the management of Alaska's fish and wildlife.
  - Bring the state into compliance with federal subsistence law through necessary statutory and constitutional changes.

- Promote community stability by maintaining state resident and community access to Alaska's fisheries. Recognize the importance of the small boat fishery to communities and the state. Support existing Community Development Quota (CDQ) and inshore/offshore programs.

- Maintain an active state presence on the Magnuson Fishery Conservation and Management Act reauthorization and promote conservation of fisheries provisions which are in Alaska's interest.

- Continue and adequately fund the Citizen's Advisory Group process used to develop the state's position on the Endangered Species Act

OTHER FISHERIES CONCERNS

- Establish a statewide fisheries resource policy. Convene a group to look at statewide fisheries issues, including an Organic Act for the Board of Fisheries, BOF ethics, allocation criteria, waste/bycatch, ecosystem concerns and coastal community stability.

- Support the fishing industries of the state through support of fisheries education: the Fisheries Industrial Technology Center, the Alaska Fisheries Development Foundation and University of Alaska fisheries programs.

- Establish a task force for marketing all of Alaska's fishing industries, including a quality sport fishing experience, environmentally sustainable coastal fisheries, product wholesomeness and product development.

Human Services

The Human Services Policy Transition Team discussed broad policy issues affecting health care, welfare reform, public assistance, senior citizens, alcohol and drug abuse, children, families and youth, mental health, and developmental disabilities. In considering new directions, the Team looked at ways to promote prevention efforts, enhance partnership among federal, state and local programs, and further empower communities to fashion locally-based solutions to health and human service issues.

RECOMMENDATIONS

[Note: recommendations are numbered because certain policy recommendations are linked to others. The numbers do not indicate a priority in terms of importance].

CHILDREN, FAMILIES, & YOUTH

- #1: Reinvigorate the Alaska Commission for Children and Youth.
- #2: Publicly promote and financially support a vision of leadership and planning to create new directions for Alaska's children, youth, and families. The Administration should strive to make Alaska a family-friendly state and neighbor by jointly forging a shared vision among the Administration, commissions, transition teams and other citizens.
- #3: Develop and follow a comprehensive and holistic philosophy towards Alaska's children, youth and families. The philosophy needs to be immediately publicized and modeled.
- #4: Facilitate the implementation of program standards, criteria and evaluation that will reduce barriers to service delivery and better allocate limited resources.
- #5: Form partnerships between state departments and the private sector to shift the responsibility of direct service delivery from state government. This will be accomplished by state agencies contracting with local communities, non-profits, tribal entities and other organizations.
- #6: Immediately take steps to address identified gaps in service availability, delivery and accessibility, including, but not be limited to:
    - mental health services for adolescents;
    - an aggressive health education campaign, including curriculum related to HIV and hepatitis;
    - parent education models;
    - comprehensive services;
    - youth, client, people input;
    - residential services;
    - clinical expertise in child welfare;
    - therapeutic foster and group homecare;
    - incentives for high quality, affordable child care;
    - training: workers, management and providers;
    - early risk detection for fetal alcohol syndrome and fetal alcohol effect;
    - secure availability of facilities and resources in communities;
    - recreation services for youth;

- transitional housing for adolescents; and
- funding for tuberculosis control.

WELFARE REFORM

- #7: Develop a cost reduction and income generation plan. [Note: see also recommendation #17]

- #8: Support welfare recipients to achieve self-sufficiency.

- #9: Strengthen families as a means to reduce welfare dependency.

- #10: Tie welfare reform to economic development and include the JOBS program in state economic development initiatives.

- #11: Maintain public assistance benefits at the current level, and maximize opportunities for self-sufficiency.

DEVELOPMENTAL DISABILITIES

- #12: Create an office of disability services to consolidate and coordinate services to Alaskans with disabilities [See recommendation #18].

- #13: Move the office of the American with Disabilities Act (ADA) coordinator from the Department of Education to the Office of the Governor or the Department of Administration.

- #14: Direct all state government agencies to adhere to the following principles in the development of disability services and programs:
    - services are consumer/customer directed and controlled;
    - services are built around individual and community needs;
    - services are aimed at maximizing community participation;
    - options are provided to consumer/customers;
    - success is adequately supported; and
    - prevention is critical and more cost effective.

- #15: Direct the Department of Transportation and Public Facilities (DOT/PF) to address the issues of accessibility of harbor services and the state ferry system.

- #16: Expand the community-based options for long-term care for persons with significant disabilities who are or may be institutionalized.

- #17: Develop a state register of potential funding sources for service providers and people with disabilities. [Note: cross reference recommendation #7].

- #18: Move all developmentally disabled clients from waiting lists to existing programs to facilitate their receipt of services. Consolidate disability services within the state to free up money to accommodate this important need. Savings should be used immediately. [Note: this recommendation is linked with recommendation #12, as well as with recommendation #58].

- #19: Ensure that services and resources follow Alaskans with disabilities according to a developed life plan that supports access to work, socialization, and recreational opportunities.

- #20: Research and develop a model institutional utilization plan, i.e., how best to use the Harborview facility, Alaska Psychiatric Hospital, nursing homes, and group care facilities.

- #21: Develop a more reasonable approach to the Medicaid cost sharing plan, with financial caps established for copayment by client. Fees should be based on a sliding scale tied to ability to pay.

- #22: Expand funding options for assistive technologies for Alaskans with disabilities and other populations in need of assistive technology.

- #23: Review programs within the Office of Public Advocacy to ensure that services are meeting individual and community needs.

- #24: Develop a more effective plan of dealing with inmates with disabilities.

- #25: Develop training programs to increase the competence of caregivers providing services and assisting those Alaskans with disabilities.

- #26: Restructure the Medicaid waiver program in its entirety.

MENTAL HEALTH & SUBSTANCE ABUSE

- #27: Manage behavioral health resources to achieve maximum effectiveness, efficiency, and accountability, emphasizing customer satisfaction and maximum community participation.

- #28: Address behavioral health services as a coordinated system of care in order to improve effectiveness, efficiency, and integration of service to prioritize direct services, recognizing the uniqueness of the rural and urban delivery systems.

- #29: Support a full continuum of care for behavioral health services, ranging from prevention and outreach services to essential inpatient services. Provide sufficient steps to ensure that consumers are always served in the most appropriate and least restrictive setting possible.

- #30: Maintain Medicaid funding at a level sufficient to ensure continuity of funding for community mental health and substance abuse programs. [Note: this recommendation should be tied closely to recommendation #58].

- #31: Ensure that all state departments providing human service programs adopt a customer/consumer orientation to evaluate all operations of departments.

- #32: Shift the emphasis from department administration of programs to emphasis on community and village-based and locally directed programs.

- #33: Explore new measures to reduce alcohol consumption, acknowledging that alcohol plays a role in 80-95 % of violent crime in Alaska and that it has been demonstrated that financial and legal barriers can be established which reduce alcohol consumption. [Note: also see recommendation #53]

- #34: Have the Department of Health and Social Services provide leadership for the State of Alaska regarding human services.

- #35: Ensure an effective and appropriate evaluation capability for all levels of the system that will provide relevant information for policy makers.

- #36: Adopt primary prevention and early intervention as integral parts of the delivery of comprehensive substance abuse and mental health services state-wide and not at the expense of other services. Adequate resources must be provided to support this policy and direction. Recognize the family as an integral component of the healing process and a healthy community. Support programs and initiatives that strengthen the innate abilities of families to prevent behavioral health problems of its members.

SENIORS

- #37: Institute a sliding scale, income-based longevity bonus program to replace the current program (which must include a simplified application and verification process) or replace the longevity bonus program with an annuity program.

- #38: Authorize an official economic study that determines the total dollar and social value of seniors and retirees in Alaska.

- #39: Support a quality, accessible, and affordable single-payer health care plan in coordination with the Indian Health Service Plan that provides universal coverage for all Alaskans, a continuum of care including mental illness, preventive care and long-term care.

- #40: Support adequate funding of Alaska Legal Services, which serves extremely low income Alaskans and helps financially victimized older Alaskans.

- #41: Promote employment, training and work experience programs for older workers.

- #42: Examine hiring practices to remove barriers that keep older Alaskans off the state payroll.

- #43: Review and consider restoring a state income tax for the following reasons:
  - State revenues are declining; income tax is a fair and stable replacement, and nonresidents working in Alaska would be required to pay their share.
  - Government is run by its citizenry and every citizen needs to have a financial and personal commitment to Alaska and accept responsibility.

- #44: Establish home health care regulations to control the costs of home health care and long-term health care.

- #45: Set a goal of increasing the number of long term care beds without drastically increasing the budget. Three areas should be addressed:

- Create a state-federal-local partnership to build long-term care facilities on federal lands next to Indian Health Service hospitals; get the Indian Health Care Service to absorb operating costs.
- Conduct an overall cost study of the Pioneer Home system that would include alternative revenue sources that could be obtained by changing the structure of the homes (i.e., Medicaid). Revisit privatization of operations.
- Support home care options for medically-fragile, chronically ill and mentally ill seniors funded from state-federal sources. Explore funding options such as: sliding fee scale, private sources, cost-efficient oversight of programs.

- #46: Provide more affordable housing for middle and low income seniors by:
  - supporting more low-interest loans from the Alaska Housing Finance Corporation and other sources;
  - establishing a revolving fund to start small group living programs with common areas; and
  - establishing a revolving fund to start a cooperative living program.

- #47: Institute state funding of property tax exemptions and rental rebates, as established by state law, understanding that:
  - increased living costs hurt seniors' ability to stay in the state because the income of most seniors is fixed.
  - property tax exemptions allow seniors to remain in their homes and adds to the state economic activity.
  - unincorporated boroughs receive other subsidies allowing seniors to live in those areas.

HEALTH & HEALTH CARE REFORM

- #48: Implement strategies that increase the supply of culturally diverse health care providers by addressing the preparation, training, and retention of Alaskans in the full range of health care jobs throughout the state.

- #49: Move toward a better coordinated and integrated system for the purchase of heath care services throughout state government. Examine reorganization and consolidation of health care budgets, and other immediate administrative actions.

- #50: Establish a comprehensive health care data system to facilitate state and community-based health planning. The system should collect, analyze, and transmit the following types of data to communities: health care expenditures (including capital); demographic data; clinical information; billing and payment data; and health status, vital statistics, and other public health data.

- #51: Involve communities and regional entities in health care planning and delivery. Communities should be given tools, incentives and resources to address local health issues. Existing funds, including revenue sharing, should be reprogrammed to foster community health planning. The state should define its role in four areas: planning, funding, delivery, and evaluation.

- #52: Make state health programs accountable to their customers. Use consumer involvement to plan, design, implement and evaluate programs.

- #53: Increase the state excise tax on alcohol and tobacco products as part of a long-range fiscal plan to increase revenues and reduce government spending on health and social services, while encouraging healthy lifestyles, reducing crime, and helping to meet the needs of Alaskan children and families.

- #54: Place a special assistant for health care reform in the office of the governor, as the issues that must be addressed in order to achieve comprehensive health care reform strategies cut across department/division lines. Coordination of this magnitude is best achieved by elevating the policy position out of the Department of Health and Social Services into the Office of the Governor.

- #55: Provide an objective, prioritized system for the award of all state capital funds used for construction and/or procurement of all public human service facilities.

- #56: Reform and integrate Alaska's health care system, so that everyone shares in the costs and benefits of coverage. Reform the system to:
  - control the rate of increase in health care spending;
  - assure appropriate health care for residents;
  - freedom to choose health care;
  - promote personal responsibility; and
  - be as uncomplicated as possible.

- #57: Clarify the responsibility of the public health system and develop an infrastructure that would facilitate planning, implementation and evaluation of services to improve the health of Alaskans.

- #58: Establish clear, four-year policies and budgetary goals for the Medicaid program, and use these goals to develop a strategic management plan for the program.

- #59: Consider a "universal" health care plan for Alaska and plan to incorporate Medicaid into the system through a waiver from the Health Care Financing Administration (HCFA). Strive to design a system which attracts other federal programs such as Medicaid, Indian Health Service, the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), etc. into the state universal plan.

- #60: Organize and hold town meetings to obtain community and consumer input on health care reform proposals.

- #61: Analyze the cost effectiveness of consolidating all state-owned facility functions into one office that will plan, procure, construct, operate, lease and maintain all state buildings.

- #63: Adopt a policy to actively participate with local and federal entities in joint funding and operation of public human services facilities.

- #64: The Governor should explore all measures to reduce tobacco consumption, especially by young people.

Natural Resources

Alaska's economy will depend upon development of its natural resources for the foreseeable future. The question the state faces is how to balance the careful development of natural resources with the need to preserve the environmental quality that all Alaskans cherish and depend upon.

RECOMMENDATIONS

OIL AND GAS

- Promote trust and understanding and stimulate meaningful communication and participation among state government, citizens and the natural resources industry.

- Appoint a broad-based citizens' advisory panel to provide guidance on the future of Arctic National Wildlife Refuge (ANWR).

- Create a high-level Interagency Task Force on Oil and Gas, designed to improve the state's administrative structure. The Task Force should:
  - serve as a forum for increasing communications among state, local and federal government agencies;
  - reduce duplicative efforts among government agencies; and
  - seek the necessary expertise to enhance the state's understanding of relevant economic data.

- Create a Governor's Task Force on Petroleum Policy to examine the relationship between the state and the natural resources industry and to recommend policy changes, so that:
  - development of marginal resources is encouraged to the maximum extent possible consistent with sound environmental and resource management practices;
  - consensus and trust are promoted among the public, the state, and the industry; and
  - administration of oil and gas policies is streamlined.

- Promote clarity and certainty in oil valuation by using observable, competitive spot market prices for both severance tax and royalty purposes.

- Improve the state's leasing program through oil and gas leasing policy work sessions, which:
  - involve representatives of the state, the public, local governments and industry; and
  - results in a predictable oil and gas leasing program which looks out for all interests and weighs all concerns.

GOVERNMENT COORDINATION

- Establish a clear, concise tax policy regarding dispute resolution of resource taxation matters in order to:
  - deal with disputes in an expeditious manner;
  - develop mechanisms for minimizing litigation;
  - create a better environment in which to conduct business;
  - provide for expedited settlements; and

- provide for major cost savings to the state by reducing litigation and receiving settlement income on a predictable basis.

- Ensure that the mandates and regulatory programs of resource-related departments are applied equally and even-handedly to all affected parties.

- Foster a cooperative relationship with federal environmental regulatory partners while conscientiously and aggressively protecting state interests.
    - Review the Fiscal Year 96 budget and amend it as necessary to allocate funds to maintain state primacy in the drinking water program. Review the costs and benefits of maintaining primacy.

- Direct the Commissioner of the Department of Environmental Conservation (DEC) to examine the impediments to providing a consistent and efficient permitting program, and reform the process to:
    - promote a clear understanding within the Department, among the members of the regulated community and the public at large; and
    - foster compliance, prevention, responsible development and public participation.

- Analyze the state's regulatory and "primacy" relationship to local and federal programs in order to promote cooperative, cost-effective, local resource protection that will improve the quality of life and promote sustainable development for Alaskans.

- Implement a policy of streamlining state regulatory permitting, reducing duplication and conflict among state agencies, and coordinating efforts between state and federal regulatory agencies.

- Re-establish the Regional Strategies Program, involving nonprofit groups where local government entities do not exist, in order to:
    - enhance coordination between various regions and the state;
    - improve rural understanding of government;
    - improve relations between rural residents and state government through direct participation in government functions; and
    - assist the setting of priorities at the local and regional levels.

- Create a Joint State-Federal Land and Resource Council with a Public Advisory Board, designed to:
    - coordinate state, local and federal land and resource policies and actions;
    - eliminate costly duplication;
    - reduce state spending;
    - improve public input;
    - contribute to a sustainable economy; and
    - improve the quality of life for Alaskans.

- Create an Interagency State Land and Resource Council with a public advisory board, designed to:
    - coordinate state land use policies and goals;
    - save money by improving communications between state agencies and the public regarding land and resource issues;
    - reduce the time required to make meaningful decisions relating to land and resources;
    - streamline permitting;
    - enhance public participation on land and resource issues, especially local public input;

- encourage public confidence in state government;
- enhance the Alaskan economy; and
- improve the quality of life for Alaskans.

TRANSPORTATION

- Preserve the rights of the State of Alaska regarding access to state lands, while requiring meaningful public involvement in land access decisions and their long term implications. Develop consensus among all affected groups to:
  - assert or vacate RS 2477 rights-of-way;
  - place limits on how RS 2477 rights-of-way may be used and managed;
  - address existing Alaska Native Claims Settlement Act (ANCSA) 17(b)(3) easements.
- Review the status and management of the Haul Road with the involvement of the North Slope Borough and the Tanana Chiefs Conference.

VILLAGE SAFE WATER AND SEWER

- Move swiftly to eliminate the public health risks caused by the lack of adequate sanitation facilities and resources in rural Alaska.
  - Obtain sufficient FY 96 Capital Budget funding to ensure that all federal match monies are secured.
  - Develop a six-year capital construction plan for rural sanitation funding.
  - Reactivate the Alaska Rural Sanitation Task Force.
  - Create mechanisms by which local utility districts can be established.
  - Seek a long-term federal commitment to Alaska's rural sanitation problems with the goal of eliminating "honey-buckets" within ten-years.
  - Explore ways to provide cost-effective solutions for development, operation and maintenance of safe rural sanitation facilities.

ENVIRONMENTAL REGULATION

- Establish environmental and health policies for the Administration which:
  - emphasize conservation, pollution prevention, recycling, re-use and reduced consumption of materials from community and industrial sources; and
  - recognizes that environmental issues are multidisciplinary and involve community cohesion, cultural and social imperatives, public health, economic health and environmental justice.
- Emphasize responsiveness to the public's concerns in high profile and controversial environmental and public health issues.
  - Order an immediate review of the contentious issues in the water quality regulations signed on December 5, 1994.
  - Guarantee that public advisory work groups will be actively involved in the promulgation of all major environmental regulations in the future.
  - Issue an Executive Order that state agencies or entities will not use herbicides in public vegetation control projects.

- Develop state policy positions on four important federal environmental laws which may be up for consideration by the 104th Congress: the Clean Water Act, the Safe Drinking Water Act, the Agriculture Reauthorization Bill, and the Comprehensive Environmental Response, Compensation & Liability Act.
  - Develop a policy on reauthorization of the Safe Drinking Water Act that:
    - eliminates the requirement for costly and unnecessary testing for chemicals that have never been found in Alaska, and
    - ensures adequate federal funding for the mandates required of the state.
  - Develop a State policy on wetlands that:
    - considers the unique aspects of Alaska - concerns of rural Alaska, the role of ANCSA lands, and the high percentage, quality and importance of wetlands in Alaska,
    - protects the public health, key habitats and water sources, and
    - allows growth of local communities and maximization of the state's ability to tailor economic development.

- Ensure that the requirements of the Oil Pollution Act of 1990 (OPA '90) and state spill prevention and response laws are met.
  - Identify the lead state agency for compliance with OPA '90.
  - Direct the appropriate agency to assess and report on the state's progress in meeting statutory deadlines and defining regulatory standards related to OPA '90.
  - Act immediately on the recommendations of the Rural Bulk Fuel Storage Task Force and the private sector initiative of fuel tank owners, as appropriate.

LAND STEWARDSHIP

- Conclude the Mental Health Lands Trust issue by promulgating regulations consistent with Title 38 and the objectives of the 1956 Alaska Mental Health Enabling Act. Issue draft regulations within six months and final regulations within one year.

- Strive to comply with all local comprehensive plans and zoning ordinances which are constitutional.

- Reverse the Department of Community and Regional Affairs' decision to approve the Glennallen-Sutton Intertie and identify alternative ways of meeting the area's power needs.
  - Avoid construction of the intertie because it is economically unfeasible, environmentally destructive, opposed by many Mat-Su Valley residents and good power alternatives do exist.

- Seek opportunities to co-manage natural resources with local Alaska Natives, including the:
  - involvement of Native elders;
  - use of local knowledge; and
  - employment of Alaska Natives as natural resource managers.

- Ensure that agricultural lands at Point MacKenzie are not subdivided for non-agricultural purposes.

- Assess the use of "partnering" and similar techniques to resolve key land stewardship issues by helping diverse interest groups to establish common goals.

- Take a staged approach to the pursuit of the conveyance of the statehood land entitlement, in order to:
    - ensure that the state acquires the most useful land available; and
    - give priority to land needed for near-term economic development.

- Develop and use land stewardship mechanisms which can provide cost-effective land management in the public interest, but not requiring public ownership.
    - Evaluate the full range of mechanisms, such as public/private partnerships, land trusts, conservation easements, exchanges, etc.

- Establish a resource team consisting of resource department cabinet members, and possibly interested stakeholders, to assure integrated and coordinated resource management.

FORESTRY

- Provide a better foundation for the State's management of its forest resources by implementing the goal of assuring a long term supply of timber to the forest products industry, while creating an honest balance between industry interests and other interests.

- Develop a forest planning process which is fair and honest and that results in commitments to a long-term timber base and stable supply, and to non-timber harvest interests on forest lands. Require a strong investment in upgrading the ability of ADF&G and other resource agencies to provide information that economically quantifies both the non-market values attached to fish and wildlife resources for recreational and subsistence uses, and all market uses for commercial purposes. There needs to be:
    - improved and adequate inventory of economic and social values and uses of the forest in order to facilitate cost/benefit planning;
    - an adequate baseline of scientific information, which means sufficient funding of ADF&G and DNR;
    - improved capacity of ADF&G or appropriate entities to measure and economically quantify non market values of uses of forest lands;
    - improved information sharing and cooperation among agencies and between the public and agencies;
    - regional planning for forest management;
    - improved public involvement in the process; and
    - inclusion of agency response to public comments.

- Support increased funding to monitor, on-the-ground, the effects of and compliance occurring on private land timber harvests. On-the-ground monitoring reduces conflicts, increases compliance with habitat protection, and creates more ability to take various economic interests into consideration.

- Adequately fund the Board of Forestry so that the Board can fulfill its statutory purposes of bringing diverse interests to the table and fostering public involvement in framing forest policy.

- Promote value-added products in the forest products industry by providing technical support to manufacturing facilities so the products they produce are competitive in domestic and export markets.

- Carefully assess the value of Forest Management Agreements (FMAs). If they are considered, they should be examined only along with other forest management practice options, and only after further analysis of the role they would play in multiple-use management of our state forest lands.
    - There already is an adequate mechanism in place for providing timber sales, complete with appropriate provisions for forest harvest plans, public notice, etc., all under the requirements of t Forest Practices Act.
    - If there is a problem in providing sales, the Governor needs to take the issue up directly with the Division of Forestry.
    - Forest Management Agreements, which have been proposed as one possible means of providing a reliable timber base for the timber industry, and as one possible means of requiring instate processing, are highly controversial.

WILDLIFE

- Conduct periodic wildlife congresses to facilitate opportunities for the public, user groups, and tourism industry to interface with the Departments of Fish and Game and Natural Resources and corresponding federal agencies on matters related to wildlife policy. Alternatively, utilize existing structures, such as the fish and game advisory committees, to achieve broader public input on policy matters related to fish and wildlife. Wildlife congresses can be beneficial for:
    - facilitating pro-active planning in fish and wildlife agencies;
    - identify trends in public desires; and,
    - creating avenues for other constituencies not often served by fish and wildlife agencies.

- Consider restructuring the Board of Game (BOG) and appoint members who are more broad-minded, moderate, and considerate of diverse interests. Require that ADF&G bring to the BOG better information on the nature of diverse interests and the socioeconomic values attached to wildlife.

- Intensive management, such as predator control, must have a sound ecological foundation rather than a single or dual species perspective, and must result from an open and meaningful public process. It should be cost-effective, have a high probability of success, have a measurable end point, firm statements of goals and objectives, and measurement thereof, through a monitoring program. It also must be based on the best reliable baseline data. Predator control should only be used after other options for intensive management have been exhausted.

- Reinstate the Alaska Fish and Wildlife Magazine on a subscription basis and institute methods of encouraging subscriptions at the time of license sales.

- Undertake a planning process in the Bristol Bay drainages to:
    - recommend lands to be retained in state ownership under some form of legislative designation that protects existing uses;
    - address the issue of borough selections; and
    - explore new methods of improving the borough's revenue base.

WATER AND WETLAND ISSUES

- Work with Alaska interest groups and the Alaska Congressional delegation to modify the Clean Water Act (CWA) and streamline federal regulations and oversight of Alaska's wetlands.
    - Recognize priorities for fish and wildlife, public use, habitat and high value wetlands.
    - Require and enforce mitigation where high value wetlands are developed.
    - Require that where a general wetland permit is proven desirable, the permit would be conditional on a complete wetland inventory, wetland plan, mitigation plan for loss of high value wetlands, and enforcement of conservation commitments under such plans.

- Continue to protect the state's ownership of navigable waters and underlying lands, while:
    - shifting emphasis from assertion to management; and
    - seeking compatible management regimes with adjacent land owners.

- Reactivate the Water Quality Standards Citizen's Advisory Group (WQSCAG).

PARKS/RECREATION/TOURISM

- Look into increasing state park users fees, giving consideration to the ability to pay. Also:
    - Expand the use of volunteers for operations and maintenance.
    - Avoid excessive commercialization.
    - Balance the need to fund services for nonresident tourists and the need to provide recreational opportunities for Alaska residents.
    - Encourage state agencies and the federal government to work together to develop, maintain, and fund trails.
    - Design trail development to recapture costs through user fees.

- Develop a planning process for opening up Alaska for our growing tourism industry, creating tourism access that balances the following concerns:
    - a need to consider both road and non-road access;
    - understanding the diverse nature of the tourism market for different resources;
    - inclusion of socioeconomic analysis to assist decision-making;
    - improved public involvement;
    - protection of park values and statutory purposes;
    - consideration of present and anticipated access needs of adjacent land owners in planning overall access to public lands; and
    - inclusion of access as part of regional planning, so as to incorporate existing needs, business and local or regional concerns.

- Promote and retain private sector investment in natural resource-based businesses by:
    - recognizing the competitive nature of the global markets in which various Alaska resources are marketed, whether for extractive, harvest, or recreational and tourism purposes;
    - providing an environment in which entrepreneurial talent will flourish;
    - encouraging investment in and use of the state's natural resources that are recognized as marketable;
    - providing for a consistent and reasonable regulatory environment;

- providing support for marketing the availability of Alaska resources;
- assuring that state management of marketable fish, wildlife, timber, and other renewable resources are provided on a steady and reliable basis;
- allowing for access that is consistent with land use plans and is appropriate to the type of resource utilization that is being marketed; and
- fostering methods and means of access that employ new and innovative technologies to reduce environmental impacts.

ETHICS

- Continue using the American Society of Public Administration (ASPA) Code of Ethics for state employees and encourage local and regional governments throughout Alaska to adopt the ASPA Code for their pubic employees, in order to:
    - improve public confidence in Alaska government at all levels; and
    - reduce confusion among state and local government employees as to what is, and what is not, ethical behavior.

Public Safety

The Public Safety Policy Transition Team discussed a broad range of public safety issues including necessary policy changes, new directions the state must take to ensure the safety of Alaska residents, and ways in which to improve our correctional system. The team examined rural and urban public safety, the prosecution and defense of those accused of crimes, and rural and urban judicial systems including tribal courts.

RECOMMENDATIONS

THE CORRECTIONS FORUM

- Make transferring inmates out-of-state a policy of last resort; if it is necessary, then procedures should be established in policy, taking into account the issues raised in the 11-18-94 memo to Commissioner Pruitt from the Alaska Justice Center.

- Review the current use of beds throughout the system, including the use of community residential centers (CRCs), an expansion of existing facilities and the use of alternative facilities such as military bases.

- Establish an interagency coordinating group that will help agencies implement shared policies, conduct an effective information exchange, and provide fiscal and statutory direction to the Legislature. (This entity is envisioned to be something akin to the Sentencing Commission and the Criminal Justice Working Group.)

THE PUBLIC SAFETY FORUM

- Direct a working group of representatives from public safety, related criminal justice groups, and Native leaders to explore and develop a rural criminal justice system that recognizes tribal courts or other community based entities with jurisdiction in the prosecution of less than felony cases, including alternatives to incarceration for misdemeanants.

- Convene a panel of experts to review juvenile issues including crime prevention, alternatives to detention, parental involvement, restitution to victims, curfew, and truancy enforcement. This panel will revisit the philosophy behind state treatment of juvenile delinquency and its appropriateness in today's society.

- Mandate formal coordination between state, municipal and local agencies and encourage participation from tribal governments to ensure that cooperative resource pooling occurs whenever possible to increase the efficiency of all government services. This could be accomplished through the establishment of a coordinating committee appointed by the governor and would be comprised of executives at the decision making level. Formal agreements should exist within the first six months after the establishment of this committee.

- Direct, via executive order, the commissioners of public safety, corrections, health and social services, to enforce the maintenance of standardized criminal record-keeping (including intake and disposition) that tracks across agencies. The court system would be invited to participate in the standardized record-keeping practices.

- Direct state agencies, via executive order, to facilitate the donation of surplus assets to communities, with a preference to those rural communities lacking basic public safety assets.

- Direct, via executive order, the commissioner of public safety and other appropriate executives to coordinate training opportunities for VPO's, VPSO's, state troopers, fire and other relevant public safety entities.

- Support ongoing efforts to examine the causes and consequences of the disproportionate representation of minorities within the juvenile justice and corrections system.

- Direct, via executive order, the commissioners of all state agencies to develop labor/management teams to identify waste, improve morale and to streamline state operations.

- Order the Department of Law to reexamine the Cleary decision. [Note: The Cleary decision is a court order that sets population limits at each of the state's prison facilities. The Department of Corrections is currently under a court order for failure to comply with the Cleary decision that results in payment of a fine of approximately $5,000 per day for overcrowded prisons in the state.]

- Seek development of a hard bed corrections facility if, after all alternatives are explored, there is no alternative to the construction of such a facility. Alternatives addressed should include, but not be limited to:
    - the impact of large term and capital costs on prevention programs and the state budget;
    - the development of a Native-based criminal justice system;
    - the effectiveness of alternatives to detention; and
    - prevention and treatment programs which address alcohol and drug abuse, specifically whether or not the prevention program can work.

  This corrections assessment should be accomplished within one year of initiation.

VICTIMS/CRIME ISSUES FORUM

- Examine and re-fund effective prevention programs as cost-reducing measures, including substance abuse, crime, and child abuse. This should be done by identifying local, state and national programs that have a track record of effectiveness.

- Seek changes in current law to make victim restitution mandatory without regard to income levels, and to provide that victims are not excluded from receiving violent crimes compensation funds because of income received from other sources, including aid to families with dependent children. Restitution should include the perpetrator's permanent fund dividend, any fines levied, and any other personal wealth of the perpetrator available to the victim.

- Require, through legislation or other means, that police, prosecutors and judges receive on-going training in cross cultural and victim sensitivity.

Public Service & Administration

As Alaskans face the inevitability of declining oil revenues and the increase in demand for state services, we are forced to deliver basic services in the most cost-effective and efficient manner.

The Public Service and Administration team examined ways in which the state can better serve the public, and recommended how to make the state's internal operations more efficient, how to improve the relationship between the state and its labor force, how to increase public involvement in state government, and how to increase our telecommunication technology in Alaska.

RECOMMENDATIONS

INTERNAL OPERATIONS OF STATE GOVERNMENT

- Create a new position of Data Administrator within the Department of Administration through which all hardware and software purchase requests and existing programming changes would be approved.

- Establish a policy to decide which core state services are appropriate for private contracting and those services which are not.

- Encourage recycling of materials wherever possible, e.g., paper and laser printer cartridges.

- Review all the state-owned facilities and increase the knowledge about the deferred maintenance problems of state-owned and state-funded facilities.

- If feasible, use one generic form to gather data for a variety of purposes, such as the Permanent Fund dividend, voter's registration, vehicle registration and driver's license.

- Introduce legislation which would centralize and standardize review of regulations to ensure clarity and reduce conflict with existing law.

- Revamp grant funding in the State of Alaska.
    - Standardize the forms for state-funded grants, streamline the state grant process and reduce and standardize reporting requirements.
    - Convene a task force of grantors and grantees to consider and evaluate all grant programs in the state.
    - Evaluate options for delivery of grant funds, including creation of a one-stop grant agency in the Office of Management and Budget, methods to efficiently deliver funds to local governments, consolidation of programs with similar goals and objectives, and methods to allow more allocation of funds to local governments to occur at the local level.

- Examine the State's ownership and leasing processes for its facilities and functions.

- Review the missions of all departments and eliminate unnecessary duplication.

THE RELATIONSHIP BETWEEN GOVERNMENT AND ITS WORK FORCE

- Develop cost-effective strategies to downsize government if it is needed. Study attrition incentives and retraining programs that have been successfully utilized by private industry.

- Establish processes for better relationships between state government and its labor groups.
  - Establish communication between all state employees for improvement of operations.
  - Encourage the creation of labor-management committees between employee unions and the state as a means to mutually solve problems affecting the workplace and workforce.

- Review and clarify issues that are subjects for the collective bargaining process and those which are covered by statute.

- Review and revamp the personnel system so it is more responsive to applicants and flexible for managers.
  - Simplify state applications and remove barriers to minority hire.
  - Review recent clerical reclassifications.

- Improve and implement state Equal Employment Opportunities and Affirmative Action programs. Increase minority and female representation throughout the state government workforce. Move the Equal Employment Opportunities Office back to the Office of the Governor and restore it to full division status. Make minority and local hire a priority.

- Assess and improve the whole Workers' Compensation system in Alaska.

TELECOMMUNICATIONS

- Declare that an up-to-date telecommunications infrastructure is necessary for the state. Recognize that the need for state-of-the-art facilities is vitally important to the state's ability to compete for new industry and economic development. This infrastructure should be built and operated by private industry. State government should build such networks only when private industry is unable or unwilling to do so.
  - Initiate a dialogue with the Alaska telecommunications industry and other interested parties on this subject.
  - Seek commitment from the industry that it will update the networks it operates.
  - Offer assistance in the pursuit of regulatory arrangements that will facilitate these improvements.

- Direct vocational education programs to include training in high-tech telecommunications fields.

- Seek support arrangements to ensure the survival of public broadcasting in Alaska. Conduct an inventory of current systems in the state including RATNET, public broadcasting, and cable systems.
  - Ask the state's public broadcasting community to reach consensus on the best support arrangements, considering funding constraints at both the state and federal level.
  - Consider the public broadcasting community's recommendations. If they are acceptable, implement them at the state level and support their implementation at the federal level.

- Use telecommunications and information technology to improve the way state government provides its services to the public. These technologies have the potential to allow services to be delivered more efficiently and less expensively.

OTHER

- Guarantee adequate funding for services such as the Alaska Public Offices Commission for oversight of campaign processes.

- Establish a basic level of advocacy services for indigent Alaskans, including Alaska Legal Services.

- Address life cycle maintenance requirements and costs of new facilities in the capital budget when considering new construction projects.

- Create a plan incorporating private sector expertise to identify problems and solutions during the creation of the capital budget or work with the Department of Transportation and Public Facilities before a project goes to bid.

- Eliminate unfunded mandates to local governments and school districts.

- Encourage physical and social research on Alaska and make it available to the public in useful form.

- Use the Permanent Fund dividend form with an expanded questionnaire as a foundation for common state database.

Transportation

The Transportation Policy Transition Team discussed a broad range of transportation issues, necessary policy changes and new directions that should be taken to improve transportation systems in the State of Alaska. Areas covered included methods for enhancing revenue, long-range planning, department reorganization, and encouragement of local control over transportation facilities, the Marine Highway System, the International Airport System and the Alaska Railroad. Following is a summary of the recommendations from the Transportation Policy Transition Team.

RECOMMENDATIONS

REVENUE

- Pass a constitutional amendment establishing a dedicated fund for maintenance and operation of transportation facilities.

PLANNING

- Make maintenance of existing facilities a higher priority than construction of new facilities.
- Protect vital federal transportation funding by taking a proactive role in the crafting of the next Federal Highway Trust Fund reauthorization in Congress.
- Support continuance of "bypass mail," which is important to the economic viability of the state.
- Identify life-cycle costs of proposed transportation and public facility projects prior to their funding.
- Redefine and clarify the mission of Department of Transportation and Public Facilities (DOT/PF).
- Analyze the organization of DOT/PF.
    - Involve local area employees integrally in this process.
    - Staff the department at a level necessary to meet the year to year needs of the state.
    - Balance the department work load with participation from the private sector.
    - Investigate the management of all state properties and facilities and look at options for operating and managing those facilities.
- Promote job stability for all Alaskans, especially local residents and Alaska Natives.
    - Promote Native hiring by the state for maintenance operations in Native communities and set Native hiring goals for projects located in higher Native-populated areas.
    - Eliminate statutes that require the listing of subcontractors within five days of bid to encourage local business participation in construction projects.

- Ensure proper use of State owned material sites and rights-of-way by use of signage, media notification and enforcement of existing statutes.

- Improve the planning process and address the following areas:
  - Improve public participation in transportation planning.
  - Define criteria for allocation of all multi-modal transportation funds, based on regionally developed standards.
  - Consider the relationship between land use and transportation on the local level.
  - Develop a formal process for gathering and disseminating information.
  - Design urban roadway projects in a way that contributes to the quality of the "urban fabric", even if fewer miles of road are built.
  - Consider alternative modes of transportation in planning such as transit, trails, etc.
  - Facilitate the development of local transit systems, especially in larger rural communities.
  - Investigate stable funding assistance for local transit systems.
  - Meet the department's commitments to contractors.

LOCAL CONTROL

- Provide incentives to assist local governments to assume ownership or maintenance responsibility for transportation facilities.
  - Use dedicated funds to induce local control.
  - Use technical resources and expertise from state sources to assist in the transfer.
  - Reconsider the Intermodal Surface Transportation Efficiency Act (ISTEA) allocation program.
  - Use state DOT/PF maintenance funds to assist local governments who agree to maintain state owned roads and other transportation facilities.
  - Allocate one-time funds to assist in the transfer.

- Relinquish control of abandoned and unused rights-of-way.

AIRPORTS

- Investigate the establishment of an International Airport Authority in Alaska.

MARINE HIGHWAYS

- Stabilize funding for the Alaska Marine Highway System by forward funding.

ALASKA RAILROAD

- Establish new directives for the Alaska Railroad Corporation (ARRC) Board of Directors to encourage passenger rail service for commuters throughout Alaska.

STATE OF ALASKA

Office of the Lieutenant Governor

GOVERNOR TONY KNOWLES
LIEUTENANT GOVERNOR FRAN ULMER

FISCAL POLICY TRANSITION TEAM REPORT

JANUARY 1995

FRAN ULMER
Lieutenant Governor

Dear Governor Knowles:

It is with great pleasure that I transmit the Fiscal Policy Transition Team recommendations to you for your consideration. These recommendations are the product of a consensus process of team members working together.

Because public involvement is so important to the credibility and productivity of government, we wanted to start our new administration by bringing together citizens with a wide variety of perspectives to participate in the public policy process. The policy transition teams provided forums for Alaskans to share their views and creative suggestions with our administration. Thirteen teams of 325 individuals met between January 3 and January 13, 1995, in Anchorage, Bethel, Fairbanks, Juneau, Kenai, Kodiak and Sitka.

The teams were requested to provide public policy recommendations to guide the state in new directions. They were asked not to focus on personnel and agency organizational structures. In every case the meetings were successful in providing specific recommendations to achieve the goals you have established.

There were constant themes heard throughout the team meetings: 1) open up the public process; 2) streamline state government; 3) simplify permitting and regulations; and 4) work cooperatively with the federal government, regional interests and private entities.

The transition team process described in this summary is only the beginning of this administration's efforts to open the doors and windows of state government to more meaningful public participation. We must build upon this effort and continue with similar citizen participation processes to address the complex issues which must be resolved by Alaskans working together.

Sincerely,

Fran

Fran Ulmer
Lieutenant Governor

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LIEUTENANT GOVERNOR FRAN ULMER
Chair, Policy Transition Teams

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Other individuals who made this transition team process possible.

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Fiscal Policy

TEAM MEMBERSHIP

DR. LEE GORSUCH & MAYOR BYRON MALLOT

Co-Team Leaders

Fiscal Policy Transition Team

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Byron I. Mallott
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Anchorage • Editor and journalist • Interests: Fiscal policy • Extensive writing and research.

Charles E. Cole
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Fairbanks • Certified Public Accountant • Interest: Revenue Management • Acts as a partner in Cook and Haugeberg, CPAs. Past President of the Fairbanks Chamber of Commerce. Served as a member of the Alaska Society of CPAs and as Chair of the Alaska State Board of Public Accountancy. Current President of the Downtown Association of Fairbanks.

Roger Creme
Anchorage • Attorney • Interests: Sustainable spending system for Alaska • Practicing law for 44 years. Much of practice focused on fiscal policies.

Mark Foster
Anchorage • Engineer • Interests: Concern with transition to sustainable spending level • Third-generation Alaskan, APUC commissioner 1990-1993.

Scott Goldsmith
Anchorage • Professor of Economics, UAA • Interests: Fiscal Policy Analysis-Long Term Strategies • Principal author or Fiscal Policy Paper series published by ISER and funded by various AK businesses.

Martha L. Gore
Anchorage • Legal Assistant, Real Estate Agent • Interests: Welfare Reform & Public Housing • Legal research; real estate agent; housing certifications; on team for AHFC's 1994 strategic plan; helped draft ASHA's 1991 budget; corporate, business & securities law experience; president non-profit corporation established & operated a business.

Mary Ann Hoffman
Fairbanks • Investment Executive/Stockbroker • Interest: Fiscal policy and direction where state is headed • Master in Business Administration, worked in securities industry for 10 years and corporate vice president Wedbush-Morgan for 4 years.

Alicia Iden
Anchorage • President, United Way of Anchorage • Interests: Planning and Budget Development w/ focus in Education, social services • 25 yrs. experience on state & local boards & commissions overseeing and participation in policy development, planning and budgeting for nonprofit & public organizations.

Michael D. Jalone
Anchorage • Chairman/CEO Bank of America, Alaska • Interests: Protection of any long term strategy • Primary experience has been related to all aspects of finance with limited experience in public finance. Expertise is strategic planning, short and long term budgeting, and financial statement' cash flow analysis.

Marc Langland
Anchorage • Banking • Interests: Financial Plan for State • AK Banker- 30 yrs, Active member of Anchorage. Chamber, State chamber and Commonwealth, currently working on fiscal plan.

Bob Lohr
Anchorage • Exec. Director, AK Public Utilities Commissioner. • Interests: Fiscal policy; maintenance of essential government functions. • 20 yrs. experience in non-profit & government. budgeting & program execution, including 3 yrs. state budget experience as agency director; demonstrated ability to strengthen an agency's mission and effectiveness while cutting the budget. MPA from Harvard with a public budgeting emphasis, including Federal Budget course from Alice Rivlin and others from Bob Reich.

R. Desmond "Desi" Mayo
Palmer • CFO, Director of Finance on the Mat-su Borough • Interests: Finance/Bonding/Utilities • For the last 8 years has been recommending fiscal policies to the manager & Assembly of the Matanuska-Susitna Borough.

Gail R. Oba-Schubert
Anchorage • Attorney • Interests: Impact of fiscal policy implementation on rural Alaska; solutions to budget gap issue. • Trustee-AK State Pension Investment Board; Director, Bering Strait's Native Corp.; Director, Akela House; Director, Alaska Native Justice Center.

Cynthia A. Parker
Anchorage • Administrator Housing and Development Agency • Interest: Fiscal Policy, Economic Investment, Housing • Previous experience with the Alaska Legislature to create fiscal efficiencies and budgeting matters. Worked from concept to passage to merge four public agencies/departments into one with cost savings. Serves as a director of the San Francisco board of the Federal Reserve.

Melphine Reynolds
Anchorage • Chief Financial Officer • Interests: Reducing cost of state government • Alaska Telephone Utility CFO for 5 years, active member of communications industry and wife mother and community leader.

Glenda Rhodes
Anchorage • Certified Public Accountant-Audit Director, DeLonte & Touche LLP • Interests: Social Services/ Health Care, CPA in Anchorage since 1964, Community Service: Anchorage. Chamber of Commerce Board: 1981-89, AK Municipal Bond Bank Board 1982-88 • Anchorage. Parking Authority Board 1982-87, AK Center for the Performing Arts Board 1987-94

Brian Rogers
Fairbanks • VP Finance, U. of AK • Interests: Fiscal Policy • Vice President for Finance, UA 1988-94, Budget Director, UA 1984-87, AK State Rep. 1979-82 • Finance Committee 1979-81, House Permanent Fund Committee), and Budget Transition Team 1986.

Judith A. Slajer
Fairbanks • Chief Financial Officer, Fairbanks North Star Borough • Interests: Fiscal Policy • More than 29 years in municipal government: 9 years as Chief Financial Officer FNSR; 4 yrs. as Budget Director, Municipality of Anchorage; 3 yrs as Borough Mgr., Ketchikan Gateway Borough; 13.5 yrs as Municipal Clerk, Ketchikan Gateway Borough. President of MFOAA, Board member of AML Investment Pool; Formerly President of Municipal Managers Assoc. & the Municipal Clerks Assoc. Served two terms of GFOA Standing Committee on Cash Mgmt; Selected in 1990 for Outstanding Contribution Award of the AML. •

RECEPTION SPONSORED BY NANA & VECO, AND ARRANGED BY COMMISSIONER WILLIE HENSLEY

STAFF

VERONICA SLAJER

FACILITATORS: DEBORAH BONITO & BRAD PIERCE

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TABLE OF CONTENTS

FISCAL POLICY TRANSITION TEAM

Fiscal Policy

At current spending levels, the state faces an increasing fiscal gap between expenditures and annually recurring revenues, with reserves being used to make up the difference. If current forecasts of revenues prove true and all remaining oil-related disputes are settled, we have approximately five years of reserves left before facing a $1 billion-plus shortfall. Numerous public forums on fiscal policy have identified the various "tools" available to be used in combination to fill the fiscal gap. While the tools are well known, an implementation strategy has not been developed.

The Knowles/Ulmer Administration asked the Fiscal Policy team to build on ideas from other public forums to develop guidelines for a responsible fiscal plan to guide the state into the 21st century and to make recommendations on how to achieve the broad public support necessary for implementation.

THE PROCESS

The Fiscal Policy Transition Team approached the development of a fiscal strategy from two perspectives: implementation (what should be contained in a fiscal plan and the issues that need to be addressed) and constituency building (how to generate the public support and political will necessary to carry out the administration's strategy). Individual team members could offer individual recommendations if a recommendation was not adopted by the full team.

The public was encouraged to submit policy papers on subjects within the team's scope of responsibility (See Appendix A). Position papers received in advance of the meeting were available to team members for consideration during the discussion of specific policy issues.

RECOMMENDATIONS

The Knowles/Ulmer Administration asked the Fiscal Policy team to build on the ideas from other public forums to develop guidelines for a responsible fiscal plan to guide the state into the 21st century, and to make recommendations on how to achieve the broad public support necessary for the plan's implementation.

- Continue to articulate a "vision" of the state's financial future—the administration's views on the appropriate role of government and the values and criteria that should guide our public policy decisions—and recognize the threat the fiscal gap poses to ourselves and our children.

  IMMEDIATE ACTION:
  - Make a commitment to develop a plan to bring annually recurring revenues into balance with state spending.

  FIRST-YEAR ACTION:
  - Integrate the cabinet into the plan and process, i.e., the commissioners should all be speaking in concert and actively involved in the plan's development.

- Convey the message that sound fiscal management equals good government and good government means good politics.
- The team emphatically endorses the Knowles/Ulmer campaign pledge to cap total state spending (except for education funding) at the FY 95 level.

LONG-TERM ACTION:

- Continue with an unwavering policy of budget sustainability and develop an annual report card to inform the public about the success of the administration's actions to protect Alaska's fiscal future.

■ Give average citizens a direct voice in shaping the future and invite the public to help develop a shared vision for Alaska and the role of government in their lives.

IMMEDIATE ACTION:

- Develop a strategy for inviting public input into fiscal decisions and collect baseline information on public attitudes regarding the fiscal gap.

FIRST-YEAR ACTION:

- Implement a strategy for educating the public on Alaska's fiscal situation and our choices for the future. Effective forums might include: newspaper inserts, town meetings, market research, industry groups, social service groups and local government bodies.
- Ask the legislature to participate in every step of the outreach process.

LONG-TERM ACTION:

- Make government more open to the public through better use of communication systems, including electronic media (video conference, internet, Alaska Online, etc.).
- As part of a long-term strategy, the administration should budget for public participation in reexamining the respective roles of state and local governments, setting goals and benchmarks for Alaska, and deciding the role of the Permanent Fund in the state's fiscal future.

■ Create an annually updated five-year fiscal plan.

IMMEDIATE ACTION:

- Work with and inform the legislature in a timely manner of any changes the administration wishes to make in the FY 96 budget, and announce that a fiscal plan will be in place by the time the FY 97 budget is proposed.

FIRST-YEAR ACTION:

- Develop a five-year plan and a comprehensive reporting framework that encompasses all aspects of state spending and revenues, including "off-budget items" such as Permanent Fund earnings, Permanent Fund dividends, cash reserves, public corporations, etc. Include deferred maintenance and the operating and maintenance costs of capital projects in the plan.

- Resolve legal questions surrounding the use of the Constitutional Budget Reserve funds, the setting of specific revenue and expenditure targets (including Permanent Fund dividends), development of a debt policy (including school debt reimbursement), an overall reserves policy employing triggers for instituting an income tax, and a cash-flow management plan.

LONG-TERM ACTION:

- Implement the five-year plan and keep the public informed of Alaska's fiscal situation and progress toward reaching fiscal stability. Although no consensus was reached, one approach recommended was to set up a budget commission or blue ribbon task force to act as a conduit between the executive branch, legislature and the public to develop a long-term fiscal strategy for Alaska.
- Capitalize cash reserves to the greatest extent possible.
- Pass legislation to automatically inflation-proof the Permanent Fund by distributing only real earnings for dividends.
- Explore means of controlling personnel costs.
- Examine various public services for potential privatization.
- Evaluate all entitlement programs on an ability-to-pay basis.

■ Form partnerships for economic development and intergovernmental alliances.

IMMEDIATE ACTION:

- Emphasize partnerships between the executive and legislative branches, state and local governments, and the public and private sectors.
- Create a spirit of cooperation between the State of Alaska and the federal government.

FIRST-YEAR ACTION:

- Eliminate unfunded mandates on local governments.
- Reexamine the state's petroleum tax and royalty regime with the intention of maintaining Alaska's competitiveness.
- Improve federal relations and understanding of Alaska issues, particularly with respect to oil and gas development, and adopt a "Visit Alaska" program to allow members of Congress to see the state in order to make more informed decisions.

LONG-TERM ACTION:

- Maintain the economic viability of resource development by ensuring that efforts aimed at increasing revenues from resource industries are made via an income tax on jobs rather than through increased business taxes. (The team noted that non-petroleum resource development actually ends up costing the state money in comparison to revenues generated.)
- Make serious efforts at regulatory reform to reduce government red tape.

- Organize programs to streamline the delivery of state government services.

IMMEDIATE ACTION:

- Make state government as cost-efficient as possible by adopting a customer-oriented approach to public service delivery.

FIRST-YEAR ACTION:

- Develop and begin to implement meaningful, real-world performance measures of the effectiveness of government programs.
- In order to provide incentives to agencies, commissioners should be allowed to use part or all of their cost savings for investments that will increase future productivity.
- An employee recognition and cash reward system should be developed and funded for employee ideas that save money.

LONG-TERM ACTION:

- Join in a partnership with local governments to thoroughly evaluate the delivery of services to the public. Ensure that public services are delivered at the most appropriate level of government to meet the needs of the citizenry in the most cost-effective manner possible, even if government roles need redefinition.

FISCAL POLICY TRANSITION TEAM

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APPENDIX A:

INDEX OF SUBMITTED PUBLIC POLICY PAPERS

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FISCAL POLICY TRANSITION TEAM
BOOK I

DOCUMENT INDEX

Document Topic or Title	Author
1. Position Paper on Fiscal Policy	Robert Lohr
2. State Fiscal Plan Resolution	Anchorage Chamber of Commerce
3. System of Sustainable State Spending	Roger Cremo
4. House resolution (HJR 48)	
5. Fiscal Planning	Jerry McCutcheon
6 Help for Victims	Alaska Legal Services
7. Municipal Involvement in Statewide Fiscal Plan.	Alaska Municipal League
8. Budget Recommendations for Alaska	Commonwealth North
9. Task Force on Governmental Roles	AK OMB/AK Municipal League
10. Safe Landing: A Fiscal Strategy for the 1990's	ISER/Scott Goldsmith
11. How Are We Doing? Monitoring AK's Fiscal Cond.	ISER/Scott Goldsmith
12. Alaska Economic Summit Preliminary Report	
13. AK Permanent Fund Corporation Briefing Papers	Jim Kelly
14. Fiscal Policy Paper	Carol Horos
15. Fiscal Policy Paper	Martha L. Gore
16. Reform of Tax Audits and Appeals	AK Oil and Gas Assn.

Other resource materials not included in the packets, but available through the team coordinator:

- Alaska Economic Summit—"Managing the Fiscal Gap, Enhancing Revenues, Ratcheting Down Spending," A Report to Governor Hickel, November 29-December 1, 1992. (53 pages, plus reference materials.)

FISCAL POLICY TRANSITION TEAM
BOOK II

DOCUMENT INDEX

STATE OF ALASKA

Office of the Lieutenant Governor