

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2693 SCOMM 122: COMMISSION ON PRIVATIZATION... , 1999

SECTION 6

ALASKA VOCATIONAL TECHNICAL CENTER

- Recommendations
- Employees
- Technology used
- Budget
- Barriers to Implementation

ALASKA VOCATIONAL TECHNICAL CENTER

I. Recommendations passed:

Recommendation #1:

Encourage the legislature to pass HB 142, "An Act relating to the education credit for the fisheries business tax and the fisheries landing tax", which would result in AVTEC being a qualifying recipient of cash contributions provided for in AS 43.77.

Recommendation #1 was ratified by the subcommittee.

RATIONALE: Last year, Alaska Vocational Technical Center (AVTEC) returned \$140,000 in cash contributions to fisheries businesses that had made the contributions to the vocational institute because state law did not include the facility as a qualified recipient.

Under current law some fisheries businesses can receive a tax credit by making cash contributions to educational institutions. Donors benefit because they can choose to contribute to the institutions that are vital to their operations. The contributions are applied as a credit against the tax due.

Under Alaska statutes only regionally accredited, two-year or four-year, public or private, institutions can receive these cash contributions. HB 142 extends the ability to receive donations to nationally or regionally accredited vocational institutions such as AVTEC.

Recommendation #2:

The Department of Education should hire a grant writer in the Division of Teaching and Learning Services that will focus on locating and obtaining funding sources other than state funds for Mt. Edgecumbe and AVTEC.

Recommendation #2 was ratified by the subcommittee.

RATIONALE: Both of these schools are unique in nature and should qualify for unique federal funding and non-conventional private foundation funds. The National Institute for Fund Raising Executives estimates that in the first year of funding a grant writing position, the grant writer will obtain funding that equals 1½ times the grant writer's salary. After this first year the ration continues to increase. This would result in less state dollars being needed for the facilities and a negative fiscal note for such added position.

Recommendation #3:

Give AVTEC the flexibility to determine leasing and maintenance provisions for its motor pool fleet.

Recommendation #3 was ratified by the subcommittee.

RATIONALE: The AVTEC vehicles are maintained by AVTEC. This vocational school has students learning the trade of vehicle maintenance receiving hands-on vocational training from maintaining the vehicles while reducing the cost of maintaining the AVTEC vehicles.

Most of the vehicles utilized by AVTEC are surplus and have no lease value. The fleet has five vehicles that would normally in the private sector be replaced under a five-year lease replenishment program.

The subcommittee also discussed the possibility of reducing maintenance of all state vehicles in the Seward area by AVTEC faculty and students. There was concern about the state (AVTEC) providing a service that could be provided at an equal or lower cost by local private automotive repair businesses in the Seward area. This discussion resulted in Recommendation #4.

Recommendation #4:

Maintenance for state motor pool vehicles should be contracted out by competitive bid. If a state agency has the capability of providing those services, that agency shall submit a competitive bid for the services to be contracted, but shall do so apart and separate from the agency soliciting the bid.

Recommendation #4 was ratified by the subcommittee.

RATIONALE: The U.S. Corps of Engineers has instituted a competitive bid process for what used to be automatic in-house projects. The project is let for competitive bid and if the Corps gets the contract, it is because the Corps is low bidder. The administrative section of the Corps has created a "china wall" between itself and the construction section that places the competitive bid.

Such a provision would allow AVTEC to bid on maintenance of motor pools of DOTPF and Spring Creek Corrections Facility.

Recommendation #5:

AVTEC should explore the possibility of obtaining funding from the Alaska Housing Finance Corporation to expand family housing facilities.

Recommendation #5 was ratified by the subcommittee.

RATIONALE: AVTEC is gaining a good reputation statewide and has been forced to turn students away because they have inadequate family housing facilities. They

estimate that they lost fifty families last year in which one or both of the parents were wanting vocational training but could not get housing at AVTEC and could not afford private housing. When the dormitories are full of single students, AVTEC has contracted with local hotels for housing.

Recommendation #6: Privatize the food services of AVTEC.

Recommendation #6 was ratified by the subcommittee.

RATIONALE: AVTEC has been utilizing the food services students to provide food services but have recently changed the format of their food services training program. They currently have one cook and two food service workers employed. The change in the program would require AVTEC to hire additional food services employees next year and they are exploring the possibility of privatizing those services. We support their effort and recommend that the services be privatized.

II. Employees:

AVTEC Support Personnel - FY '00					OMB
Job Class	Range	Range	Range	Range Positions	
Accounting Clerk I	7B	9C/D	7M		1
Accounting Tech I	12 E/F				1
Administrative Assistant				99	1
Administrative Clerk I	7B/C				3
Administrative Clerk II	8B	8 K	8F		3
Administrative Clerk III	10E/F				1
Analyst/Programmer III	18F				1
Asst Dir for Budget & Finance	23C/D				1
Asst Dir Instruction & Housing	23B				1
Audio Visual Equip Tech	14L				1
Cook I	57D				1
Custodian II	58D				1
Department Head - AVTEC				99	9
Division Director	26 B/C				1
Dormitory Coord	16C				1
Dormitory Attendant	11 D/E	11B/C	11E/F	11D	4
Education Assoc III	17F				1
Food Service Worker	60D	60B			2
Instructors Aide I	11A	11F			2
Instructors Aide II	13A				1
Instructors Aide III	15A				1
Program Svc Aide IV	11E/F	10E/F			1
Secretary I	10K				1
Supply Technician II	12L				1
Teacher - AVTEC				99	28
Work Force Dev Spec I	15J				1
TOTALS					70

III. Describe Technology Used to Perform Mission

Mr. Esposito did say that the technical equipment at the facility is not state of the art but no solutions were discussed.

IV. Total Budget, all funds

The total budget for AVTEC is \$5,167,600. The division spends \$3,811,000 on personal services, \$57,600 on travel, \$579,100 on contractual services, \$512,100 on supplies, \$132,800 on equipment, and \$75,000 on grants.

AVTEC BUDGET FY'00					
EXPENSES			REVENUES		
Personal Services	\$	3,811,000	73.7%	Federal Receipts	\$ 75,000 1.5%
Travel	\$	57,600	1.1%	General Fund	\$ 3,475,900 67.3%
Contractual	\$	579,100	11.2%	GF/Program Receipts	\$ 767,300 14.8%
Supplies	\$	512,100	9.9%	Inter/Agency	\$ 618,800 12.0%
Equipment	\$	132,800	2.6%	Investment Loss Trust	\$ 7,400 0.1%
Grants	\$	75,000	1.5%	Stat Designated Program	\$ 223,200 4.3%
Total	\$	5,167,600	100%	TOTAL	\$ 5,167,600 100%

V. List problems or barriers to implementing.

The one barrier to expanding AVTEC's enrollment and dealing with deferred maintenance is one of a lack of public dollars to pay for it. We suggested Alaska Housing Finance Corporation as a source of funding additional housing to accommodate more students.

We also looked at the possibility of AVTEC bidding on motor pool equipment for Spring Creek Prison, DOTPF, the Alaska Railroad and the Institute of Marine Sciences-all of which are located in Seward. The additional revenues and savings for other agencies in reducing maintenance costs could provide funding for deferred maintenance and repairs.



SECTION 7

MT. EDGECUMBE BOARDING SCHOOL

- Recommendations
- Budget

MT. EDGECUMBE BOARDING SCHOOL

I. Recommendations adopted:

Recommendations #1 & #2 are not included because they were not ratified by the subcommittee.

Recommendation #3: Because Mt. Edgecumbe High School has significant facilities and maintenance issues due mostly to the age of the campus, and because the potential exists that Mt. Edgecumbe may be asked to expand its enrollment to serve Alaska's immediate and/or future educational needs, this sub-committee recommends that the legislature provide funds to meet the deferred maintenance needs of Mt. Edgecumbe High School.

Recommendation #3 was ratified by the subcommittee.

RATIONALE: The subcommittee recognized the importance of rural schools but also recognized there are two factors that have placed an increasing demand on Mt. Edgecumbe's services. First, with the passage of SB 36, rural schools with student attendance less than ten students are closing and second, some families in rural Alaska want their children to go to Mt. Edgecumbe to become prepared for a postsecondary education.

Mt. Edgecumbe currently turns down at least one student for every student it accepts because the dormitory capacity is limited. The school currently has students from 107 existing school districts whose parents want an alternative. The school currently is the home of 327 students of which 90% will go on to postsecondary schools.

There was a general agreement that Mt. Edgecumbe is providing a greatly needed service that is not available in the private sector. It was also agreed upon that Mt. Edgecumbe's ability to facilitate the growing demand for its services due to the implementation of SB 36 and the ultimate closure of smaller schools in rural Alaska schools should be considered in the capital budget for FY'01.

MT. Edaecumbe Budaet - FY '00					
Expenses			Revenues		
Personal	1,946,000	44.53%			
Services					
Travel	207,700	4.75%	General Fund	2,392,600	55%
Contractual	2,115,800	48.41%	GF/Program	57,400	1.3%
Commodities	114,800	0.38%	Inter/Agency Receipts	1,870,000	43.3%
Equipment	16,500	0.38%	CIP Receipts	50,000	
Grants	-30,400	-0.7%	Total Revenues		100.0%
				\$4,320,000	
Micellaneous	0	0.0%			



SECTION 8

STATE FACILITIES MAINTENANCE

- Recommendations
- Budget

STATE FACILITIES MAINTENANCE

State Facilities Maintenance consists of the maintenance of two educational facilities within the Department of Education: AVTEC and Mt, Edgecumbe. The maintenance problems of these two facilities are discussed within their own BRUs. Maintenance has eleven full-time employees.

STATE FACILITIES BUDGET - FY'00

Expenses			Revenues		
Personal	619,600	41.4%			
Services					
Travel	0	0.0%			
Contractual	396,200	26.5%	Inter/Agency Receipts	<u>1,496,100</u>	100%
Commodities	480,300	32.1%	Total Revenues	\$ 1,496,100	100%
Equipment	0	0.0%			
Grants	0	0.0%			
Micellaneous	0	0.0%			
Total Expenses	\$ 1,496,100	100.0%			



SECTION 9

ALASKA LIBRARY & MUSEUMS

- Recommendations
- Budget Expenditures
- Budget Revenues
- Employees

ALASKA LIBRARY & MUSEUMS

I. Recommendations adopted:

Recommendation #1: The executive branch libraries should be managed by the State Library and further that no executive branch library should be established or ended without State Library oversight.

Recommendation #1 was ratified by the subcommittee.

RATIONALE: Currently there is a library at Fish and Game. Other divisions have reference collections. What happens is that libraries are among the first to go in budget cuts. DEC eliminated its library two years ago and it cost the State Library a considerable amount of money. They had to go through the collection to decide what to keep, what to send to other libraries and what to trash. That was a considerable amount of staff time. Then the DEC holdings were taken off the online catalog and the WLN database.

This year in the move of Community & Regional Affairs they are giving their research collections away. Part of the collection was going to a federal library consortium that called Karen Crane and wanted the State to pay for cataloging. She did manage to stop that but more of this is going to happen. This recommendation does not include the Court System since they are a different branch of government.

The Fish and Game Library is the strongest one in the agencies. If the State Library managed it, they could save money with subscriptions, cataloging, etc. Centralizing library services for state agencies would save money and provide better service.

II. Budget expenditures. The FY'00 budget for Libraries and Museums totals \$6,748,600. Personal services comprise 54% of the spending.

LIBRARIES & MUSEUMS EXPENDITURES - FY'00

EXPENDITURES	Personal Services	Travel	Contractual	Commodities	Equipment	Grants	Misc	Total Expenses
Library Operations	2,077,900	22,000	731,800	428,300	9,000	1,416,800	-50,000	4,635,800
Archives	550,000	23,600	51,800	64,000				689,400
Museum Operations	977,300	10,500	274,500	75,500		85,600		1,423,400
Specific Cultural Programs								
Library & Museums Totals	3,605,200	56,100	1,058,100	567,800	9,000	1,502,400	(50,000)	6,748,600

III. **Budget Revenues.** Total revenues for FY '00 is \$6,748,600. General fund revenues provide 80.3% of the funding.

LIBRARIES & MUSEUMS REVENUES- FY'00
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Revenues	Fed Rcpts	Gen Fund	GF/Prgm	I/A Rcpts	Stat Desig	Total
Library Operations	675,500	3,739,000	63,000	158,300		4,635,800
Archives	40,000	555,000		94,400		689,400
Museum Operations	30,000	1,127,400	255,900		10,100	1,423,400
Specific Cultural Programs						
Library & Museums	745,500	5,421,400	318,900	252,700	10,100	6,748,600

IV. **Employees.**

ALASKA STATE LIBRARY & MUSEUMS

	Full-time Employees	Part-time Employees	Temp Employees
Library Operations	38	2	2
Archives	9		
Museum Operations	16	4	1
Specific Cultural Programs			
Library & Museums Totals	63	6	3



SECTION 10

ALASKA POSTSECONDARY EDUCATION

- Recommendations
- Component Names
- Employees
- Expenditures
- Revenues
- Improvements to Program
- Statutory Authority
- Status of Loans Collections on Estates

ALASKA POSTSECONDARY EDUCATION

I. Recommendations adopted.

Recommendation #1: It is recommended that the student loan program be privatized by being contracted out to a private lending service.

Recommendation #1 was ratified by the subcommittee.

RATIONALE: The premier example of successful and cost-efficient government guaranteed loan programs is the VA mortgage-lending program. Supported by government guarantees and operating within government regulations and parameters, banks and mortgage loan companies provide the actual loans and handle all collection operations.

Student loans could be privatized in the same manner as the veteran's loans. The government contracts with banks to manage the loans, the government guarantees the loans and determines the eligibility.

There was concern that it would no longer be possible to fund the loans with tax-exempt bonds. The State is responsible for \$430 million in bonds for a program that has been losing money since 1988. The program should not be looked at as a case of improving competition with private banks, the focus should be on privatizing student loans.

Recommendation #2: It is recommended that all loan programs of the State be submitted to review with one of two conclusions being sought: (1) consolidation within a single department of state government, such as Revenue, where staffing is trained in accounting and fund management; or (2) provision to management by banks through an RFP process.

Recommendation #2 was ratified by the subcommittee.

RATIONALE: The State of Alaska operates a number of loan programs. In each case, the program resides within a division and department associated with the activity/purpose of the loan (i.e. student loans in DOE, farm loans in DNR). The expertise of staff lies with the activity or purpose rather than with banking/mortgage/accounting professions, and as a consequence, the loan programs are poorly run, have excessive late payment, poor collection follow ups and high rates of delinquencies. Firms who loan money and collect on loans are far more efficient at this specialized field. At a minimum, consolidating all programs within Revenue would at least lend the efficiency of economy scale, and allow for staffing with more specialized, trained personnel.

Known loan programs include the Agricultural Revolving Loan Fund (ARLF), within DNR, and one or two commercial fishing loan programs, in addition to the Student Loan Program.

ARLF started with \$95,000,000 in principle available for loans. Through the course of inexpert loan management and poor administrative and legislative decisions, the principle is down to below \$5,000,000.

II. BRU and Component Names as listed in the state budget

THE BRU "Alaska Postsecondary Education" is comprised of five budget components: Program Administration, Student Loan Operations, WICHE Student Exchange, WWAMI Medical, Federal Student Aid

III. Employees. Postsecondary Education has 98 employees.

BRU COMPONENT	Full-time Employees
Program Administration	14
Student Loan Operations	84
WICHE Student Exchange Program	
WWAMI Medical Education	
Federal Student Aid	
Postsecondary Education Employees	98

III. Total Expenditures.

Budget Component	Personal Services	Travel	Contractual	Comm odities	Equipm ent	Expenditur es
Program Administration	862,300	94,900	75,700	16,000	1,400	1,050,300
Student Loan Operations	4,112,500	55,400	2,266,900	75,300	20,000	6,530,100
WICHE Student Exchange Program			85,000			85,000
WWAMI Medical Education			1,435,000			1,435,000
Federal Student Aid						
Postsecondary Totals	4,974,800	150,300	3,862,600	91,300	21,400	9,100,400

IV. Total Revenues.

Budget Component	Fed Rcpts	Gen Fund	GF/Prgm	P-Sec Rcpt	Totals
Program Administration	75,300		10,000	965,000	1,050,300
Student Loan Operations		10,000		6,520,100	6,530,100
WICHE Student Exchange Program		85,000			85,000
WWAMI Medical Education		1,435,000			1,435,000
Federal Student Aid					
Postsecondary Totals	\$ 75,300	\$ 1,530,000	\$ 10,000	\$ 7,485,100	\$ 9,100,400

V. Additional information received from DOEED.

Improvements to the program/portfolio:⁹

- ◆ ASL Forgiveness benefits eliminated. (1987-88)
- ◆ Interest charged during grace period. (1987-88)
- ◆ Initiated PFD attachments on defaulted loans. (1987-88)
- ◆ Origination fee assessed on all loans. (1994-95)
- ◆ Post deferment grace period eliminated. (1996)
- ◆ Tied loan interest rate to the cost of bonds plus administrative cost percentage. (1995-96)
- ◆ Began charging interest during periods of deferment. (1996-97)
- ◆ Began credit check of loan applications. (1998-99)
- ◆ Wage Garnishment (implementation slated for 2000)
- ◆ Late fee assessment (implementation slated for 2000)
- ◆ Credit reporting on defaulted borrowers (implementation slated for 2000)

⁹ Karen Rehfeld of DOE

Statutory Authority:

Statutory reference creating Alaska Student Loan Corporation (AS 14.42.100) as a public corporation and government instrumentality and granting power to bond (AS14.42.220).

Status of Postsecondary Loans:¹⁰

Total number of loans outstanding as of 6/30/99: 176,622

Total number of loans in in-school status as of 6/30/99: 30,492

Delinquent loans receivable (30 days or more past due) as of 6/30/99:
\$172,721,826

Collections on Estates:¹¹

Under the promissory note terms of ASLs made prior to 1995-96, the death of the borrower resulted in cancellation of the loan(s). That provision was eliminated from the loan contracts in 1995-96 therefore the Commission could implement a procedure to pursue collection from the estate.

In the early 1990's staff performed an analysis of the demographic characteristics of borrowers whose loans were being written off due to their death. A variety of findings from that review resulted in a recommendation that the Commission not initiate collection on estates. It was concluded at that time that, due to the age of borrowers and the unsecured nature of the student loan obligation, the agency would likely expend more in staff and legal expenses than the Commission could reasonably expect to collect. Rather than pursue that potentially costly process, by regulation the Commission raised origination fees raised from 1% to 5% (1996-97) and are statutorily set aside to be used to offset losses due to borrower death, disability, and default. The issue has not been revisited in recent years.

¹⁰ Diane Barrans of Postsecondary

¹¹ Diane Barrans of Postsecondary



SECTION 11

DIVISION OF EARLY DEVELOPMENT

- **Recommendations**
- **BRU and Component Names**
- **Missions, Goals & Objectives**
- **Total Budget**
- **Total Revenues**

- **Review of Components:**
 - **Child Care**
 - **Head Start**
 - **Children's Trust**

- **Barriers to Implementing**

DIVISION OF EARLY DEVELOPMENT

I. Recommendations adopted.

Recommendation #1: Eliminate the Division of Early Development from DOE, consolidating it within the Department of Health and Social Services and its existing programs.

Recommendation #1 was ratified by the subcommittee.

RATIONALE: Overlapping in state services is very evident in the Early Development Division of the Department of Education (DOE). The constitutional and statutory purpose of DOE is to provide education to K-12 students in Alaska. Early Development is an area of services that does not belong in the public sector, let alone the Department of Education.

Child Care and Head Start is inconsistent with the constitutional and statutory provisions of education because the recipients are not K-12 students receiving education. In the case where a high school student is receiving childcare or Head Start services, there is an overlap with welfare programs provided under the Alaska Temporary Assistance Program (ATAP).

Recommendation #2:

Transfer the Children's Trust Grant Program to the Office of the Governor, Division of Boards and Commissions.

Recommendation #2 was ratified by the subcommittee.

RATIONALE: AS 37.14.200 established a seven member Board for the Children's Trust Program. The Governor appoints four public members. These members have experience and expertise in children's or prevention programs, or private sector finance. The Governor or his designee, the commissioner or her designees of the Dept. of Health and Social Services, the commissioner or his designee of the Dept. of Education are also members.

It is the function of this board to "award grants from the net income of the trust to community-based programs and projects that the board find will aid in the prevention of child abuse and neglect; monitor approved programs and projects for compliance with AS 37.14.200-37.14.270; before providing assistance to a program or project, approve written findings on the program or project that include a consideration of the means of measuring the effectiveness of the program or project; apply for, and use net income from the trust to obtain, private and federal grants for the prevention of child abuse and neglect; solicit contributions, gifts, and bequests to the trust."¹²

¹² <http://www.gov.state.ak.us/boards/factsheet/children.htm>

During the overview of this Division, there was no mention of the Children's Trust being a component of this division, but the Division's website does include the Children's Trust as a component.

Recommendation #3:

When federal funding for a federally mandated program established in the State of Alaska falls below the 50% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding.

Recommendation #3 was ratified by the subcommittee.

RATIONALE: The Alaska State Legislature continues to grab the dangling carrot only to find itself funding the major portion of these programs after the federal government has created them and funded them for several years. When the federal funding diminishes, the state is left holding the bag to fund the program. If the federal government wants to impose mandates, they should be willing to at least be equal partners with the state in funding those programs. If the federal government is unwilling to fund the programs, then the federal government should not mandate programs and services and states and local governments should make the decision on the future of those programs. It was pointed out that the federal government provides only 9% of the funding needed annually for special education programs.

Recommendation # 4 is not included because it was not adopted by the subcommittee.

Recommendation #5: The Alaska State Legislature should treat all state receipts as general fund money unless the receipts are the result of inter/agency receipts.

Recommendation #5 was ratified by the subcommittee.

RATIONALE: SB 55 was the latest in a series of legislative revisions that moved several programs off budget and moved them in the budgeting process from the general fund to other funds. The Legislature passed SB 55 despite strong objections from both legislative finance and legislative budget and audit.

During a Senate Labor & Commerce Committee meeting on February 4, 1997, Annalee McConnell, Director of the Office of Management and Budget, said SB 55 was introduced at the request of the Governor intended to deal with an accounting catch 22. She said that some items in their budget expenditures could grow and actually are in the economic development area and are seen as a real positive. There was concern, however, that "the increase in the expenditures counts as an increase in the total budget."

SB 55 reclassified "designated programs" and "restricted fees" in the budget process

so that they are no longer treated them as part of the unrestricted general funds category but set them into a different category funding column, "Other Funds".

Ms. McConnell said OMB would continue to show these in the budget as "Other Funds" so everyone was well aware of them. ***"The key point in all of this is that you can have an increase in these arenas, mostly economic development, without increasing the fiscal gap."***

Later is that same committee meeting Senator Tim Kelly asked how this affects the fiscal gap. Ms. McConnell explained that ***"as expenditures go up revenues increase by the same amount. Therefore, there is no increase in the fiscal gap."*** This statement is in direct contradiction to Ms. McConnell's key point for enacting SB 55.

Senator Kelly asked if they would increase the program receipts and take them off budget. Ms. McConnell said they wouldn't be off budget; they would still be appropriated by the legislature. Instead of being in the column along with unrestricted general funds, there is a separate category "Other Funds" for designated program receipts.

SB 55 also contains some clean-up items that weren't in last year's bill. It codifies corporate receipts and clarified that the Children's Trust and the Public School Fund are not part of the unrestricted general funds.

Senator Kelly asked if the legislature approves SB 55 what is the difference between the amount from the general fund and the new program receipts? Ms. McConnell replied that between '97 and '98 it's about a \$3 million increase. She said there is a small increase in the category of restricted fees; much of it is in the economic development area.

On April 7, 1997, the Senate Finance Committee heard SB 55. Concerns were voiced about proper supervision by the legislature over program receipts set by the pioneer homes and Alaska Housing Finance Corporation.

Senator Pearce said that what happens when program receipts are put off of the budget the Legislature tends to not look as closely at the program during the budget process. Senator Drue Pearce stated at that committee meeting that Mike Greany, Director, Legislative Finance and Randy Welker, Legislative Auditor had real concerns about pushing too many program receipts off budget. She said they would prefer program receipts be brought back in as straight general fund receipts and not try to account for them separately.

The Senate Finance Committee heard SB 55 again on April 16, 1997. They adopted a committee substitute that added the children's trust, commercial fisheries test fishing operations, and the public utilities commission to the list of fund receipts.

"Mike Greany, Director, Legislative Finance Division, described the bill and the columns of appropriations. He informed the committee that SB 55 would move some of the general fund appropriations to the other funds column and they would no

longer be counted as general fund. It would move about \$55 million of designated receipts from the general fund and move them off budget. He expressed concerns about moving closer to a form of dedication and away from the notion that the majority of receipts the state takes in were not dedicated were available to the legislature for appropriation."

The actual impact of SB 55 to moving general fund money on the FY '00 budget is close to \$59 million:

1005 GF/Prgm	49,933,800
1098 ChildTrErn	379,700
1109 Test Fish	3,970,500
1110 APUC Rcpts	4,699,200
	58,983,200

What has been the impact of creative accounting to the Parks & Recreation operations of the State? I have put together a comparison of the FY'84 and FY'00 Budgets for the division by funding source.

FY'00 BUDGET	1002 Fed Rcpts	1003 G/F Match	1004 Gen Fund	1005 GF/Prgm	1007 I/A Rcpts	1061 CIP Rcpts	1108 Stat Desig	REVENUES
State Historic Preservation Parks Management Parks Access	332,300	285,500			224,000	414,600		1,256,400
			3,464,500	1,947,300	74,300		56,700	5,542,800
	622,700				871,900	1,009,000		2,503,600
TOTALS		285,500	3,464,500	1,947,300	1,170,200	1,423,600	56,700	9,302,800
	955,000							

FY'84 BUDGET	1002 Fed Rcpts	1003 G/F Match	1004 Gen Fund	1005 GF/Prgm	1007 I/A Rcpts	1028 Pre90PRGM	TOTAL REVENUES
Historic Resource Mgmt.			153,100				153,100
Park Design/Development			311,000				311,000
Park Maintenance & Operations			3,914,500			20,000	3,934,500
Parks Administration			464,100				464,100
Direct Charge CIP					954,900		954,900
Overhead CIP					153,400		153,400
Youth Employment Program			400,000				400,000
			5,242,700		1,108,300	20,000	6,371,000

Total expenditures in FY'84 were \$6,371.100. The two basic funding sources were the general fund at \$5.2 million and inter/agency receipts at \$1.1 million. There was no federal funding.

In FY'00, the revenues totaled \$9,302,800. That is an increase in spending by almost \$3 million or 50% in sixteen years. Personal Services accounts for \$2.5 million of the increased spending. The main funding sources have increased from

two sources to seven sources in sixteen years. Inter/agency receipts have increased only \$61,900 in 16 years. One added revenue source is federal receipts, which amounted to \$955,000 in FY'00. With that in mind, one would conclude that general fund spending has increased by approximately \$2 million dollars over the same 16-year period. In actuality, because the four new remaining funding sources result from an expansion in the "Other Funds" column, "General Fund" spending has decreased by \$1.8 million.

The State of Alaska should have two funds for income from state sources; the General Fund and Inter/Agency Receipts. The budget for state spending need not be complex and should be understandable for all Alaskans. Truth of income for the State of Alaska should be mandatory.

II. BRU and Component Names as listed in state budget

A BRU is a budget request unit that is a group of components or program activities combined to achieve a specific goal. The BRU Early Child Development is a division that was created this year after the passage of HB 40. The Head Start and Child Care Assistance Programs were transferred from Community & Regional Affairs to Department of Education as a result of HB 40 passed by the Legislature this year.

Head Start is an early intervention program now 30 years old. Head Start enriches the lives of low-income children and their families with a comprehensive program of developmentally and culturally appropriate education, health, nutrition and social services, parent involvement and career development. The program strives to improve children's health, their emotional, social, intellectual and physical development, and support families in becoming self-reliant.

Funds are provided to agencies to operate programs according to federal Head Start guidelines. Covered costs can include staff wages and training, medical/dental services, program supplies and equipment, program enhancement and expansion. Alaska guidelines have been developed.

Thirteen grantee agencies receive federal funds directly from the U.S. Department of Health and Human Services and the state provides funding for the local match.

The Alaska Head Start program is administered from Juneau. Administrative costs for the program are about \$200,000 which covers office expenses and salaries for three staff members. The remaining funds go directly to the Head Start centers in 95 communities statewide. The funding level is at \$6 million. In FY'99 3,351 children were enrolled in Headstart at a cost of approximately \$1,600 per child. Headstart currently serves 23% of the children in Alaska qualified for Headstart services.

The second program in Early Development is ChildCare which includes childcare grants and childcare subsidies.

The ChildCare Grant program provides a small business subsidy for child care centers and licensed homes. Grantees must use the money for the long-term benefit of the child care facility and the children in care.

Most child care facilities use these funds for staff salaries and benefits, goods relating to health, safety, and nutrition, and age appropriate equipment, supplies, and activities for the children.

Applicants must have a current child care license, business license, and must be willing to care for children in the Child Care Subsidy Program for whom payment is made only for the time in care. This increases childcare choices for parents receiving subsidy because caregivers have an incentive to accept these children.

The program receives an annual appropriation from the Legislature. Annual funding is approximately \$1.725 million. Over 500 centers and homes participate in the program statewide.

Applications for the grant are available at any time. Payments are made monthly, based on the total number of children attending the facility.

III. Agency Mission, Goals and Objectives

This is a new division of the Department of Education and the mission has not been clearly defined. The goals and objectives of the three components of the division are discussed later in this report. There is not a more in-depth discussion of this Division because the Subcommittee recommended moving this division out of Department of Education and consolidating it with the existing programs in Health and Social Services.

IV. Total Budget, all funds

The total budget for Early Development is \$4,488,500. The division spends \$711,000 on personal services, \$91,700 on travel, \$503,700 on contractual services, \$23,800 on commodities, \$10,000 on equipment, and \$8,703,100 on grants.

Early Development Programs – FY'00					
Expenses			Revenues		
Personal Services	711,000	7.08%	Federal Receipts	256,000	2.55%
Travel	91,700	0.91%	GF Match	59,800	0.60%
Contractual	503,700	5.02%	General Fund	3,535,900	35.20%
Commodities	23,800	0.24%	I/A Receipts	5,845,900	58.21%
Equipment	10,000	0.10%	Children's Trust	345,700	3.44%
Grants	8,703,100	86.66%			
		%			
TOTAL	10,043,300	100%	TOTAL	10,043,300	100%

V. Total Revenue derived

The total revenues for Early Development for FY'00 are \$10,043,300. Federal receipts for this program total 256,000 or 2.55% of the component revenues.

VI. Child Care.

"The **Child Care Resource and Referral Program** assists parents in finding quality child care, and assists providers in advertising services and vacancies to parents. In Anchorage, Juneau and Fairbanks, low-income parents may be eligible at no charge for counseling and help in finding childcare. A sliding-fee scale covers services for other parents. DOE contracts with ChildCare Connections, Inc. in Anchorage, NAEYC Southeast in Juneau, and Fairbanks Native Association in Fairbanks to provide resource and referral services under this program.
..13

"The **Child Care Subsidy Program** enables low and moderate income families to afford child care while parents are working or in training. It provides a subsidy for childcare payments for eligible families.

Municipalities or unincorporated communities with licensed childcare facilities may apply to the program if a community agency can demonstrate the administrative capacity to manage the program.

The program is subject to annual state and federal legislative appropriations. The funding level is about \$13.8 million. There are approximately 25 communities participating, serving about 2,900 children per month. Some smaller rural communities (e.g. Craig and Metlakatla) participate in this program. Most of the larger rural communities, such as Dillingham, participate.

Quality childcare programs are an integral part of the economic viability of communities throughout the state. Earnings of working parents stimulate local economies. New childcare businesses are started to meet the needs of growing numbers of working parents. Local services attract additional business and enterprise. These child care resources help strengthen the economic base of the community.

"The **Child Care Resource Development** program provides child care providers with education and training in their field. Child care providers and administrators, who are licensed by the State of Alaska for child care can take classes and workshops, as well as, receive a quarterly newsletter and other educational opportunities at little or no charge. The program is subject to annual state and federal legislative appropriations."¹⁴ The department contracts with the following to provide the services:

¹³ <http://www.eed.state.ak.us/EarlyDev/ccresource.html>

¹⁴ <http://www.eed.state.ak.us/EarlyDev/ccresource.html>

Grantee	Areas Served	Amount of Contract
Child Care Connection, Inc.	Anchorage, Bethel, Cordova, Dillingham, Glenallen, Homer, Kenai, Kodiak, Mat-Su Borough, Seward, Soldotna, Valdez, Unalaska	unknown
NAEYC-SEA	Craig, Haines, Juneau, Ketchikan, Metlakatla, Sitka, Skagway, Wrangell	unknown
Fairbanks Native Association	Delta Junction, Fairbanks, Kotzebue, North Pole, Point Hope	unknown

Child Care Facilities: This is a database on the Early Development website that allows people to find contact information about licensed or registered on child care facilities in their area. A person can search for the child care facility by using one or all of the fields: Last Name, Facility, City, Zip Code, Registered, Licensed, and Status.¹⁵

Child Care Programs – FY'00					
Expenses			Revenues		
Personal Services	521,100	14.21%	Federal Receipts	106,000	2.9%
Travel	60,600	1.65%	GF Match	500	0.0%
Contractual	416,100	11.34%	General Fund	195,200	5.3%
Commodities	20,600	0.56%	I/A Receipts	3,366,700	91.8%
Equipment	10,000	0.27%			
Grants	2,640,000	71.97%			
TOTAL	3,668,400	100%	TOTAL	3,668,400	100.0%

Child Care Program Employees – FY'00			
Position	Range	# Emp	Location
Program Coordinator	20		1 Anchorage
Grants Administrator III	19		1 Anchorage
Grants Administrator III	17		3 Anchorage
Statistician Tech II	14		1 Anchorage
Project Coordinator	18		2 Anchorage
Administrative Clerk III	10		1 Anchorage
TOTAL			9 Anchorage

VII. Head Start .

HEAD START					
Expenses			Revenues		
Personal Services	189,900	3.15%	Federal Receipts	150,000	2.5%
Travel	31,100	0.52%	GF Match	59,300	1.0%
Contractual	31,900	0.53%	General Fund	3,340,700	55.4%
Commodities	3,200	0.05%	I/A Receipts	2,479,200	41.1%
Grants	5,773,100	95.75%			
TOTAL	6,029,200	100%	TOTAL	6,029,200	100.0%

¹⁵ <http://www.eed.state.ak.us/EarlyDev/ChildCare/search.asp>

Grant Recipients	Amount	# programs
Adult Learning Programs of Alaska	249,103	1
Alaska Partners	15,000	
Association of Village Council Presidents	347,522	9
Central Council of Tlingit and Haida	396,246	11
Chugiak Children's Services	39,897	5
Southcentral Foundation	410,821	1
Kawerak	620,096	13
Kids Corp	26,975	1
Metlakatla	2,309,067	1
RurAL CAP	566,244	28
Tanana Chiefs Conference	71,350	10
Fairbanks Native Association	25,000	1
Bristol Bay Native Association	35,000	2
Aleutian/Pribilof Island Association	6,200	4
Native Village of Tyonek	4,100	5
Kenaitze Indian Tribe IRA	4,100	1
Health and Safety	21,457	3
TOTAL GRANTS	5,148,178	96

VIII. Children's Trust

Missions, Goals & Objectives.

"The Mission of the Children's Trust is to improve the status of children in Alaska by generating funds and committing resources to promote healthy families and to assist in developing healthy communities."¹⁶

Goals:

- Change the climate of tolerance for child abuse and neglect by promoting an awareness of the current plight of many of our children;
- Support the development of safe and nurturing community environments by advocating responsible care giving and learning readiness; and
- Increase the grant-giving ability of ACT by:
 - fundraising to increase the corpus of the fund;
 - pursuing other funding opportunities ¹⁷

Objectives:

- Funding community-based child abuse and neglect prevention programs; Educating the public, initiating media campaigns, and providing information;
- Coordinating resources and sharing information; and

¹⁶ <http://www.gov.state.ak.us/trust/mission.htm>

¹⁷ <http://www.gov.state.ak.us/trust/mission.htm>

- Encouraging collaboration and developing partnerships with public and private organizations.¹⁸
-

The Children's Trust board has been giving out grants for three years. The grants are funded with interest earnings from the \$8.9 million Children's Trust. The 1999 awards totaled \$290,381, a slight increase over last year. In 1996, year the Legislature reactivated the dormant fund with a \$6 million deposit.

This year, a four-member review committee considered 48 proposals and rated them on innovation, community-initiation, and emphasizes on prevention rather than treatment of child abuse and neglect.

Employees.

Alaska Children's Trust grants program has no funded positions:

CHILDREN'S TRUST					
Expenses			Revenues		
Contractual	55,700	16.11%	Children's Trust	345,700	100%
Grants	290,000	83.89%			
TOTAL	345,700	100%	TOTAL	345,700	100%

Children's Trust Grants - FY '00		
<i>Anchorage Center for Families</i>	to provide counseling and crisis intervention; coordinate child-abuse prevention efforts; and provide information and referrals to families in the Muldoon neighborhood.	\$12,000
<i>Alaska Public Radio Network</i>	to produce and distribute public service announcements on the importance of effective parenting and community support for children.	\$26,800
<i>Boys and Girls Club of Anchorage</i>	to expand to Eagle River an Anchorage peer counseling and mentoring program called SMART Girls.	\$3,935
<i>Passage House</i>	to fund periodic home visits to graduates of this Anchorage residential facility for pregnant and parenting teens.	\$13,500
<i>Eastern Aleutian Tribes Inc.</i>	for parenting classes, support networks, and home visits to parents of children under the age of three.	\$ 20,556
<i>Fairbanks Resource Agency</i>	for an education program for parents with special needs.	\$14,568
<i>Frontier Community Services</i>	to provide home-visits, parent mentoring, and family playgroups in the central Kenai Peninsula area.	\$21,000
<i>Gateway Center for Human Services</i>	for a breakfast program staffed by parent volunteers at a school bus stop in the Southeast community of Saxman.	\$15,000
<i>Homer Children's Services</i>	to extend home- and center-based training and support to parents of children from birth to three years of age, some of whom are developmentally delayed.	\$25,704

¹⁸ <http://www.gov.state.ak.us/trust/mission.htm>

Matanuska-Susitna School District	for development of a program to provide home visits, peer-parent groups, and monthly "family nights" in the Sutton area.	\$25,900
Nome Community Center	to support a Youth Council that will provide at least five ongoing activities that address the causes of child abuse and neglect.	\$28,429
The Resource Center for Parents and Children	to train parent outreach workers in the northern region to positively influence families, raise community awareness, and change attitudes about child abuse and neglect.	\$23,993
St. George Traditional Council	to complete a community assessment and a long-range child-abuse prevention plan for the Aleutian island community of St. George.	\$16,000
Volunteers of America, Alaska	to continue parent education, support, and respite services to grandparents raising children in Anchorage.	\$9,841
Wrangell Community Services	to provide parenting classes and support groups designed to strengthen families.	\$18,980
Yupik School District	to train adult volunteer mentors to help youth work toward specific goals.	\$14,175
TOTAL GRANT AWARDS		\$290,381

Account
RSA/DHSS

Income

Cost
750,000

VIII. Problems or barriers to implementing.

Up to this point, we have not addressed this part of the report. This again is a philosophical conclusion that can be debated by the full Privatization Committee. ChildCare is the responsibility of parents, not government. Early childhood development is the right of parents, not the responsibility of government.

The barrier is the reliance on government for services that government should not be providing and the pressure to preserve government funded jobs because the private sector can not provide those jobs at a rate comparable to state government.

The truth of the matter is that many of our state-funded programs are there to provide jobs. There is no statutory requirement and no plea from the productive sector of Alaska's population for these services.



APPENDICES

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Appendix B	Effects of HB 40 of DOE.....	83

APPENDIX A

List Existing Teaching & Learning Support Contracts including amount, contractor, purpose, term, and procurement method

FY'99 Contractor	Description	Amount	begin date	end date
A Sign of Design	Update Quality Schools materials	\$4,905.00	10/30/98	6/30/99
A Sign of Design	Graphic arts services	\$500.00	12/15/98	6/30/99
AK Gateway SD	OASIS	\$5,000.00	5/1/99	6/30/99
Alaska Council/Drug & Alcohol Abuse	Store & distribute kits and materials	\$875.00	8/20/98	11/30/98
Alaska Gateway	Staff Development	\$2,500.00	7/1/98	6/30/99
Alaska Gateway Schools	Medicaid Survey	\$7,852.00	7/1/98	6/30/99
Alaska Research Specialist	Statewide development plan	\$6,000.00	9/8/98	10/30/98
Alaskawrite	Carl Perkins Voc Ed Report	\$4,000.00	3/10/99	3/31/99
Alaskawrite	Gear Up Grant	\$4,915.00	4/1/99	5/3/99
Alaskawrite	Participation Guide	\$1,000.00	4/2/99	4/23/99
Aleutian Region	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Aleutians East	Medicaid Survey	\$4,471.00	7/1/98	6/30/99
Aleutian Region	Staff Development	\$1,500.00	7/1/98	6/30/99
Aleutians East	Staff Development	\$2,500.00	7/1/98	6/30/99
Altschul Group Corp.	Presenter elementary school violence	\$3,000.00	9/24/98	9/26/98
Anchorage	Staff Development	\$20,000.00	7/1/98	6/30/99
Anchorage School District	Special Ed Academies	\$28,540.00		
Anchorage School District	Beginning Literacy Strategies Institutes	\$20,000.00	4/15/99	6/30/99
Anchorage Schools	Medicaid Survey	\$501,120.00	7/1/98	6/30/99
Andrew Lebo	Hearing Officer	\$12,000.00	5/5/99	6/30/99
Annette Island	Staff Development	\$3,500.00	7/1/98	6/30/99
Annette Island Schools	Medicaid Survey	\$8,561.00	7/1/98	6/30/99
Arthur Peterson	Rewrite Part 52 of AAC	\$10,000.00	7/15/98	10/12/98
Aurora Evaluation	Report Card Guide book	\$2,000.00	4/26/99	6/1/99
Barbara Bateman	Consultant Ketchikan SP Ed Project	\$40,000.00	1/15/99	6/30/99
Bartlett Regional Hospital	Food Services Reviewer	\$5,000.00	9/14/98	6/30/99
Bering Strait	Staff Development	\$5,000.00	7/1/98	6/30/99
Bering Strait Schools	Medicaid Survey	\$39,206.00	7/1/98	6/30/99
Betty Barats	Special Ed Investigator	\$15,000.00	7/1/98	6/30/99
Bristol Bay	Staff Development	\$2,000.00	7/1/98	6/30/99
Bristol Bay Borough Schools	Standards 5 District Consortium	\$11,998.00	7/12/98	9/30/98
Bristol Bay Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Brustein & Manasevit	Presenter Adult Basic Ed Meeting	\$4,990.00	2/2/98	2/3/99
Capital Comm Broadcasting	Ad for AK Quality Initiatives	\$3,690.00		
Capital Community Broadcasting	Spots for High School Exit Exam	\$19,760.00	12/15/98	6/30/99
Carolyn Kingry	Food Services Reviewer	\$5,000.00	7/15/98	10/1/98
Carolyn Kingry	Food Services Reviewer	\$14,000.00	9/14/98	6/30/99
Carolyn McGinnis	Food Services Reviewer	\$5,000.00	7/15/98	10/1/98
Carolyn McGinnis	Food Services Reviewer	\$30,000.00	9/14/98	6/30/99

FY' 99 - Contractor	Description	Amount	begin date	end date
Center for Performance Assessment	Professional development workshops	\$12,245.00	7/12/98	7/18/98
Chatham	Staff Development	\$3,000.00	7/1/98	6/30/99
Chatham Schools	Medicaid Survey	\$3,163.00	7/1/98	6/30/99
Chugach	Staff Development	\$1,500.00	7/1/98	6/30/99
Chugach Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Colyar Consulting Group	Prepare/modify/install nutrition program	\$39,500.00	8/22/98	6/30/99
Copper River	Staff Development	\$2,000.00	7/1/98	6/30/99
Copper River Schools	Medicaid Survey	\$7,852.00	7/1/98	6/30/99
Cordova	Staff Development	\$3,500.00	7/1/98	6/30/99
Cordova City Schools	Evaluate & administer district alt.sch.	\$2,000.00	11/1/98	12/31/98
Cordova City Schools	Medicaid Survey	\$2,508.00	7/1/98	6/30/99
Council for Basic Education	Revise AK Standards/reading/writing	\$11,675.00	7/11/98	9/30/98
Craig	Staff Development	\$5,000.00	7/1/98	6/30/99
Craig City Schools	Medicaid Survey	\$3,108.00	7/1/98	6/30/99
CTB McGraw-Hill	Statewide student testing	\$20,044.00	7/31/98	6/30/99
CTB McGraw-Hill	High School Exit Exam	\$1,758,269.00	10/30/98	6/30/99
Dawn Rider-Walsh	Food Services Reviewer	\$12,000.00	9/14/98	6/30/99
Delta Greely	Staff Development	\$5,000.00	7/1/98	6/30/99
Delta/Greely Schools	Medicaid Survey	\$15,650.00	7/1/98	6/30/99
Denali	Staff Development	\$3,500.00	7/1/98	6/30/99
Denali Borough Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Diane Hoffbauer	Develop health course	\$2,500.00	8/15/98	9/30/98
Diane Hoffbauer	Complete school health profile report	\$1,600.00	11/2/98	11/30/98
Dillingham	Staff Development	\$3,000.00	7/1/98	6/30/99
Dillingham City Schools	Standards 5 District Consortium	\$11,998.00	7/12/98	9/30/98
Dillingham City Schools	Medicaid Survey	\$7,252.00	7/1/98	6/30/99
Dillon & Findley	Revise state regulations	\$10,000.00	10/12/98	2/28/99
Dillon & Findley (Art Peterson)	Write Regulations	\$8,000.00	5/24/99	6/30/99
Dr. Lilly Wong Fillmore	Presenter for statewide meeting	\$2,500.00	2/20/99	3/2/99
Effective Communication	Develop reports education reforms	\$4,880.00	10/20/98	12/31/98
Elizabeth Shapleigh	Food Services Reviewer	\$6,000.00	9/14/98	6/30/99
Fairbanks	Staff Development	\$15,000.00	7/1/98	6/30/99
Fairbanks North Star Schools	Medicaid Survey	\$128,250.00	7/1/98	6/30/99
Fairbanks School District	Assistance with Exit Exam	\$60,000.00	7/1/98	6/30/99
Fairbanks School District	Manage alternative school	\$3,000.00	12/13/98	12/31/98
Fairbanks SD	OASIS	\$7,000.00	5/1/99	3/30/99
Fielding Cooley	Meeting participant fed/state ed. Req.	\$2,200.00	12/16/98	12/20/98
Fielding Cooley	Coordinate Ketchikan Special Ed Project	\$80,000.00	1/1/99	6/30/99
- Galena	Staff Development	\$3,500.00	7/1/98	6/30/99
Galena Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Geotech Services	Write Alliance Reporter Issue	\$2,000.00	3/31/99	6/30/99
Haines	Staff Development	\$2,000.00	7/1/98	6/30/99

FY' 99 - Contractor	Description	Amount	begin date	end date
Haines Borough Schools	Medicaid Survey	\$4,471.00	7/1/98	6/30/99
Hoonah	Staff Development	\$4,500.00	7/1/98	6/30/99
Hoonah City Schools	Medicaid Survey	2290.00	7/1/98	6/30/99
Hydaburg	Staff Development	\$2,000.00	7/1/98	6/30/99
Hydaburg City Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Hydaburg SD	OASIS	\$5,000.00	5/1/99	6/30/99
Iditarod	Staff Development	\$3,500.00	7/1/98	6/30/99
Iditarod Area Schools	Medicaid Survey	\$7,961.00	7/1/98	6/30/99
Janice Gabe	Presenter alcohol & drug symposium	\$2,650.00	11/15/98	11/19/98
Jeanne M. Kincaid	Presenter Special Ed Conference	\$10,000.00	2/20/99	2/23/99
Jennifer Coggins	Coordinate METAB Meetings	\$34,650.00	10/26/98	6/30/99
Jim Rich	Consultant Ketchikan SP Ed Project	\$30,000.00	1/15/99	6/30/99
Josephina Wooding	Food Services Reviewer	\$5,000.00	9/14/98	6/30/99
Judi Hall	Keynote speaker Special Education Conference	\$2,500.00	9/14/98	9/17/98
Judi Hall	Presenter Special Ed Conference	\$3,000.00	2/19/99	2/24/99
Julianne Honey	Presenter Early Childhood Prevention	\$1,850.00	11/15/98	11/19/98
Juneau	Staff Development	\$15,000.00	7/1/98	6/30/99
Juneau City Schools	Medicaid Survey	\$47,385.00	7/1/98	6/30/99
Juneau City Schools	Administrative Alternative School	\$4,300.00	12/1/98	1/31/99
Juneau City Schools	Beginning Literacy Strategies Institutes	\$30,000.00	4/15/99	6/30/99
Kake	Staff Development	\$1,000.00	7/1/98	6/30/99
Kake City Schools	Medicaid Survey	\$2,835.00	7/1/98	6/30/99
Kashunamiut	Staff Development	\$2,000.00	7/1/98	6/30/99
Kashunamiut School District	Medicaid Survey	\$10,524.00	7/1/98	6/30/99
Kenai	Staff Development	\$15,000.00	7/1/98	6/30/99
Kenai Peninsula Schools	Medicaid Survey	\$111,073.00	7/1/98	6/30/99
Kenai SD	OASIS	\$4,000.00	5/1/99	6/30/99
Ketchikan	Staff Development	\$5,500.00	7/1/98	6/30/99
Ketchikan Gateway Schools	Medicaid Survey	\$28,518.00	7/1/98	6/30/99
Klawock	Staff Development	\$1,000.00	7/1/98	6/30/99
Klawock City Schools	Medicaid Survey	\$2,018.00	7/1/98	6/30/99
Kodiak	Staff Development	\$10,000.00	7/1/98	6/30/99
Kodiak Schools	Medicaid Survey	\$23,938.00	7/1/98	6/30/99
Kuspuk	Staff Development	\$2,000.00	7/1/98	6/30/99
Kuspuk Schools	Medicaid Survey	\$12,869.00	7/1/98	6/30/99
Lake & Peninsula	Staff Development	\$1,000.00	7/1/98	6/30/99
Lake & Peninsula Schools	Medicaid Survey	\$11,942.00	7/1/98	6/30/99
Lake & Penn SD	OASIS	\$5,000.00	5/1/99	6/30/99
Lake & Penn SD	OASIS - ALASBO	\$39,000.00	5/14/99	6/30/99
Laura Lucas Design	Graphic arts services	\$500.00	12/15/98	6/30/99
Leadership Experiences International	Statewide Institute Best Practices	\$40,000.00	12/14/98	6/30/99

FY' 99 - Contractor	Description	Amount	begin date	end date
Logistics LLC	Coordinate SPP2 Conference	\$17,000.00	9/10/98	10/30/98
Logistix Productions, Inc.	School-To-Work Management Information System	\$21,000.00	11/16/98	6/30/99
Lorrie Wright	Special Ed investigator	\$8,000.00	7/1/98	6/30/99
Lower Kuskokwim	Staff Development	\$10,000.00	7/1/98	6/30/99
Lower Kuskokwim School District	Administer Bethel Boarding School	\$2,500.00	10/20/98	12/31/98
Lower Kuskokwim School District	Medicaid Survey	\$87,463.00	7/1/98	6/30/99
Lower Yukon	Staff Development	\$2,000.00	7/1/98	6/30/99
Lower Yukon Schools	Medicaid Survey	\$69,687.00	7/1/98	6/30/99
Lucille Eber	Keynote speaker Special Education Conference	\$2,500.00	9/14/98	9/17/98
Lwr Kuskowin	Beginning Literacy Strategies Institutes	\$30,000.00	4/15/99	6/30/99
Madden Associates	Quality Education Initiative	\$5,000.00	8/15/98	9/30/98
Margaret J. Sumption	Presenter CSPD State Improve Plan	\$1,000.00	1/6/99	1/9/99
Marilyn Swierk	Presenter Professional Develop Conference	\$2,700.00	10/14/98	10/16/98
Marsha Buck	Special Ed investigator	\$8,000.00	7/1/98	6/30/99
Matanuska-Susitna	Staff Development	\$15,000.00	7/1/98	6/30/99
Matanuska-Susitna Schools	Medicaid Survey	\$165,983.00	7/1/98	6/30/99
Matanuska-Susitna Schools	Spring 99 Vocational Education Conference	\$45,535.00	1/13/99	6/30/99
Matanuska-Susitna Schools	Quality Schools Institute	\$22,730.00		
Mat-Su	Restructuring Institute	\$22,730.00	6/1/99	9/30/99
Melissa Muchewicz	Food Services Reviewer	\$5,000.00	7/15/98	10/1/98
Melissa Muchewicz	Food Services Reviewer	\$34,000.00	9/14/98	6/30/99
MPR Associates, Inc.	Presenter Professional Develop Conference	\$4,554.00	10/14/98	10/16/98
MPR Associates, Inc.	Speakers, Strengthening Professional Practice	\$7,450.00	10/4/98	10/8/98
National School Conference Institute	Standards/Assessment training	\$147,400.00	1/15/99	6/30/99
National School Safety Center	Present workshop school safety	\$17,500.00	10/25/98	10/29/98
Nenana	Staff Development	\$1,500.00	7/1/98	6/30/99
Nenana City Schools	Medicaid Survey	\$2,399.00	7/1/98	6/30/99
Nine Star Enterprises	Coordinate AK Bilingual Ed. Equity Co.	\$19,000.00	10/1/98	6/1/99
Nome	Staff Development	\$5,500.00	7/1/98	6/30/99
Nome Schools	Medicaid Survey	\$7,089.00	7/1/98	6/30/99
North Slope	Staff Development	\$5,500.00	7/1/98	6/30/99
North Slope Borough Schools	Medicaid Survey	\$5,344.00	7/1/98	6/30/99
Northwest Arctic	Staff Development	\$5,500.00	7/1/98	6/30/99
Northwest Arctic Schools	Medicaid Survey	\$37,243.00	7/1/98	6/30/99
Northwest Regional Educational Lab	Presenter, Common Ground Reading	\$2,277.00	10/6/98	10/12/98
Patricia West	Food Services Reviewer	\$10,000.00	9/14/98	6/30/99
Pelican	Staff Development	\$1,500.00	7/1/98	6/30/99
Pelican City Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Petersburg	Staff Development	\$5,500.00	7/1/98	6/30/99

FY' 99 - Contractor	Description	Amount	begin date	end date
Petersburg City Schools	Standards 5 District Consortium	\$8,350.00	7/12/98	9/30/98
Petersburg City Schools	Medicaid Survey	\$5,289.00	7/1/98	6/30/99
Pribilof	Staff Development	\$2,500.00	7/1/98	6/30/99
Pribilof Schools	Medicaid Survey	\$2,181.00	7/1/98	6/30/99
Rebecca Severeide/Early Child. Strat.	Department profile/program develop.	\$4,975.00	1/13/99	2/12/99
Rebecca Severeide/Early Child. Strategy		\$3,000.00	4/14/99	4/28/99
Robert Toomer	Present Healthy Edge 2000 course	\$4,000.00	10/13/98	10/18/98
Roberta Sundberg	Food Services Reviewer	\$8,000.00	9/14/98	6/30/99
Robin Hill	Develop Health Kits	\$3,331.00	4/15/99	6/30/99
Rocky Mt. Cen. Health Promo&Ed.	Seminar Skills for Healthy Life	\$24,350.00	10/1/98	11/30/98
Sandra Johnson	Food Services Reviewer	\$5,000.00	9/14/98	6/30/99
Sara C. Mooney	Special Ed investigator	\$15,000.00	7/1/98	6/30/99
Saragraphics	Graphic arts services	\$500.00	12/15/98	6/30/99
SERRC	Migrant Education Terminal Center	\$350,000.00	7/1/98	6/30/99
SERRC	Interviews, Teacher recognition Program	\$2,875.00	8/15/98	9/1/98
SERRC	Consolidate documents	\$3,500.00	8/24/98	9/2/98
SERRC	Revise "every child a reader"	\$2,473.00	10/27/98	11/3/98
SERRC	Write Grant Application	\$5,000.00	3/16/99	4/15/99
Sherri Anderson	Food Services Reviewer	\$7,000.00	9/14/98	6/30/99
Sitka	Staff Development	\$10,000.00	7/1/98	6/30/99
Sitka Borough Schools	Standards 5 District Consortium	\$5,500.00	7/12/98	9/30/98
Sitka Borough Schools	Medicaid Survey	\$12,978.00	7/1/98	6/30/99
Skagway	Staff Development	\$3,000.00	7/1/98	6/30/99
Skagway City Schools	Standards 5 District Consortium	\$9,254.00	7/12/98	9/30/98
Skagway Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Southeast Island	Staff Development	\$1,500.00	7/1/98	6/30/99
Southeast Island Schools	Medicaid Survey	\$3,599.00	7/1/98	6/30/99
Southwest Region	Staff Development	\$2,000.00	7/1/98	6/30/99
Southwest Region Schools	Medicaid Survey	\$22,138.00	7/1/98	6/30/99
Special Education Service Agency	Conference admin. Deaf programs	\$26,700.00	8/14/98	6/30/99
St. Mary's	Staff Development	\$1,000.00	7/1/98	6/30/99
St. Mary's Schools	Medicaid Survey	\$4,362.00	7/1/98	6/30/99
St. Mary's SD	OASIS	\$5,000.00	5/1/99	6/30/99
Strokes of Genius, Inc.	Presenter Professional Develop Conference	\$2,600.00	10/15/98	10/17/98
Susan Hennon	Food Services Reviewer	\$16,000.00	9/14/98	6/30/99
T&G Consulting	Special Education mediation services	\$73,956.00	7/1/98	6/30/99
Tanana	Staff Development	\$2,000.00	7/1/98	6/30/99
Tanana Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Unalaska	Staff Development	\$1,500.00	7/1/98	6/30/99
Unalaska Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
University of Oregon	AKCIS System	\$40,000.00	7/1/98	6/30/99
University of Oregon	Development SIG Application	\$66,907.00	2/1/99	6/30/99

FY' 99 - Contractor	Description	Amount	begin date	end date
Valdez	Staff Development	\$2,000.00	7/1/98	6/30/99
Valdez City Schools	Medicaid Survey	\$4,635.00	7/1/98	6/30/99
William Case Buck II	Special Ed investigator	\$8,000.00	7/1/98	6/30/99
Wrangell	Staff Development	\$4,500.00	7/1/98	6/30/99
Wrangell City Schools	Medicaid Survey	\$5,344.00	7/1/98	6/30/99
Yakutat	Staff Development	\$1,500.00	7/1/98	6/30/99
Yakutat City Schools	Medicaid Survey	\$2,000.00	7/1/98	6/30/99
Yakutat SD	OASIS	\$5,000.00	5/1/99	6/30/99
Yukon Flats	Staff Development	\$1,500.00	7/1/98	6/30/99
Yukon Flats Schools	Medicaid Survey	\$8,397.00	7/1/98	6/30/99
Yukon/Koyukuk	Staff Development	\$3,500.00	7/1/98	6/30/99
Yukon-Koyukuk Schools	Medicaid Survey	\$9,542.00	7/1/98	6/30/99
Yupiit	Staff Development	\$3,500.00	7/1/98	6/30/99
Yupiit Schools	Medicaid Survey	\$11,451.00	7/1/98	6/30/99
TOTAL CONTRACTS		\$ 5,392,332.00		

APPENDIX B

HB 40 CONSOLIDATION EMPLOYEE REDISTRIBUTION FOR DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT* (FY2000 Full Time and Part Time Positions)

Approved by the Conference Committee and Adjusted for HB40 (Consolidation)

BRU Component Name	Source	Full Time	Part Time
Teaching & Learning Support			
Special and Supplemental Services	Conference Committee	25	0
Special and Supplemental Services	HB40 to Labor	-1	0
Quality Schools	Conference Committee	32	0
Teacher Certification	Conference Committee	6	0
Child Nutrition Administration	Conference Committee	5	0
	Subtotal	67	0
Early Development			
Child Care	HB40 from DCRA	13	0
Day Care Assistance Programs	HB40 from DCRA	0	0
Head Start Grants	HB40 from DCRA	3	0
	Subtotal	16	0
Executive Administration			
State Board of Education	Conference Committee	1	0
Commissioner's Office	Conference Committee	4	1
Administrative Services	Conference Committee	23	0
Administrative Services	HB40 to Labor	-2	0
Administrative Services	HB40 from DCRA	4	0
Information Services	Conference Committee	7	0
Information Services	HB40 from DCRA	2	0
District Support Services	Conference Committee	8	0
Educational Facilities Support	Conference Committee	7	0
Donated Commodities	Conference Committee	2	0
	Subtotal	56	1
Alyeska Central School	Conference Committee	22	25
Commissions & Boards			
Professional Teaching Practices Commission	Conference Committee	2	0
Alaska State Council on the Arts	Conference Committee	4	1
Alaska Vocational Technical Center Operations	Conference Committee	21	49
Mt. Edgecumbe Boarding School	Conference Committee	9	25

State Facilities Maintenance

Conference Committee 11 0

BRU Component Name**Vocational Rehabilitation**

	Source	Full Time	Part Time
Client Services	Conference Committee	80	1
Federal Training Grant	Conference Committee	0	0
Voc Rehabilitation Administration	Conference Committee	11	0
Independent Living Rehabilitation	Conference Committee	1	0
Disability Determination	Conference Committee	26	0
Special Projects	Conference Committee	2	0
Assistive Technology	Conference Committee	1	0
Americans with Disabilities	Conference Committee	1	0
	Subtotal	122	1
	HB40 to Labor	-122	-1

Alaska Library and Museums

Library Operations	Conference Committee	38	2
Archives	Conference Committee	9	0
Museum Operations	Conference Committee	16	4
	Subtotal	63	6

Alaska Postsecondary Education Commission

Program Administration	Conference Committee	14	0
Student Loan Operations	Conference Committee	84	0
	Subtotal	98	0

Total	369	107
Total without HB40	472	108

* Representative Eldon Mulder's Office

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

State Facilities Maintenance

Conference Committee 11

BRU Component Name**Vocational Rehabilitation**

Client Services
Federal Training Grant
Voc Rehabilitation Administration
Independent Living Rehabilitation
Disability Determination
Special Projects
Assistive Technology
Americans with Disabilities

Source	Full Time	Part Time
Conference Committee	80	1
Conference Committee	0	0
Conference Committee	11	0
Conference Committee	1	0
Conference Committee	26	0
Conference Committee	2	0
Conference Committee	1	0
Conference Committee	1	0
Subtotal	122	1
HB40 to Labor	-122	-1

Alaska Library and Museums

Library Operations
Archives
Museum Operations

Conference Committee	38	2
Conference Committee	9	0
Conference Committee	16	4
Subtotal	63	6

Alaska Postsecondary Education Commission

Program Administration
Student Loan Operations

Conference Committee	14	0
Conference Committee	84	0
Subtotal	98	0

Total	369	107
Total without HB40	472	108

* Representative Eldon Mulder's Office

**Commission on Privatization
Department of Education and Early Development**

**Minority Report to Certain Recommendations - November 24, 1999
Submitted by subcommittee members Rich Kronberg and Jeff Walters**

This minority report responds to our concerns about five specific recommendations being presented to the full Commission. The recommendations address three general areas: federal involvement in public education, school vouchers and the role of Alyeska Central School. This report lists each recommendation followed by the minority report.

Vouchers

General Recommendations: Recommendation #6 - That the legislature consider some form or variation of a voucher system that is useable in both the public and private school system and put the issue before voters of Alaska.

Minority Report

Our current expenditures exceed current revenues by a huge amount. Depending upon the price of oil, this deficit will be between \$500,000,000 and \$800,000,000. Schools in each community find it more and more difficult each year to fund computers for children, provide innovations in instruction, challenging curriculum, reduce overcrowded classrooms, hire qualified licensed teachers, and prepare students to pass the 2002 exit examinations.

A proposal to offer funding to every child in Alaska who attends a private, home or parochial school is too costly. Offering public funds to private schools will not only weaken public schools but also weaken private schools as well. Private schools have historically been exempt from the intrusive effective of government regulation and oversight; however, when private schools begin to receive public dollars, demands for accountability and responsibility will follow. If allowed, the millions of dollars to be spent in private, home and parochial schools will not be spent without strings attached and oversight.

A program allowing private, home and parochial children to be funded at the state's expense will easily cost over \$45 million if approximately 12,000 children are provided the Base Student

Allocation, let alone the millions of dollars in add-ons required in Alaska statute. Where will Alaska get the money to fund vouchers?

School funding will be wrecked.

Alaska values education. The Education Clause of the Alaska Constitution guarantees all children a right to a public education. Judge John Reece in *Kasayulie vs. Alaska* said, "Education is not a benefit, it is a constitutional right." Universality of educational opportunity is the single most important right offered all people.

The principal of universality will be cheapened.

Vouchers are argued because parents need more choice. We agree that opportunities for choice within public schools should be expanded. That would create a win/win situation for parents and for the public. Parents would have more choices for their children's' education and the public would retain oversight and accountability over public dollars. One way to promote increased choice for many families is to subsidize the cost of transportation for students to attend schools outside their home attendance area, something that is not currently being done.

We must remind the Commission that many students and families in urban communities already have numerous choices. In rural homes, villages and communities choice is limited. Furthermore in these same homes, villages and communities a voucher is worthless when compared to urban communities.

Equal opportunities are best achieved for all in Alaska through adequately funded public schools.

The mission of the Privatization Commission was to identify those areas of government where equivalent services could be provided by the private sector in order to generate savings. This voucher proposal flies in the face of that mission for several reasons: (1) vouchers have never been shown to produce superior education for students once other factors have been accounted for, and (2) providing public funding for students to attend private and religious schools would add a significant cost burden to the taxpayers of this state.

**Commission on Privatization
Department of Education and Early Development**

**Minority Report to Certain Recommendations - November 24, 1999
Submitted by subcommittee members Rich Kronberg and Jeff Walters**

Federal Role in Education

Division of Early Development: Recommendation #3 - When federal funding for a federally mandated program established in the State of Alaska falls below the 50% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding.

Executive Administration: Recommendation #4 - The federal government should get out of K-12 education.

Minority Report

In 1996-97, Alaska's schools received \$1.2 million in revenue for public elementary and secondary schools. Of that total, 11.8% came from the federal government. Nationally, total revenues were \$305 billion with 6.6% coming from federal sources. It is clear that Alaska receives a greater share of federal funding than most other states for extra support for students with special needs, such as disability or limited proficiency in English.

Recently the federal government provided needed funding to hire more teachers to reduce class size. From school meal programs to the Individuals with Disabilities Education Act to funding professional development opportunities, Alaska must not weaken its position when taking full advantage of federal funding opportunities.

New educational initiatives in Alaska mirror initiatives on the national level, so receipt of federal funding enhances Alaska's efforts to accomplish our own initiatives. We must remind the Commission, Alaska's efforts to reform schools originated in our legislature and with our Governor. The reforms are far reaching. School employees know that unfunded state mandates create a greater burden on education and weaken the financial position of schools.

Adoption of a proposal stating that "when the funding for a federally mandated program established in the State of Alaska falls below the 50% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding," seems misdirected. The greatest causes of unfunded mandates come from the legislature and the Governor. When can

public schools expect the Governor and the legislature to show fiscal responsibility by requiring 100% funding of state mandates and expectations?

We are compelled to remind the Commission that the federal government provides needed essential funding to Alaska's schools. We agree that the level of support from the federal government for mandated programs must be increased. We have testified to that effect numerous times.

Nonetheless, telling the federal government to get out of K-12 education makes as much sense as telling Alaska politicians to get out of K-12 education. It will not happen and in our case where funding has been weakened by Alaska's structural deficit, it makes no sense.

**Commission on Privatization
Department of Education and Early Development**

**Minority Report to Certain Recommendations - November 24, 1999
Submitted by subcommittee members Rich Kronberg and Jeff Walters**

Alyeska Central School

Executive Administration: Recommendation #1 - Privatize services provided by Alyeska Central School.

Alyeska Central School: Recommendation #1 - It is recommended that Alyeska Central School be closed, with the responsibility for providing correspondence study transferred to those school districts which have a correspondence program.

Minority Report

Alyeska Central School (ACS) is an accredited school with over 60 years of experience in correspondence and distance education in Alaska. It provides an important choice for parents and students in our state.

Why should the state support efforts to privatize ACS when most private services are out of state? Private services providing correspondence courses are primarily out-of-state schools such as North Dakota, the University of Nebraska, the American School, Calvert School and many private and/or religious based programs.

Of the Alaska school districts offering correspondence services, some allow statewide enrollment, while some do not. Many only purchase courses from one of the out-of-state schools. Some purchase teaching services, some, like Galena's IDEA program, generally do not even have teaching services. It is up to parents to request help from a teacher. The responsibility is on the to evaluate the child's work and give "grades." The only accountability seems to be statewide test scores. No Alaska school district, at this point, is required to offer services to students residing outside their district.

We must remind the Commission that the ACS curriculum has not "fallen into the category of remedial study." ACS is trying to provide options on both ends of the spectrum to help students pass the high school qualifying examination. The ACS summer program has emphasized that focus.

We are mindful that public schools in Alaska, through the provisions of the Quality School's Initiative embodied in Senate Bill 36 and through regulation of the Department of Education, are implementing educational standards and accountability measures. Alyeska Central School is necessary to the successful delivery of curriculum to students who for one reason or another do not attend public schools.

Alyeska Correspondence is expected to meet and exceed the state's standards through curriculum offered to students enrolled in the correspondence program. ACS does not duplicate the services offered by school districts. ACS staff develop their own courses and in doing so achieve an economy of scale not attained on the school district level. ACS is not exempt from program certification regulations of the Department of Education and Early Development. ACS is required to comply with the same requirements as school districts, including the requirement to serve special education needs.

Courses are offered students in grades K-12. Courses are written and taught by certified teachers. Parents have access to ACS teachers for help and assistance at all grade levels and subject areas. The school addresses individual student needs and provides academically challenging college-preparation courses as well as courses for remediation oriented to the high school qualifying examination.

While there are a number of school districts that offer correspondence programs, the type of program offered varies. Some programs are only available to students who live within that school district. Some programs make it difficult for students and parents to take advantage of their services.

We remind the Commission that during testimony on the issue of closure, it was acknowledged that closing Alyeska would not result in any savings to the State of Alaska. One quality correspondence program is more efficient than 20 to 30 separate correspondence programs. Administrative and operational expenses can be kept to a minimum through a single system, than through several systems duplicating expenditures and personnel.

For the reasons above, we argue that Alyeska should remain open and serve the needs of the children and families of Alaska as they have for 60 years.

SCOMM

122:3



and Delivery of Government Services

21ST ALASKA LEGISLATURE

**COMMISSION ON PRIVATIZATION AND
DELIVERY OF GOVERNMENT SERVICES**

FINAL REPORT

**APPENDIX A:
SUBCOMMITTEE REPORTS
VOLUME 2**

ENVIRONMENTAL CONSERVATION
FISH & GAME
GOVERNOR
HEALTH EDUCATION & SOCIAL SERVICES
LABOR
LAW

www.privatizealaska.org

JANUARY 2000

DEC
DEPT. OF
ENVIRONMENTAL
CONSERVATION

**COMMISSION ON PRIVATIZATION
AND
DELIVERY OF GOVERNMENT SERVICES**

**SUBCOMMITTEE REPORT
ON THE
ALASKA DEPT. OF ENVIRONMENTAL CONSERVATION**

November 4, 1999

Subcommittee Members

**Virgil Norton, Chair; Gus Andress, P.E.; Jerry Brookman; Keith Bucklin;
Doug Donagin; Bob Gilfilian, P.E.; Paul Hampton; Dee High, P.E.
Greg Horner, R.G.; Bill Lawrence; Stephanie Madsen
Greg Magee, P.E.; Vern McCorkle; Rick VanHatten**

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I. Department & Divisions

Alaska Department of Environmental Conservation

Divisions:

Office of the Commissioner
Division of Administrative Services
Division of Air & Water Quality
Division of Environmental Health
Division of Facility Construction & Operation
Division of Spill Prevention & Response
Division of Statewide Public Service

II. BRU and Components

Administration

Office of the Commissioner
Administrative Services

Exxon Restoration
Unallocated Reduction

Environmental Health

Environmental Health Director
Animal Industries
Seafood & Sanitation Inspection
Food Safety & Sanitation
Laboratory Services

Drinking Water
Solid Waste Management
Municipal Solid Waste
Industrial Solid Waste

Statewide Public Services

Statewide Public Services

Air and Water Quality

Air and Water Director
Air Quality
Water Quality

Non-Point Source Pollution Control

Non-Point Source Pollution Control

Spill Prevention and Response

Spill Prevention/Response Director
Contaminated Sites
Storage Tank Program
Industry
Preparedness & Pipeline
Prevention and Emergency
Response
Response Fund Administration

Contaminated Sites Program

Contaminated Sites Program

Local Emergency Planning Committees

Local Emergency Planning
Communities

Facility Construction and Operations

Facility Construction & Operations

Component Summary - FY00 Operating Budget

III. Total Budget: DEC

Agency: Department of Environmental Conservation

Page	Budget Component	FY98 Act	FY99 CC	FY99Auth	Gov Amd	House	Senate	ConfComm	FY99Auth to ConfComm	
Administration										
1	Office of the Commissioner	411.3	390.6	391.8	391.8	391.8	391.8	391.8	0.0	0.0%
2	Administrative Services	6,294.3	3,451.5	3,464.2	3,528.2	3,459.3	2,838.1	3,338.1	-126.1	-3.6%
3	Exxon Restoration	923.0	629.7	630.2	630.2	630.2	630.2	630.2	0.0	0.0%
4	Unallocated Reduction					-213.0	-266.6	-213.0	-213.0	0.0%
	* BRU Total	7,628.6	4,471.8	4,486.2	4,550.2	4,268.3	3,593.5	4,147.1	-339.1	-7.6%
Environmental Health										
5	Environmental Health Director	166.3	167.9	168.4	168.4	168.4	168.4	168.4	0.0	0.0%
6	Animal Industries	588.1	695.5	697.9	0.0	0.0	0.0	0.0	-697.9	-100.0%
7	Seafood & Sanitation Inspect'n	3,060.8	2,773.2	2,783.3	0.0	0.0	0.0	0.0	-2,783.3	-100.0%
8	Food Safety & Sanitation				3,811.2	3,481.2	3,481.2	3,142.2	3,142.2	%
9	Laboratory Services	2,024.4	2,250.6	2,259.3	2,232.7	2,232.7	2,232.7	2,232.7	-26.6	-1.2%
10	Drinking Water	1,998.9	3,756.7	3,764.6	3,864.6	3,814.6	3,814.6	3,814.6	50.0	1.3%
11	Solid Waste Management				1,078.3	1,078.3	1,078.3	1,078.3	1,078.3	%
12	Municipal Solid Waste	826.6	737.5	740.1	0.0	0.0	-0.0	-0.0	-740.1	-100.0%
13	Industrial Solid Waste		310.8	311.6	-0.0	-0.0	-0.0	-0.0	-311.6	-100.0%
W	* BRU Total	8,665.1	10,692.2	10,725.2	11,155.2	10,775.2	10,775.2	10,436.2	-289.0	-2.7%
Statewide Public Services										
4	Statewide Public Services	3,291.9	1,787.4	1,801.5	1,751.5	1,751.5	1,751.5	1,751.5	-50.0	-2.8%
	* BRU Total	3,291.9	1,787.4	1,801.5	1,751.5	1,751.5	1,751.5	1,751.5	-50.0	-2.8%
Air and Water Quality										
15	Air and Water Director	324.4	461.3	462.1	462.1	462.1	462.1	462.1	0.0	0.0%
16	Air Quality	4,013.9	4,825.4	4,840.2	4,840.2	4,840.2	4,840.2	4,840.2	-0.0	-0.0%
17	Water Quality	4,541.4	4,765.0	4,777.3	6,157.3	6,007.3	4,211.9	4,291.9	-485.4	-10.2%
	* BRU Total	8,879.7	10,051.7	10,079.6	11,459.6	11,309.6	9,514.2	9,594.2	-485.4	-4.8%
Non-Point Source Pollution Control										
18	Non-Pt Source Pollution Contrl						1,715.4	1,715.4	1,715.4	%
	* BRU Total	0.0	0.0	0.0	0.0	0.0	1,715.4	1,715.4	1,715.4	%
Spill Prevention and Response										
19	Spill Prevention/Response Dir.	191.3	192.6	193.1	193.1	193.1	193.1	193.1	0.0	0.0%
20	Contaminated Sites	4,395.9	4,899.2	4,911.6	4,911.6	4,911.6	0.0	-0.0	-4,911.6	-100.0%
21	Storage Tank Program	1,799.0	2,302.8	2,310.2	2,375.5	2,375.5	0.0	-0.0	-2,310.2	-100.0%
22	Industry	2,373.8	2,398.8	2,407.8	2,342.5	2,342.5	2,407.8	2,407.8	0.0	0.0%
23	Preparedness&Pipeline Prevention and Emergency	2,755.0	3,102.2	3,109.9	3,109.9	3,109.9	3,109.9	3,109.9	0.0	0.0%

Component Summary - FY00 Operating Budget

Agency: Department of Environmental Conservation

Page	Budget Component	FY98 Act	FY99 CC	FY99Auth	Gov Amd	House	Senate	ConfComm	FY99Auth to ConfComm	
	Spill Prevention and Response									
	Resp									
24	Response Fund Administration	2,100.2	2,185.5	2,185.5	2,185.5	2,185.5	1,642.1	1,642.1	-543.4	-24.9%
	* BRU Total	13,615.2	15,081.1	15,118.1	15,118.1	15,118.1	7,352.9	7,352.9	-7,765.2	-51.4%
	Contaminated Sites Program									
25	Contaminated Sites Program						6,443.4	6,703.4	6,703.4	%
	* BRU Total	0.0	0.0	0.0	0.0	0.0	6,443.4	6,703.4	6,703.4	%
	Local Emergency Planning Committees									
26	Local Emergency Planning Comm						543.4	543.4	543.4	%
	* BRU Total	0.0	0.0	0.0	0.0	0.0	543.4	543.4	543.4	%
	Facility Construction and Operations									
27	Facility Construc./Operations	4,175.0	4,694.5	4,704.6	5,306.5	5,306.5	5,150.7	5,150.7	446.1	9.5%
	* BRU Total	4,175.0	4,694.5	4,704.6	5,306.5	5,306.5	5,150.7	5,150.7	446.1	9.5%
28	*** Total Agency Expenditure	46,255.5	46,778.7	46,915.2	49,341.1	48,529.2	46,840.2	47,394.8	479.6	1.0%
	Federal Funds	10,847.9	13,430.7	13,462.8	14,612.8	14,612.8	14,612.8	14,612.8	1,150.0	8.5%
	General Funds	12,882.0	12,703.7	12,734.8	13,453.4	12,466.5	10,559.7	12,070.3	-664.5	-5.2%
	Other Funds	22,525.6	20,644.3	20,717.6	21,274.9	21,449.9	21,667.7	20,711.7	-5.9	-0.0%

IV. Revenue: Dept. of Environmental Conservation

-----Authorized Funding Less Exxon Valdez Oil Spill Funding-----

Revised: 8/3/99 BT

	FY91	*FY92	**FY93	***FY94	FY95	FY96	FY97	FY98	FY99	FY2000
General Funds										
General Fund Match	1,959.9	2,182.7	2,474.7	2,357.4	2,448.3	2,572.6	2,638.1	3,159.8	3,200.1	3,200.1
General Fund	25,267.9	19,818.4	15,622.5	13,542.9	12,933.2	11,402.7	9,968.4	7,268.8	6,943.8	5,731.3
General Fund Program Receipts	95.0	394.1	2,573.9	3,305.2	3,093.1	4,003.1	3,198.3	2,758.0	2,590.9	3,138.9
General Fund Designated Pgm. Receipts							100.0	0.0	0.0	0.0
ILTF								88.9	13.6	

	27,322.8	22,395.2	20,671.1	19,205.5	18,474.6	17,978.4	15,904.8	13,273.5	12,748.4	12,070.3
% (REDUCTION) OR INCREASE FROM PRIOR YEAR		(18%)	(8%)	(7%)	(4%)	(3%)	(12%)	(17%)	(4%)	(5%)
								% REDUCTION SINCE FY 91		(56%)

Other Funds

Federal	5,842.9	6,790.5	10,264.6	8,694.9	9,937.9	11,298.2	11,155.2	12,156.3	13,462.8	14,612.8
Interagency	549.8	454.5	449.0	1,120.0	980.7	835.5	787.1	845.6	891.9	894.9
Response Fund	6,810.8	7,193.7	10,627.7	11,370.6	13,041.6	11,981.4	11,780.7	12,421.5	12,444.6	12,478.6
Capital	740.5	335.7	337.7	433.7	1,144.9	1,350.1	1,269.6	2,230.0	2,389.6	2,218.5
Alaska Clean Water Fund	88.4	90.5	92.7	127.7	149.8	296.5	447.7	445.2	446.3	455.3
Storage Tank Fund		6,767.8	3,892.3	5,191.5	3,991.3	3,191.3	3,201.1	851.9	854.7	1,054.7
Clean Air Protection Fund							1,086.7	2,131.2	2,139.6	2,139.6
Cm Fish									175.0	175.0
Statutory Designated Pgm Receipts								452.7	454.5	534.5
Alaska Drinking Water Fund									277.6	518.4
Exxon							130.3	1,785.7	630.2	630.2

OTHER FUNDS	14,032.4	21,632.7	25,664.0	26,938.4	29,246.2	28,953.0	29,858.4	33,320.1	34,166.8	35,712.5
% (REDUCTION) OR INCREASE FROM PRIOR YEAR		54%	19%	5%	9%	(1%)	3%	12%	3%	5%
								% INCREASE OR OR (REDUCTION) SINCE FY 91		155%

Total Funds

TOTAL FUNDS	41,355.2	44,027.9	46,335.1	46,143.9	47,720.8	46,931.4	45,763.2	46,593.6	46,915.2	47,782.8
% (REDUCTION) OR INCREASE FROM PRIOR YEAR		6%	5%	(0%)	3%	(2%)	(2%)	2%	1%	2%
								% INCREASE OR (REDUCTION) SINCE FY 91		16%

Staffing

Permanent, Part Time and Temporary	492	488	505	504	510	506	491	494	497	488
% (REDUCTION) OR INCREASE FROM PRIOR YEAR		(1%)	3%	(0%)	1%	(1%)	(3%)	1%	1%	(2%)
								% INCREASE OR (REDUCTION) SINCE FY 91		(1%)

*FY92 Authorized "Other Funds" does not include funding attributed to the Exxon Valdez Oil Spill - 38891.8 RF & 7193.7 I/A.

**FY93 Authorized "Other Funds" does not include funding attributed to the Exxon Valdez Oil Spill - 33735.0 RF & 9045.0 I/A RF.

***FY94 Authorized "Other Funds" does not include funding attributed to the Exxon Valdez Oil Spill - 36,635.5 RF & 2,284.6 EVOS.

V. Constitutional and Statutory Provisions Governing Department Operation

AS 03.05	AS 46.04
AS 03.45	AS 46.05
AS 03.58	AS 46.06
AS 17.05	AS 46.07
AS 17.07	AS 46.08
AS 17.20	AS 46.09
AS 18.35	AS 46.11
AS 37.400-500	AS 46.13
AS 44.19	AS 46.14
AS 44.43	AS 46.30
AS 44.46	AS 46.40
AS 44.62	AS 46.45
AS 46.03	

VI. Department Mission

The mission of the Department of Environmental Conservation is to develop, coordinate, and administer policies, programs, and planning related to public health and the environment of the state.

Office of the Commissioner. The mission of the Office of the Commissioner is to set departmental policy and implement statutory requirements.

Division of Administrative Services. The mission of the Division of Administrative Services is to provide administrative support for the department's programs and personnel.

Division of Spill Prevention and Response. The mission of the Division of Spill Prevention and Response is to prevent, respond to, and ensure the clean-up of unauthorized discharges of oil and hazardous substances.

Division of Air and Water Quality. The mission of the Division of Air and Water Quality is to identify, prevent, abate, and control air and water pollution in a cost-effective, accountable manner.

Division of Environmental Health. The mission of the Division of Environmental Health is to prevent and control public health nuisances by establishing standards of cleanliness and sanitation for water, solid waste, and food where a lack of sanitation may create a condition that causes disease.

Division of Facility Construction and Operation. The mission of the Division of Facility Construction and Operation is to provide financial and technical assistance to local governments for construction and operation of water, sewage, and solid waste projects.

Division of Statewide Public Service. The mission of the Division of Statewide Public Service is to provide environmental compliance assistance to communities and businesses.

VII. Number of Employees

Staff positions in each division are listed below.

Division of Administrative Services	57
Division of Air & Water Quality	101
Division of Environmental Health	135
Division of Facility Construction & Operations	34
Division of Statewide Public Service	17
Division of Spill Prevention & Response	70
Contaminated Sites Program (new BRU)	63

VIII. Specialized Equipment & Expertise Used to Perform Mission

The following is a list of specialized equipment needed by the Department of Environmental Conservation in order to complete its mission to develop, coordinate, and administer policies, programs and planning related to public health and the environment of the state.

- Laboratory equipment is used to certify and accredit commercial labs and sample Alaskan produced food animals and products, including shellfish for PSP.
- Air monitoring equipment is used to measure public exposures to air pollution, evaluate the effectiveness of pollution reduction programs such as automotive tailpipe I/M testing, and to support public health advisories when pollution from natural events such as volcanoes and wildfires pose a public health threat.
- Water and sewer repair equipment is warehoused and maintained for immediate loan to communities faced with sanitation facility emergencies.
- Response gear has been provided to communities under community partnership agreements to increase their response capabilities.
- Communications equipment is maintained as a part of the department response capabilities.

The following is a list of specialized expertise needed by a department to fulfill its mission to develop, coordinate, and administer policies, programs and planning related to public health and the environment of the state.

Drinking Water and Wastewater Program

- Engineering
- Hydrogeology/hydrology
- Microbiology and chemistry of water

- A thorough understanding of the constantly evolving federal drinking water requirements

Food Safety and Sanitation

- Microbiology and chemistry of food
- Diseases that affect food animals; how to prevent or care for them
- Food processing techniques
- A thorough understanding of the conditions that can cause food borne illnesses and appropriate controls

Laboratory Services

- Chemical and microbiological laboratory analyses
- Contamination likely to be found in water, food and animals and how it can occur
- Environmental fate of pesticides

Solid Waste Management

- Hydrogeology/hydrology
- Landfill design and operations

Administration

- Extensive expertise in fund accounting, cash management, fund capitalization, and state and federal regulations to assure timely and accurate accounting for and reporting on all revenues received, posted, and expended through the Alaska State Accounting System (AKSAS).
- Extensive technical expertise to fully integrate department data to facilitate public access and inquiry in the department's data sets.

The expertise needed to successfully implement DEC's mission is not limited to scientific or technical expertise. Also required is the ability to

- communicate clearly
- exercise reasonable, rationale, responsible judgment
- build consensus

IX. Existing DEC Contracts: Professional Services ASPS/RAP Log FY99

Contract Number	ASPS Number (a)	RAP Number	Division	Contractor Name	\$ Amount	Fund Source		Term Period	Contract Mgr	Description
						GF	Other			
18-3010-99	N/A		A&WQ	Borechem Laboratories	\$6,604		X	8/24/98 - 9/30/98	A. Ash	Laboratory Analysis of stream water samples
18-3015-99	99-0119		A&WQ	Worldwide Environmental	\$52,480		X	8/23/99 - 6/30/04	C. Heil	I/M Program Emission Test System Dev.
18-3018-99	99-0148		A&WQ	Nat'l Wetlands Science	\$150,000		X	2/1/99 - 6/30/99	J. Powell	Wetlands Reg. Guidebooks and Workshops
18-3021-99	N/A		DAS	Nature Connections	\$20,600		X	5/27/99 - 8/10/99	T. Poe	Model Annual Report
18-3007-99	99-0072		EJI	Livingston Stone	\$131,000		X	8/18/98 - 10/31/98	D. Barrett	Food Safety Lab Feasibility Study
18-3011-99	N/A		EJI	Systems Management, Inc.	\$10,000		X	9/1/98 - 12/31/98	J. Weise	Drinking Water AREV Consulting
18-3009-99	N/A		FC&O	Northern Testing Laboratory	\$40,000		X	10/23/98 - 3/31/00	K. Lindley	Operator Training Materials Development
18-3019-99	N/A		FC&O	Craig Nordgren Consulting	\$4,700		X	4/6/99 - 4/30-99	K. Lindley	Operator Training Workshop
18-3023-99	N/A	Single Source	FC&O	Alaska Native Tribal Health Consortium	\$9,000		X	5/15/99 - 5/31/99	K. Lindley	Programmable Logic Controller Training
18-3001-99	N/A		SPAR	OilRisk Consultants	\$7,000		X	12/7/99 - 6/30/01	S. Bainbridge	Tesoro Risk Assessment Review- Group Two
18-3002-99	99-0060		SPAR	OASIS Environmental	\$100,000		X	11/16/98 - 9/30/99	T. Moore	Pipeline and Tank Leak Detection
18-3003-99	N/A		SPAR	OilRisk Consultants	\$15,000		X	8/14/98 - 6/30/01	S. Bainbridge	Review risk assessment work plans
18-3004-99	99-063		SPAR	OASIS Environmental	\$99,522		X	12/9/98 - 6/30/99	T. DeRuyter	Tundra Treatment Guidelines
18-3005-99	N/A		SPAR	HMS, Inc.	\$20,320		X	8/15/98 - 6/30/00	T. Boston	UST FAP Remediation Estimator
18-3008-99	N/A		SPAR	Resources Data	\$18,500		X	8/14/99 - 6/30-99	C. Kent	CS table & data migration to SQL server
18-3012-99	N/A		SPAR	Resources Data, Inc.	\$18,590		X	9/9/98 - 6/30/99	C. Pring-Ham	SQL Database Conversion
18-3016-99	N/A		SPAR	Collar Marine	\$50,000		X	12/15/98 - 3/31/00	J. Kotula	Hinchinbrook Reacur Tug BAT
18-3017-99	N/A		SPAR	Environmental Resources Assoc	\$6,000		X	1/26/99 - 6/30/99	C. Pring-Ham	Performance Evaluation Samples
18-3020-99	N/A	Single Source	SPAR	Resources Data	\$33,500		X	3/15/99 - 6/30/01	C. Pring-Ham	Merging, optimization, and modification of databases
18-3022-99	N/A		SPAR	Document Technology	\$15,706		X	5/21/99 - 6/30-99	L. Howard	Document conversion to CD-ROM
18-3024-99	N/A	Single Source	SPAR	Charles Webster & Associates	\$7,000		X	5/17/99 - 6/10/99	M. Burger	Ciris Media Management Training
18-3025-99	N/A		SPAR	Resources Data, Inc.	\$25,000		X	7/12/99 - 12/31/99	C. Stephens	Map Interface Controls
18-3026-99	N/A	Single Source	SPAR	Shannon & Wilson	\$19,000		X	5/28-99 - 6/30/99	B. Jones	AK Specific Ecological Assessment Endpoints
18-3000-99	99-0030		SPS	Ross & Associates	\$54,000	\$1,620	\$52,380	7/16/98 - 12/30/99	D. Wigglesworth	AK Env. Leadership Program
18-3014-99	N/A		SPS	Montgomery Watson	\$29,976		X	11/1/98 - 8/31/99	A. Viteri	Lower Cook Inlet Waste Management Plan
18-3027-99	N/A	Single Source	SPS	Montgomery Watson	\$19,984		X	6/15/99 - 8/31/99	M. See	Lower Cook Inlet Waste Management Plan

(a) = \$50,000 or less

IX. Existing DEC Contracts:FY98 CONTRACT ENCUMBRANCES

EN#	CO #	DESCRIPTION	AMOUNT	COMMENTS
1890601	18-3001-99	Tesoro Risk Assessment Review	\$7,000	SPAR/STP - S. Bainbridge
1890602	18-3000-99	Ak Environmental Leadership Program	\$54,000	SPS - D. Wigglesworth
1890603	18-3002-99	Pipeline and Tank Leak Detection	\$100,000	SPAR/PERP - Kathleen Young
1890604	18-3003-99	Chevron Risk Assessment Review	\$12,000	SPAR/STP - S. Bainbridge
1890605	18-3004-99	Tundra Treatment Guidelines	\$100,000	SPAR/PERP - Deborah Williams
1890606	18-3005-99	UST FAPRemediation Estimator	\$24,900	SPAR/STP - T. Boston
1890607	18-3006-99	Source Control of Pipeline Oil Spills	\$50,000	SPAR/PERP - Kathleen Young
1890608	DOA to assign	UST Access 97 Customization Work	\$8,322	SPAR/STP - C. Pring-Ham
1890609	18-3007-99	Food Safety Lab Feasibility Study	\$145,700	EH/FSL - Dick Barrett
1890610	18-3008-99	CS Table & Data Migration to SQL Server	\$10,000	SPAR/CS - Chris Kent
1890611	18-3009-99	Operator Training Materials Development	\$25,000	FC&O/OA - Kerry Lindley
1890612	18-3010-99	Lab analysis of Birch Creek TMDL samples	\$5,500	A&WQ - Amy Ash
1890613	50-5021-99	Cleanup Standards Validation	\$3,750	SPAR/CS - Katarina Rukowski
1890614	18-3012-99	SQL Database Conversion and Optimization	\$16,900	SPAR/STP - Cynthia Pring-Ham
1890615	18-3011-99	Drinking Water, AREV Consulting	\$10,000	EH/DW - James Weise
1890616	18-3013-98	Village Y2K Equipment Project	\$10,000	FC&O/OA - Ken Smith
1890617	50-5019-99	AVOCET Consulting	\$3,200	SPAR/CS - L. Himmelbauer
1890618	50-5020-99	Coaching/Facilitation Pipeline C-Plan	\$5,000	SPAR/IPP - T. Chapple
1890619	50-5022-99	Gemwest Systems	\$2,500	SPAR/PERP - M. Burger
1890620	50-5023-99	VMT Slope Stability - Report Review	\$4,000	SPAR/IPP - B. Friedman
1890621	50-5024-99	The McCloskey Group, Inc.	\$4,900	SPAR/PERP - D. Gardner
1890622	50-5025-99	Professional Consultation	\$1,000	SPAR/STP - T. Boston
1890623	50-5026-99	Interlaboratory Round Robin Testing	\$5,000	SPAR/STP - C. Pring-Ham

IX. Existing DEC Contracts: AdminCO

Contract Number	RAP #	Contractor Name	\$ Amount	Term Period	Contract Mgr	Description	Solicitation	Comments		
18-10-5000	N/A		5,000	1/26 - 2/3/98	F. Podmolik	Customer Svc. Training	Informal RFP	Fran received assistance in prep		
10-5001-99	N/A	Debby Bloom	1,000	3/4 - 5/30/99	M. See	EVOS Final Report	Debby Bloom	EVOS project		

X. Summary of Department Privatization Activities

The following activities have been privatized in the **Division of Air and Water Quality**:

- Monitoring of water quality where public or environmental health threats need verification
- Field restoration of streams, rivers, lakes, and bays where damage has impaired the uses of the water that inhibits community, fisheries or other economic development.
- Water quality studies to assess damages or develop recovery plans.
- Development of public brochures or information flyers.
- All large photo copying jobs such as regulations, forms, newsletters etc.
- Review of stormwater plans in Anchorage was recently delegated to the Municipality.
- 3rd party work done through grants exceeds \$1.7 million. Local government, non-profits, contractors, the University and other agencies perform this work.
- 120 private garages conduct emissions test for the Inspection & Maintenance programs in Anchorage, Fairbanks, and the Matanuska-Susitna Valley.
- Laboratory testing of fuel samples for compliance with the ethanol-fuel program in Anchorage is contracted to a private laboratory.
- Contractors are used to provide technical assistance in developing air quality control plans for communities not meeting the health standards (FY99 \$365,000 expended)
- In FY00 a \$600,000 contract will be let for specialized cold weather automotive tailpipe testing in Anchorage and Fairbanks.
- Local governments in Anchorage, Fairbanks and Juneau perform very significant portions of the efforts and funds to achieve clear air goals. (Anchorage - 16 employees, Fairbanks - 11 employees)
- Collecting water quality data.
- Performing technical analysis to prepare permit applications, such as mixing zone modeling.
- Other technical engineering and geological/hydrological analyses for the applicant to assess potential impacts to the quality of the receiving waters.
- Permit application preparation
- Ambient pollution monitoring near regulated facilities, exhaust stack emission testing and monitoring
- Some air monitoring services in remote locations are contracted out. Fairbanks, Anchorage, and numerous industries operate air-monitoring stations.
- Most water quality sampling and laboratory analysis of samples are conducted through contractual agreements.
- Permitted dischargers conduct self-monitoring and reporting according to permit requirements.
- Some water body recovery work is accomplished through contractual arrangements with private entities.
- Information systems and needs assessments are contracted to the private sector.
- Public notices, and document printing.

The following activities have been privatized in the **Division of Facilities and Construction**:

- \$80 million annually (based on FY00) in feasibility studies, project design, construction, construction management.
- Village Safe Water project financial management.
- Annual loan program financial audits.
- Operator training material and curricula development.
- Operator training delivery.
- Operator certification exam proctors.

The following activities have been privatized in the **Division of Spill Prevention and Response**:

- Certified UST workers to close, install and test UST's.
- Qualified persons to collect samples at leaking UST sites, develop cleanup plans and remediate sites.
- Approved laboratories to analyze soil and water samples from LUST sites.
- Certified inspectors to inspect UST systems as a result of new regulations.
- Voluntary cleanup allows independent contaminated site cleanup by interested parties reducing government oversight.
- Use of qualified professionals to collect environmental samples and develop and implement cleanup plans.
- Use of independent laboratories to analyze soils and water samples from contaminated sites.
- Loan assistance for storage tank owners.
- Development of risk based regulations for establishing cleanup levels to allow flexibility for achieving cleanup based on risk to public health or the environment.
- Private party agreements for contaminated sites and leaking underground tanks (APC, KPC, ARR and others).
- Cleanup agreements with DOD for military site cleanups and NOAA for the Pribilofs.
- Underground storage tank agreements with NPS and FAA and other state agencies.
- State Memorandum of Agreement to conduct cleanup of state owned property (DNR, DOT, F&G and Education).
- Term contracts for a wide range of professional consulting services including cleanup, drills and technical services.
- Direct pay for logistical support services, transportation, warehousing, and rental equipment.
- Pre-positioned response equipment for use by spillers, on-scene coordinators and government agencies.
- Training and technical assistance for spill response and contaminated site workers through 40- hour HAZWOPER training.
- Competitive contracts for publications, spill summary reports, statewide HAZMAT response inventories, technical experts and others.
- Emergency contracts for initial containment and control actions.
- Memorandum of Agreements with EPA and USCG to coordinate prevention, preparedness and response.
- Memorandum of Agreements for transfer of spill response assets to local government for spill response.
- Integrated oil spill response and statewide disaster planning with other state agencies.

- Community Spill Response Agreements with over 20 communities.
- Incident Command System for emergency response.
- Anchorage and Fairbanks Hazmat agreements.
- Mutual aid agreement with the West Coast states and British Columbia.
- Mutual aid agreement with Canada for Southeast Alaska and Beaufort Sea spill response.
- Unified response planning with state, local and federal agencies.
- Private contracts for a range of professional consulting services, cleanup and technical services.
- Emergency contracts for immediate containment, control or patch and plug operations.
- Standardized tactics manual for oil spill response and cleanup agreements with various responsible parties to enhance spill cleanup.
- Alternative compliance option for non-crude shippers.
- Contracts for subject matter experts.
- Coordinated contingency plan reviews to streamline state and federal plan review requirements.
- Industry project review teams.
- Integrated tactics manual for oil spill response.
- Standardized spill scenarios.
- Coordinated cost recovery process with Department of Law.
- Streamlined cost recovery through implementation of regulations

The following activities have been privatized in the **Division of Statewide Public Services**:

- The Green Star program (waste reduction and recycling).
- Communities do most of the household hazardous waste collection program. DEC only provides oversight and assistance at household hazardous waste events.
- Large photocopying jobs, such as the Alaska Materials Exchange catalog.
- Private contractors develop some outreach materials.
- Supplemental Environmental Programs.

The following activities have been privatized in the **Division of Environmental Health**:

- Sanitary surveys for drinking water system done by private individuals
- Certified installer program for domestic wastewater systems (expands who can install these systems)
- Monitoring of drinking water systems done by private labs
- Moving certified installer training to University of Alaska
- Certification of on-lot septic systems now done by private engineers
- All large photo copying jobs such as regulations, forms, newsletters etc.
- Some HACCP and food server training
- HACCP plan preparation (done by processors and private consultants)
- Collection of water samples for shell fish growing
- Issuance of animal health certificates (by private veterinarians)
- Public service announcements

- Looking at creating certified 3rd party inspector program for low-risk facilities
- All laboratory analyses are done by private laboratories except:
 - Cryptosporidium and giardia in public water systems
 - Food testing
 - Some animal analyses for other state and federal agencies
- All landfill design work
- Some aspects of the landfill review may be contracted out
- Extremely complicated landfill designs
- High level engineering review
- All groundwater monitoring

XI. Subcommittee Recommendations per Section 5 of SB 33

Privatization Primer

Privatization options can range from contracting out or outsourcing, the most common type, to full-scale, privately financed design, build, and operations. In general, though, the common use of the term privatization refers to formal contracting out of the services by the government to the private for-profit and non-profit sectors. However, not all functions of state government can be privatized. There are functions that are inherently government and where the private sector cannot or will not perform.

The concepts of privatizing state government services in Alaska have become attractive to many residents and elected officials, including the past legislature session, where Senate Bill No. 33 was enacted into law. SB 33 created the Commission on Privatization and Delivery of Government Services to determine which state government functions can be privatized, but also which functions can be consolidated and transferred to other governments in order to reduce the dependency on the State of Alaska's revenues for the delivery of state government services.

Privatization is an idea that draws both supporters and detractors. Supporters applaud the improved efficiency and critics express concern about the reliability and fairness of privately provided services. Other reasons for supporting or opposing privatization are shown below:

<i>Reasons for Supporting Privatization</i>
• To obtain special skills or supplement government staff for short period of time • To meet demands beyond current governmental capacity • To reduce costs of government • To improve service quality and efficiency • To provide a choice of providers and levels of service

Reasons for Opposing Privatization

- **Loss of public employee jobs**
- **Relinquishes public responsibility for public funds**
- **Weakens and decreases public participation in government**
- **High potential for corruption (fraud, financial conflicts-of-interest and cost-overruns)**
- **Any resulting cost savings are directed away from the taxpayers and towards the contractor**
- **Threatens confidentiality of private information**
- **Increases the temptation to reduce quality of services**

It seems that both the public and private sectors can do some things better than the other. For instance, the government tends to be better at policy management, regulatory, and enforcement. While the private for-profit sector tends to be better at performing economic tasks, innovating, adapting to rapid change, and performing complex and technical tasks. And, the private non-profit sector tends to be best at performing tasks that demand compassion and trust for the health and welfare of the public.

Finally, privatization is a way to bring the advantages of competition, flexibility, and efficiency to the delivery of public services. In doing so, privatization also involves risk and requires careful management on the part of the public agency. To achieve the potential benefits of privatization, each privatization initiative undertaken as a result of SB 33 needs to be monitored to assure the benefits of cost effectiveness and quality in the delivery of publicly funded services.

Preface by Virgil Norton, Subcommittee Chair

OBJECTIVE

The objective of this report by the Alaska Department of Environmental Conservation Subcommittee on Privatization is to provide the Commission on Privatization and Delivery of Government Services our recommendations in accordance with Section 5 of Senate Bill 33. Comments and suggestions concerning management of the Department in general and of specific divisions are included.

SCOPE AND LIMITS

The content of this report is limited because of time constraints that allowed the subcommittee to become minimally familiar with the basic functions of the six divisions comprising the ADEC. The programs of each division largely escaped careful scrutiny, including the actual value or necessity of each program or each program's priority to the division's mission. Further, each program was not examined as to performance, or actual work being done, in comparison to the program's mission, goals and primary services. Thus, this report is not a complete review of the Department in general, nor of any single division in particular. The scope of work defined in Section 5 of SB 33 is a substantial undertaking for volunteer citizens given the time allowed.

Fortunately many subcommittee members have extensive experience as environmental contractors, consultants, or engineers for the private sector and deal professionally with one or more divisions of the ADEC on a daily basis. This fact alone enabled the subcommittee to construct a meaningful, albeit brief report. That the subcommittee regards this report as incomplete, when judged against the scope of work defined, should not be construed as diminishing the validity or worth of any comments, suggestions, or recommendations submitted herein.

The subcommittee agreed early on that any recommendations that impacted ADEC duties or functions not result in greater expenditures of state general funds, and that recommendations not result in reduction or elimination of legally mandated responsibilities.

It was also generally agreed that while some ADEC functions could be eliminated, allowing the EPA to takeover, the result might lead to frustrations and problems by Alaskans having to comply with decisions made in Seattle or Washington. The consensus of the subcommittee was that decisions concerning environmental issues should be made in Alaska by Alaskans.

The subcommittee began with the basic premise that any function of the ADEC, except enforcement duties, could be performed by the private sector. The issues would be cost, efficiency, and quality of service acceptable to the public. Legal issues such as union contracts, statute revisions, or state procurement laws and regulations were not addressed due to time constraints.

Finally, the chairman and members of the subcommittee believe that the full scope of work defined in section 5 of SB 33 requires a complete and extensive audit of the Department. And any future audit should include not only legislative and subcommittee participation, but all division directors and employees as well. Many are highly qualified and knowledgeable individuals who could provide valuable suggestions and recommendations. The legislature, as well as the employees union, would have to make assurances that there wouldn't be any political or bureaucratic repercussions for their cooperation.

METHODOLOGY

The subcommittee chose to remain comprised as a single work group in reviewing each division of the Department. Each division director, or their representative, received the better part of one subcommittee meeting (approximately 2 hours) to give their presentation and answer any questions.

Mary Siroky, manager for Information, Education & Coordination for the Division of Statewide Public Service in D.C. assisted in scheduling the various division presentations and served as Department contact person for general information or additional questions. She also assisted in the compilation of this report, which has been very helpful.

The Division presentations were necessary for the subcommittee and generally very informative. However, SPAR and EH were the only divisions that provided any suggestions, recommendations, or otherwise worthwhile commentary with regard to Section 5 of SB 33. It should be noted that both Larry Dietrick of SPAR and Janice Adair of EH did commendable jobs. Tom Chapple of A&WQ was helpful in pointing out a problem concerning seafood inspections, and Greg Capito seemed very knowledgeable in VSW activities.

Annette Krietzer of Senator Leman's office provided valuable information on budget and related issues. She attended nearly all of the subcommittee meetings and was a valuable resource for questions.

Debbie Higgins of Senator Ward's office along with Marco Pignalberi and Annette Deal of Representative Cowdery's office, all assisted the subcommittee in obtaining documents, publications and general information regarding privatization.

All comments, suggestions and recommendations by each subcommittee member are included in this report. They have been condensed under the headings for applicable Division(s) or in General Recommendations. The full text as written by each subcommittee member is attached following the report.



General Recommendations

- (#1) Improve Department effectiveness by using general permits (single authorization covering similar activities in similar locations) to cover de minimus activities such as minor wastewater discharges. May require statutory changes to AS 46.03.100.
- (#2) Use regulations to implement best management practices or best technology rather than issuing individual permits. This approach is used effectively by the Alaska Forest Resources and Practices Act, one of the best forest management laws in the nation.
- (#3) Establish a process whereby the regulated community, using state guidelines, prepares their own permits and certifications, then submits those draft products to ADEC for concurrence or revision. This would reduce heavy "front end" costs, both in staffing and actual costs, often claimed by the Department when initiating a specific project review.
- (#4) Save money by curtailing travel expenditures for general meetings, conferences, seminars, and workshops. Oftentimes four or five ADEC employees travel from Juneau to Anchorage or vice versa to attend the same meeting or event. Travel for "customer service" i.e. regulatory activities such as site inspections should be emphasized.
- (#5) Alaska's most significant and pressing environmental issues and problems should be prioritized to ensure that limited resources are most effectively used. Effective management of federal environmental regulatory programs on Alaska should be a top priority. Although ADEC is an Executive Branch department, legislative establishment of priorities may be appropriate in this unique case.
- (#6) The legislature should prohibit unnecessary and redundant rulemaking by the Department. For example, there have been two recent separate major revisions of the same solid waste regulations and the reason given is that "fine tuning" was necessary. A rulemaking process is expensive and creates uncertainty for the regulated community.
- (#7) Improve Department effectiveness to the regulated community by ensuring that regulations and permits offer legal certainty and do not subject the community to frivolous lawsuits brought by environmental organizations. The Department should, if necessary, provide recommendations to the state legislature.
- (#8) The review of engineering plans be performed by a private engineer under contract to the Department. Several programs administered by the Department require plans be prepared by a professional engineer. The plans are required to be submitted for review and approval by the Department. The programs that require plan review include drinking water systems, wastewater treatment and disposal

systems, solid waste facilities, storm water collection and treatment facilities and possibly several other areas. The Department could set up a contract procedure with private engineers specialized in these areas to provide the necessary services to review engineering plans for conformance and compliance with ADEC regulations. The Department will need to provide oversight of the review process and possibly, some mandatory plan reviews. It may be feasible to consolidate all program plan review functions from all Department Divisions into one clearinghouse for plan review, whereby private engineers are used on a contract basis to provide detailed plan review.

- (#9) The Alaska Legislature should authorize and fund a thorough audit of the Department. The audit should include the intent of SB 33 and the scope of work defined in Section 5. The Commission on Privatization and Delivery of Government Services should participate in the audit and provide oversight. Private companies and individuals, with backgrounds in environmental issues, and are familiar with the Department, should also be encouraged to participate. Participation from division directors and other employees within the Department should also be encouraged. The audit should also include a review of all statutes pertaining to the Department. The statute review should clearly detail mandated functions and should recommend any changes necessary to accomplish the intent of SB 33.
- (#10) All contracts written for services to be contracted out, which are currently being performed by DEC employees, should require performance references and or bonding to insure accountability.
- (#11) Specific criteria should be developed and implemented to obtain a pool of qualified contractors for different services that may be contracted for by the department. This could include past performance, adequate bonding, professional qualifications of the personnel employed, etc. and would enable the department to simplify the contracting process, and shorten the time necessary to obtain a qualified contractor for services needed.

Division of Administrative Services

- (#12) All employees of DEC that are classified as information officers, or whose work involves press relations or public information, should be transferred to the Division of Statewide Public Service. The Public Information and Information Systems programs, currently in the Division of Administrative Services, should be transferred to the Statewide Public Service Department.

Consolidation of all information and public assistance services into one division will allow more productive and efficient use of personnel. It will also allow the Division of Statewide Public Service to return to the "public service officer" concept in order to assist small businesses and individuals with a "one stop shopping" approach for all the divisions in the Department. Creating Public Service Officers to expedite

individual and small business needs with all divisions would enhance public confidence in the Department.

The public service officers could be Department employees, or contracted out to individuals with knowledge of Department functions and regulations, and experience in the permitting process. This option to privatize would be especially useful in remote locations, especially those off the road system.

Other benefits derived from this consolidation would be to allow the other divisions to concentrate on their specialized areas of expertise, such as science, engineering and technical work particular to the respective divisions. The Administrative Services Division would retain only functions relating to Human Resources, Financial Services and Budget Services.

This consolidation need not increase the number of programs in the Statewide Public Services Division. Transferred programs from the Administrative Services Division could be accomplished by enlarging the Community Assistance and Information Program currently in the Statewide Public Services Division.

Division of Spill Prevention and Response

- (#13) The Legislature should rescind the sunset date for the demise of the Board of Storage Tank Assistance. Further, the function of the Board should be privatized to serve as an appeal board for the private sector to seek resolution on conflicting issues with the Department. In addition to resolving disputes between the ADEC and the regulated community, the Board would review cleanup allowable technologies and serve as a board over the licensing of professionals working on low and medium cleanup projects proposed for privatization. In addition, the role of the Board should be expanded to include appeal services in additional programs in SPAR (such as aboveground tanks) and possibly other divisions where an appeal process would be helpful to the regulated community.
- (#14) Currently, term contracts for the investigation and cleanup of contaminated sites require consultants to have on staff employees with a wide-range of expertise. This requirement includes specialized experts (such as toxicologists) which in effect limits or restricts the hiring of small professional Alaskan firms. The large national firms generally have specialized expertise in their Lower 48 offices. Typically less than 5 to 10% of the work on the term contracts is performed by specialized experts, while over 90% of the work is performed by non-specialized experts (environmental scientists, hydrogeologists and engineers) who are usually on the staff of the smaller Alaskan firms. The Request For Proposals (RFPs) solicited for term contracts oftentimes penalizes or discourages the award of contracts to small Alaskan firms who may have most but not all of the expertise on their staff. The Department should amend this situation by eliminating the penalty in the RFPs and encourage the use of small qualified Alaskan firms. Also, the RFPs should provide incentives for the professional firms (large or small) to subcontract out the specialized expert services.

- **(#15) Privatize Low to Medium Priority Contaminated Site Cleanup** ADEC should proceed with evaluation of the feasibility of implementing a program similar to the licensed site professional (LSP) program in force in Massachusetts. Similar programs are in place in Ohio and Connecticut. ADEC has developed regulations in the area of risk-based cleanup standards and a Voluntary Cleanup Program (VCP) that are a sound foundation for development of an LSP program. Development of such a program can aid the private sector with enhancing property transfers, property development, and faster site cleanup resolution. However, development of such a program is necessarily a public process that involves the regulators, the regulated community, insurers, lending institutions, and certainly the professional consultants. Liability with respect to ascertaining site cleanup and regulatory adherence are foremost in the minds of the professional consultants. Formulation of an LSP program would require an LSP association of professionals, LSP board licensing and examination, and code of professional responsibility. Furthermore, it may take several years to design, revise, and implement a fully functional LSP program. Massachusetts began its program in 1992 and took over a year to promulgate LSP regulations. Although in favor of evaluating the prospect of an LSP, due to the relatively small number of contaminated sites in Alaska versus lower 48 states with LSP programs and the propensity of low and medium priority sites to be small in extent, I believe a cost benefit analysis should be performed. This analysis could also evaluate the practical performance and merit of ADEC's existing voluntary cleanup program (VCP). Perhaps by adding, or enhancing incentives to the VCP that progress can be made to remove low and medium priority sites.
- **(#16) Contaminated Sites Remediation Program (CSRP) Project Budgeting** Since the State of Alaska fiscal year (FY) ends in the middle of the Alaska field season (July 31) and funding approval for projects is not secured until after that date, as a contractor we encounter hurried field mobilization efforts. These hurried efforts often meet with difficulties in procuring subcontracted support services, including drilling, surveying, and analytical services. Project planning is also sometimes compressed into short difficult time frames. As such, it is my concern that project cost estimates and project support estimates encounter higher mobilization and logistics costs. If project planning budgets, for example work plans, could receive funding in the FY prior to planned implementation, then ADEC CSRP project costs may benefit from prior planning and "economy of scale" mobilization costs. ADEC CSRP management may also consider the practice of requiring CSRP project managers to prepare "government estimates" prior to preparing legislative budget requests.
- **(#17) Access to 470 Fund** should be restricted to legislative action or an emergency declared by the Commissioner of the Department. Such an emergency should be subjected to legislative review and oversight.
- **(#18) SPAR** should establish standard operating procedures for dealing with contaminated sites. The standard operating procedures should include providing a property owner with a checklist to accomplish clean up and a "no further action" letter if it is completed successfully.

- (#19) A model or template with examples of site assessment and risk based clean up plans should be developed and made available to the public. Every effort should be made to streamline this process so that private property owners can direct their resources to actually cleaning up the contamination.
- (#20) Require all contaminated sites project managers and contaminated sites program managers have a minimum of two (2) years actual field experience in assessment of contamination and remediation work. Educational background should include study in engineering, chemistry or a discipline other than biology or forestry. Develop a "user friendly" approach based on scientific and engineering principles.

Division of Environmental Health

- (#21) Currently, ADEC has laboratories located in Palmer and Juneau. Based on the findings of a recent evaluation of laboratories in ADEC and Department Health and Social Services (DHSS), it is recommended all ADEC laboratory facilities and services be combined in one central facility located at the new DHSS Public Health Laboratory (currently under construction on Tudor Road in Anchorage). The ADEC laboratory could be accommodated in a wing that could be added to the DHSS building. Although housed in a DHSS facility, the ADEC lab should continue to be operated and managed by ADEC. However, prior to developing plans to build the centralized laboratory, the Department should solicit letters of interest from private sector and university laboratories for providing laboratory testing services. If supply and demand justifies the new testing services offered by the private sector then the ADEC could appropriately reduce the amount of new laboratory space, equipment and staff needed to operate the new centralized laboratory. Lastly, the Department should continue to certify private sector laboratories.
- (#22) With the exception of a few sanitary surveys that are required to be performed by the Department to maintain primacy with the EPA, all sanitary surveys of public water systems should be performed by private engineers certified by the Department. Currently, the Department has a program that certifies private sector engineers to perform sanitary surveys. However, the Department field staff also provides the same services at a relatively low cost to the owner of the water system. Consequently, the Department often finds itself in competition with the private sector. To avoid the conflict of services, the Department should require all public water system owners to seek services rendered by the private sector.
- (#23) Privatize Wellhead/Watershed Protection Federal funds available under the Safe Drinking Water Act (SDWA) charge each of the states to evaluate the risk of potential contamination to public drinking water systems. These evaluations come in the form of source water protection plans (SWAP). A concern of the private contracting community is that EH accepted the funding and decided to conduct all of the work in-house. It is my understanding that EH plans to hire staff and/or find available federal government staff rather than consider using the hydrology and