

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2810 SCOMM 122: COMMISSION ON PRIVATIZATION. . . , 1999

Component Summary - FY00 Operating Budget

Agency: Legislature

Page	Budget Component	FY98 Act	FY99 CC	FY99Auth	Gov Amd	House	Senate	ConfComm	FY99Auth to ConfComm
Unallocated Reduction									
1	Unallocated Reduction						-591.1	-121.0	-121.0 0.0%
	* BRU Total	0.0	0.0	0.0	0.0	0.0	-591.1	-121.0	-121.0 0.0%
Budget and Audit Committee									
2	Legislative Audit	2,509.5	2,577.7	2,602.0	2,602.0	2,602.0	2,602.0	2,602.0	0.0 0.0%
3	Legislative Finance	2,802.9	2,928.7	2,959.1	2,959.1	2,959.1	2,959.1	2,959.1	0.0 0.0%
4	Ombudsman	478.5	498.6	503.2	503.2	491.8	491.8	491.8	-11.4 -2.3%
5	Committee Expenses	599.0	142.1	143.2	143.2	143.2	143.2	143.2	0.0 0.0%
	* BRU Total	6,389.9	6,147.1	6,207.5	6,207.5	6,196.1	6,196.1	6,196.1	-11.4 -0.2%
Legislative Council									
6	Salaries and Allowances	4,161.0	4,144.1	4,162.1	4,162.1	4,162.1	4,162.1	4,162.1	0.0 0.0%
7	Administrative Services	6,661.6	6,838.3	6,890.1	6,890.1	6,732.8	6,732.8	6,732.8	-157.3 -2.3%
8	Session Expenses	5,818.4	5,889.1	5,947.0	5,947.0	5,947.0	5,947.0	5,947.0	0.0 0.0%
9	Council and Subcommittees	653.5	347.8	709.3	709.3	574.2	574.2	574.2	-135.1 -19.0%
10	Legal and Research Services	1,966.1	2,221.4	2,239.3	2,239.3	2,150.8	2,150.8	2,150.8	-88.5 -4.0%
11	Ethics Committee		142.7	143.2	143.2	143.2	143.2	143.2	0.0 0.0%
	* BRU Total	19,260.6	19,583.4	20,091.0	20,091.0	19,710.1	19,710.1	19,710.1	-380.9 -1.9%
Legislative Operating Budget									
12	Legislative Operating Budget	5,336.0	5,672.6	5,720.1	5,720.1	5,720.1	5,720.1	5,720.1	0.0 0.0%
	* BRU Total	5,336.0	5,672.6	5,720.1	5,720.1	5,720.1	5,720.1	5,720.1	0.0 0.0%
*** Total Agency Expenditure		30,986.5	31,403.1	32,018.6	32,018.6	31,626.3	31,035.2	31,505.3	-513.3 -1.6%
Federal Funds									0.0 0.0%
General Funds		30,828.9	31,324.8	31,807.2	31,940.3	31,561.3	30,970.2	31,440.3	-366.9 -1.2%
Other Funds		157.6	78.3	211.4	78.3	65.0	65.0	65.0	-146.4 -69.3%

TRANSACTION REPORT

P. 01

OCT-18-1999 MON 05:06 PM

BROADCAST

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
OCT-18	04:49 PM	92668383	40"	2	SEND	OK	431	
	04:50 PM	92673156	42"	2	SEND	OK	431	
	05:04 PM	93456448	**' **"	0	SEND	BUSY	431	
	05:05 PM	95639464	**' **"	0	SEND	BUSY	431	
	04:53 PM	93463142	50"	2	SEND	OK	431	
	04:54 PM	92761042	1' 17"	2	SEND	OK	431	
	04:55 PM	92633748	40"	2	SEND	OK	431	
	04:56 PM	92652701	42"	2	SEND	OK	431	
	04:57 PM	919074653234	47"	2	SEND	OK	431	

TOTAL : 5M 38S PAGES: 14



and Delivery of Government Services

Co-Chairs:
Representative John Cowdery
Senator Jerry Ward

Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
Michael Harper
Emil Notti
Kathryn Thomas
Don Valcsko
George Wuerch

FAX COVER SHEET

To: *Legislature Subcommittee Members*

Number: *Varies*

From: *Commission on Privatization & Delivery of Gov't Services*

PUBLIC COMMENT TELEPHONE LOG

Transcribed by Andree McLeod

September 21 -

9:21 **Howard Dorsey**. Phone: 283-5832. CSED should be privatized and sent to a collection agency. DFYS needs to be scaled down and turned over to the police. Law enforcement needs to take care of child abuse complaints instead of DFYS.

8:59 **Sam Keyser** from Sterling. Rub out entirely the bureaucracy called the school administration. Get rid of the guys who are supposedly steering the ship.

9:24 **Soren Wuerth**. Phone: 563-2784. He read the letter in the paper and has questions about some of the assumptions.

4:38 Person from 522-4726. Wants our address to send some information to us.

September 22

9:07 Anonymous caller saying they read letter in the paper on Commission and that Andree McLeod is a total loon.

4:20 Caller is a 46-year resident. We need to consider a state sales tax and/or a state income tax.

5:28 **Sam Keyser** from Sterling. Privatize all tourism.

September 24

5:31 Concerned about the statement Senator Ward made regarding interpretation of PFD vote on 9/14 and the legislators working on the Privatization Commission. He voted no because of the lack of a consistent and solid plan. He's not willing to endorse a blank check. His vote no was not to represent a smaller size budget. Privatization is a good issue to look at. Smaller might not always be better in terms of government size and budget. He's not endorsing a smaller budget.

October 18

10:30 Anonymous person: The first priority for this legislature is to take a look at obvious ways to reduce the cost of government and make it more efficient. We need to move the legislature and state capital to Anchorage. There is no earthly reason to subsidize the real government that operates out of Anchorage and the shadow government that operates in Juneau to accommodate the fact that we have not the political will or the common sense to actually conduct government where it occurs in a manner that will be cost efficient and where the public will have better access to their elected officials. We don't have the money to subsidize two governments.

SCOMM

122:56

MEMORANDUM**State of Alaska
Department of Military & Veterans' Affairs**

To: Annette Deal
Legislative Privatization Committee

From: Jim Chase
Deputy Commissioner

Date: December 1, 1999

Phone: 428 6854

E-Mail: <jim_chase@ak-prepared.com>

Subject: Follow-up

Attached is a status data page for the Alaska Military Youth Academy (AMYA). From this you can obtain the historical and projected per graduate cost from the beginning of the program through the classes of SFY2000.

The following is a quote from Governor Knowles during one of his 'state of the children' speeches. "...it costs an average of just over \$60,000 for a young person to be placed in Alaska's Youth Corrections facilities. According to 1996 statistics from the Alaska Department of Corrections, it costs about \$30,000 to \$55,000 a year to keep an adult in prison in Alaska." The message which is relevant to the AMYA is that the state gets a predictable return-on-investment. The monies spent on youth and adult corrections cannot be considered an investment for which you can reap a positive return.

The AMYA has a Memorandum of Agreement (MOA) with the Cook Inlet Native Association for their support of any Alaska Native cadet. We have not explored the capability of the Bureau of Indian Affairs (BIA) to support the AMYA program since the basic funding comes from federal sources that require a state match. Should the BIA have funds, we first would require state authorization to receive the funds and secondly also be liable for providing a state match. These are two issues that would be counterproductive considering the effort which would have to be expended.

I have enclosed Chapter 5 of Alaska Statute Section 26 that speaks to the Military Code of Alaska. In it is described the Alaska National Guard, the Alaska Naval Militia and the Alaska State Militia, (aka the Alaska State Defense Force, (ASDF)) The language throughout this chapter is confusing to say the least. The department is proposing clarifying legislation this session. The department has historically supported the ASDF with an internal annual budget allocation of \$25,000. This meager amount supports the 'housekeeping' needs of the force.

Some of their most memorable response efforts in the last few years are:

1. The Miller's Reach Fire.
2. The Western Alaska Fisheries Disaster.
3. The Turnagain Pass Snowmobile Disaster.

The ASDF have recently been trained and are ready for a possible stand-up should the Y2K issue turn into a disaster situation.

Alaska Military Youth Academy

Report on Graduate Compliance and Stipend payments:

In classes 94-2 through 97-1, Cadets received, before graduation, a stipend letter stating very clearly the criteria for being eligible to receive the Stipend. The requirements were simple but direct and stated that the cadet must comply in the following three areas:

- 1) The Cadet must work or be in school full time
- 2) The Cadet must have weekly contact with their mentor
- 3) The Cadet must send in a Post-Residential Quarterly Report

The class of 94-2 averaged 79.5% compliance

The class of 95-1 averaged 82.0% compliance

The class of 95-2 averaged 86.5% compliance

The class of 96-1 averaged 90.0% compliance

The class of 96-2 averaged 85.0% compliance

The Stipend for these classes was \$2,200

The class of 97-1 averaged 82.0% compliance (with a \$1,200 stipend)

The class of 98-1 is averaging 81% compliance (no stipend letters were provided)

The class of 98-2 is averaging 70% compliance (no stipend letters were provided)

The class of 99-1 is averaging 90.5% compliance (\$2,200 stipend letters were provided)

The class of 99-2 just graduated in Sep 99 (\$2,200 stipend letters were provided)

Graduation statistics: State Fiscal Year - Cost:

Class 94-1: 43 graduates	SFY94 - \$1,560.7 (\$36,295 per graduate)
Class 94-2: 43 graduates	
Class 95-1: 49 graduates	SFY95 - \$2,456.6 (\$26,695 per graduate)
Class 95-2: 63 graduates	
Class 96-1: 76 graduates	SFY96 - \$2,755.8 (\$19,820 per graduate)
Class 96-2: 62 graduates	
Class 97-1: 72 graduates	SFY97 - \$3,052.6 (\$22,776 per graduate)
Class 98-1: 55 graduates	
Class 98-2: 81 graduates	SFY98 - \$3,188.4 (\$23,441 per graduate)
Class 99-1: 84 graduates	
Class 99-2: 91 graduates	SFY99 - \$3,758.5 (\$21,474 per graduate)
Total 719 graduates	

Projected for SFY2000

Class 99-3: 122 graduates

Class 00-1: 100 graduates

SFY00 - \$4,336.3 (\$19,531 per graduate)

Note:

The \$2,200 post-graduation stipends are paid as follows.

- \$700 is paid at graduation
- \$750 is paid six months after graduation based on compliance
- \$750 is paid after 12 months and satisfactory compliance with the requirements

§ 26.05.010

MILITARY AFFAIRS AND VETERANS

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Chapter 05. Military Code of Alaska.

Section

- 10. Alaska militia established
- 20. Exemption from military service
- 30. Composition of organized militia
- 50. Authority for organization
- 60. Control of Alaska National Guard and Alaska Naval Militia
- 70. Governor may order organized militia into active service
- 75. Reemployment rights of the organized militia
- 80. Decision of governor final
- 90. Proclamations of martial law
- 100. State militia
- 110. Governor may order unorganized militia into active service
- 120. Penalty for failure to obey call
- 130. Penalty for physician making false certificate
- 135. Suspension of enforcement of civil liabilities
- 140. Suits against officers and enlisted persons
- 150. Not liable for exercise of judgment
- 160. Appointment, qualifications, and duties of adjutant general
- 170. Governor's command and instructions exercised through the adjutant general
- 180. Headquarters staff of Alaska National Guard
- 190. Administration
- 200. Officers' qualifications, appointment and tenure
- 210. Removal of officers
- 220. Retired list
- 222. Creation and administration of Alaska National Guard and Alaska Naval Militia retirement system

Section

- 223. Commencement of participation in system
- 224. Retirement benefits
- 225. Earlier service
- 226. Contributions
- 228. Accounting and investment
- 229. Definitions
- 230. Armories, training sites, and maintenance facilities
- 235. Active duty training sites
- 240. Enlisted persons
- 250. Discharges
- 260. Pay and allowances
- 265. Reenlistment bonus
- 270. Payment of military claims
- 280. Transportation, subsistence, and supplies
- 290. Further equipment and armories
- 295. Educational assistance for enlisted personnel
- 296. Tuition assistance
- 298. Definition for AS 26.05.295 and 26.05.296
- 300. Statement of policy on military justice
- 310. Military courts for the Alaska militia
- 320. General court-martial
- 322. Special court-martial
- 324. Summary court-martial
- 326. Appeal from court-martial convictions
- 330. Expenses of military courts
- 340. Miscellaneous provisions
- 360. Short title

Sec. 26.05.010. Alaska militia established. (a) The militia of the state consists of all able-bodied citizens of the United States and all other able-bodied persons who have declared their intention to become citizens of the United States, who reside in the state, who are at least 17 years of age, and who are eligible for military service under the laws of the United States or this state.

(b) The militia is divided into two classes:

- (1) the organized militia, consisting of the Alaska National Guard, the Alaska Naval Militia, and the Alaska State Militia, and
- (2) the unorganized militia, consisting of all qualified persons available for service but not serving in the organized militia.

(c) The adjutant general may, by regulation, prescribe the maximum age for eligibility in the militia. (§ 2 ch 150 SLA 1955; am § 1 ch 44 SLA 1968; am § 1 ch 141 SLA 1972; am § 1 ch 5 SLA 1987)

NOTES TO DECISIONS

Use of National Guard to execute search warrant. — Under Alaska Const., art. III, § 19, the governor is authorized to use of National Guard to execute the laws, and there is no provision of this

chapter that prohibited the use of National Guard soldiers to execute search warrants. *Wallace v. State*, 928 P.2d 1157 (Alaska Ct. App. 1997).

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, § 1 et seq.; 54 Am. Jur. 2d, Military and Civil Defense, § 149 et seq.
57 C.J.S., Militia, § 1 et seq.

Validity and construction of state statutes requiring employers to compensate employees for absences occasioned by military service. 6 ALR4th 704.

Sec. 26.05.020. Exe militia service: persons the state, and member

Sec. 26.05.030. Cor consists of

(1) members of the enlistment, are organi laws of the United Sta

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(d) The Alaska Stat by volunteer person: personnel shall be

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(e) [Repealed, § 10 am § 13 ch 141 SLA

Sec. 26.05.040. Ro § 38 ch 30 SLA 1992

Sec. 26.05.050. A may organize units i tion of at least two s northern Arctic regis States De artment c

Sec. 26.05.060. C The governor as ex Alaska National Gu. service. The governc U.S.C. 473 — 479. E Guard and the Alas regulations relating territories and of th

Editor's notes. — Wi 479, cited in this secti edition of the United Su ing: "Section 21 — 450 Territory of Alaska, are the scope of this title is next laws applicable to

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§ 1 ch 141 SLA 1972;

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warrants. *Wallace v. State*,
App. 1997).

a of state statutes requiring
employers for absences ec-
co. § ALR4th 704.

Sec. 26.05.020. Exemption from military service. The following are exempt from militia service: persons exempt by the laws of the United States, judges of the courts of the state, and members and officers of the state legislature. (§ 3 ch 150 SLA 1955)

Sec. 26.05.030. Composition of organized militia. (a) The Alaska National Guard consists of

(1) members of the militia who have voluntarily enlisted and who, upon original enlistment, are organized, armed, equipped, and federally recognized according to the laws of the United States; and

(2) commissioned officers and warrant officers who are citizens of the United States, having the qualifications prescribed by federal law and regulations, and who are appointed and commissioned or warranted by the governor.

(b) Former members of the regular Army, Navy or Marine Corps under 64 years of age may enlist in the Alaska Militia.

(c) The Alaska Naval Militia consists of units authorized by the governor, organized, equipped, trained, and administered as prescribed by state and federal law and regulation, and manned by personnel who are

(1) members of the United States Naval Reserve or the United States Marine Corps Reserve and

(2) enlisted, appointed, commissioned, or warranted under the laws and regulations of the United States.

(d) The Alaska State Militia consists of units authorized by the governor, and manned by volunteer personnel qualifying under state law and regulation. All State Militia personnel shall be

(1) appointed, commissioned, or warranted, and assigned by the governor or the adjutant general as the governor's designee;

(2) subject to serve on state active duty at the call and by order of the governor

(e) *[Repealed, § 102 ch 127 SLA 1974.]* (§ 4 ch 150 SLA 1955; am § 2 ch 44 SLA 1968; am § 13 ch 141 SLA 1972; am § 102 ch 127 SLA 1974)

Sec. 26.05.040. Ratification and confirmation of existing military forces. *[Repealed, § 38 ch 30 SLA 1992.]*

Sec. 26.05.050. Authority for organization. The governor as commander in chief may organize units in communities so requesting and specifically provide for organization of at least two scout battalions in the western and northwestern coastal areas and northern Arctic regions of the state, in accordance with special authority of the United States Department of Defense. (§ 6 ch 150 SLA 1955)

Sec. 26.05.060. Control of Alaska National Guard and Alaska Naval Militia. The governor as ex officio commander of the militia of the state has command of the Alaska National Guard and the Alaska Naval Militia while they are not in active federal service. The governor may adopt necessary regulations for them not inconsistent with 48 U.S.C. 473 — 479. Except as otherwise prescribed by those sections, the Alaska National Guard and the Alaska Naval Militia and their members are subject to all federal laws and regulations relating to the National Guard and Naval Militia of the several states and territories and of the United States. (§ 7 ch 150 SLA 1955; am § 1 ch 34 SLA 1973)

Editor's notes. — With regard to 48 U.S.C. 473 — 479, cited in this section, page 11732 of the 1970 edition of the United States Code contains the following: "Sections 21 — 449f of this title, applicable to the Territory of Alaska, are omitted from this title since the scope of this title limits it to general and permanent laws applicable to Territories and Insular Pos-

sessions, and Alaska was admitted into the Union as a State on January 3, 1959. See the notes following the heading of this chapter.

"Many of the provisions encompassed by former sections 21 — 449f of this title were enacted by the Legislature of the State of Alaska on February 19, 1963, as part of the Alaska Statutes."

§ 26.05.070

MILITARY AFFAIRS AND VETERANS

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NOTES TO DECISIONS

Application of federal law. — In the absence of any supplementary regulation pursuant to this section or AS 26.05.340, the state has adopted federal law and regulation for administering and managing full-time National Guard personnel; therefore, a member

who was involuntarily terminated was not entitled to the protections of the Alaska Personnel Act. State, Dep't of Military & Veterans Affairs v. Bowen, 963 P.2d 888 (Alaska 1998).

Sec. 26.05.070. Governor may order organized militia into active service. In the event of war, disaster, insurrection, rebellion, tumult, catastrophe, invasion, or riot; or if a mob or body of men act together by force with intent to commit a felony or to offer violence to persons or property, or by force and violence to break and resist the laws of the state, or the United States; or in the case of imminent danger of the occurrence of any of these events; or whenever responsible civil authorities fail to preserve law and order, or protect life and property, or the governor believes that failure is imminent, the governor may order the organized militia or any part of it, into active state service to execute the laws and to perform duties in connection with them that the governor considers proper. Whenever any portion of the militia is ordered into active service by the governor, it becomes an additional police force, retaining its separate entity and operating at all times as a military organization under military command, with power to cooperate with but not to supersede the existing civilian law enforcement officers whenever possible, for the re-establishment of law and order and for the protection of life and property. The governor may also order members of the organized militia to active state service, with their consent, for the purpose of training or for full-time duty with the office of the adjutant general. (§ 8 ch 150 SLA 1955)

Sec. 26.05.075. Reemployment rights of the organized militia. (a) An employer shall grant to an employee who is a member of the organized militia a leave of absence to perform active state service under AS 26.05.070.

(b) When an employee is released from a period of active state service under AS 26.05.070 or discharged from hospitalization that arose from active state service, the employee is entitled to return to the employee's former position, or a comparable position, at the pay, seniority, and benefit level the employee would have had if the employee had not been absent as a result of active state service. An employee, other than an employee who has been hospitalized, shall report for work at the beginning of the workday following the last calendar day necessary to travel from the site of active state service to the employee's work site. An employee who has been hospitalized shall report for work at the beginning of the workday following the last calendar day necessary to travel from the hospital or place of recuperation to the employee's work site. If the employee fails to return to work at that time, the employer may impose whatever discipline is provided by the employer's rules of conduct for unexcused absence from work.

(c) If an employee is not qualified to perform the duties of the employee's position as a result of permanent disability sustained because of the employee's active state service but is qualified to perform the duties of another position with the employer, the employer shall offer an employee who requests reemployment the available, vacant position that most closely approximates the pay and benefits of the employee's previous position and that the employee is qualified for and capable of performing. An employee loses the right to reemployment under this subsection unless the employee requests reemployment within 30 days after receiving a statement from the employee's treating physician indicating both that the employee has reached maximum recovery and that the employee is released to return to full-time work.

(d) For employees other than state employees, the Department of Labor shall enforce this section by appropriate regulations. For state employees, the division of personnel in the Department of Administration shall enforce this section. Regulations adopted under

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this section may provide employees other than as be handled under AS 44 made to the personnel grievances.

(e) Notwithstanding an action in superior of Labor, or, in the case The action must be brought

(f) A collective bargaining of this Act may not contain

(g) This section does not preclude reinstatement of state. 1990)

Sec. 26.05.080. De- ordered to duty by the ch 150 SLA 1955)

Sec. 26.05.090. Pr- law when the public as and may order all or a the proclamation. The specified by the govern be assumed in order t law may not continue members of the legisla 1968)

Legislative history re 46, SLA 1968 (HCSB 946 p. 432.

Sec. 26.05.100. St enlistments under re; the governor. During Militia, or any part federal service, or the its state mission, the § 1 ch 159 SLA 1966

Sec. 26.05.110. G In the event of immi in AS 26.05.070, if organized militia or i order the unorganize and have them per circumstances requi

Sec. 26.05.120. I ordered into active s time and place and i is guilty of desertion member produces a

member was physically unable to appear at the time and place designated. A person chargeable with desertion under this section may be taken by force and compelled to serve. (6 13 ch 150 SLA 1956)

Sec. 26.05.130. Penalty for physician making false certificate. A physician who knowingly makes and delivers a false certificate of physical disability concerning a person ordered to active service shall be tried in the state court and, upon conviction, forever forfeits the license and right to practice the profession of physician in this state. (§ 14 ch 150 SLA 1955)

Sec. 26.05.135. Suspension of enforcement of civil liabilities. The provisions of 50 U.S.C. App. 501 — 590, pertaining to the temporary suspension of enforcement of civil liabilities of persons in the military service of the United States, apply to members of the Alaska National Guard and Alaska Naval Militia while on active duty for the state by order of the governor. (§ 1 ch 96 SLA 1976)

Sec. 26.06.140. Suits against officers and enlisted persons. Members of the militia ordered into active service for the state by order of the governor are not liable civilly or criminally for any act done by them in their official capacity while in this such service. If a suit is commenced in a court against an officer or enlisted person of the militia as a result of an act done by the officer or enlisted person in an official capacity while in active service, the defendant may require the person instituting the suit to give security for the payment of costs. If judgment is for the defendant, treble costs shall be assessed against the plaintiff. The defendant in the action shall be defended by the attorney general at the expense of the state but the defendant may employ private counsel. (§ 15 ch 150 SLA 1955; am § 2 ch 141 SLA 1972)

Collateral references. — Rights of members of Armed Forces to bring actions in civilian courts against their superiors, federal cases, 76 L. Ed. 2d 891.

Sec. 26.05.150. Not liable for exercise of judgment. A commanding officer of the Alaska militia engaged under proper authority in the suppression of any of those acts listed in AS 26.05.070 may determine the means to be used in controlling or dispersing any mob or other unlawful assembly. A commanding officer who exercises this discretion is not liable in either a civil or criminal action for an act done in the line of duty. (§ 16 ch 150 SLA 1955)

Sec. 26.05.160. Appointment, qualifications, and duties of adjutant general.

(a) The adjutant general of the state is appointed by the governor. The governor shall prescribe the grade of the adjutant general, which may not exceed major general. To be eligible for appointment as adjutant general, a person must be a citizen of the state. The adjutant general shall make returns and reports to the Chief, National Guard Bureau, and to the governor or to the officers designated by the Chief, National Guard Bureau, and the governor, at the times and in the form prescribed.

(b) The adjutant general shall execute a bond running to the state in the penal sum of \$20,000 conditioned upon the faithful performance of the adjutant general's duties. The attorney general shall approve the bond and the bond shall be filed with the Department of Administration. The state shall pay the cost of the bond.

(c) The adjutant general is the official liaison between the state and the active military in the state. The adjutant general shall provide advice and assistance to state agencies having dealings with the active military in the state.

(d) The adjutant general is the official liaison between the state and the federal Department of Veterans Affairs. The adjutant general shall provide advice and assistance to state agencies having dealings with the federal Department of Veterans Affairs.

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(c) The adjutant general, Emergency Management and assistance to state agency. (§ 17 ch 15(§ 1 ch 6 SLA 1992)

Effect of amendments. — 7
effective April 14, 1992, added :

Sec. 26.05.170. Governor's adjutant general. The governor shall appoint a person who shall carry out the powers and duties which he represents the governor as adjutant general shall exercise. (S.L.A. 1955)

Sec. 26.05.190. Heads
ters of the Alaska National
Air National Guard com
Guard component and the
assistant adjutant general
governor. An assistant ad
brigadier general or a low
appointment an assistant
commission with at least 1
Alaska Air National Guar

(b) The adjutant general
employees to the headqua
§ 1 ch 122 SLA 1971; am

Sec. 26.05.100. Admir
orders and regulations no
necessary to bring the
organized militia to a high
administrative functions in
Alaska Naval Militia. In a
least once each year of all
of the adjutant general.

(b) [Repealed, § 35 ch 1]

(c) *(Repealed, § 2 ch 37)*

(d) *Repealed, § 1 ch 66*

am 1 ch 19 SLA 1968; ar
SLA 1994)

Effect of amendments. — T effective July 1, 1994, repealed as to the adjutant general's annual

Sec. 26.05.200. Officer
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of the state unless the pe.
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MILITARY CODE OF ALASKA

§ 26.05.200

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(e) The adjutant general is the official liaison between the state and the Federal Emergency Management Agency in the state. The adjutant general shall provide advice and assistance to state agencies having dealings with the Federal Emergency Management Agency. (§ 17 ch 150 SLA 1955; am § 1 ch 4 SLA 1965; am § 1 ch 57 SLA 1967; am § 1 ch 6 SLA 1992)

Effect of amendments. — The 1992 amendment, effective April 14, 1992, added subsections (e)-(f).

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, § 36.
57 C.J.S., Militia, § 11.

Sec. 26.05.170. Governor's command and instructions exercised through the adjutant general. The governor's command is exercised through the adjutant general, who shall carry out the policies of the governor in military affairs. The adjutant general represents the governor and shall act in conformity with the governor's instructions. The adjutant general shall exercise control over the military department of the state. (§ 18 ch 150 SLA 1955)

Sec. 26.05.180. Headquarters staff of Alaska National Guard. (a) The headquarters of the Alaska National Guard is composed of an Army National Guard component, an Air National Guard component and a Naval Militia component. The Army National Guard component and the Air National Guard component shall each be commanded by an assistant adjutant general appointed by the adjutant general with the concurrence of the governor. An assistant adjutant general shall, while holding office, have the grade of brigadier general or a lower grade that the adjutant general may prescribe. On appointment an assistant adjutant general must hold a federally-recognized field commission with at least five years service in the Alaska Army National Guard or Alaska Air National Guard.

(b) The adjutant general may appoint necessary officers, enlisted persons, and civilian employees to the headquarters staff. (§ 19 ch 150 SLA 1955; am § 1 ch 46 SLA 1966; am § 1 ch 122 SLA 1971; am § 3 ch 141 SLA 1972; am § 3 ch 34 SLA 1973)

Sec. 26.05.190. Administration. (a) The adjutant general shall adopt and publish orders and regulations not contrary to law that in the adjutant general's judgment are necessary to bring the organizations, armament, equipment and discipline of the organized militia to a high degree of efficiency. The adjutant general shall perform all the administrative functions incident to the operation of the Alaska National Guard and the Alaska Naval Militia. In addition the adjutant general shall have an inventory taken at least once each year of all state military stores, property, and funds under the jurisdiction of the adjutant general.

(b) [Repealed, § 35 ch 126 SLA 1994.]

(c) [Repealed, § 1 ch 37 SLA 1968.]

(d) [Repealed, § 1 ch 66 SLA 1967.] (§ 20 ch 150 SLA 1955; am § 1 ch 66 SLA 1967; am § 1 ch 19 SLA 1968; am § 1 ch 37 SLA 1968; am § 4 ch 34 SLA 1973; am § 35 ch 126 SLA 1994)

Effect of amendments. — The 1994 amendment, effective July 1, 1994, repealed subsection (b), relating to the adjutant general's annual transactions report.

Sec. 26.05.200. Officers' qualifications, appointment and tenure. A person may not be commissioned or warranted in an office of the National Guard or the Naval Militia of the state unless the person is examined and adjudged qualified for the office by an examining board appointed by the commander in chief, except that at the discretion of the adjutant general the proceedings of federal examining boards may be accepted instead of

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MILITARY AFFAIRS AND VETERANS

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a state board. The composition, appointment, and procedure of examining boards and nature and scope of examinations shall be as prescribed by the military laws and regulations of the United States or this state. (§ 21 ch 150 SLA 1955; am § 5 ch 34 SLA 1973)

Collateral references. — 54 Am. Jur. 2d, Military and Civil Defense, §§ 149 — 163.
57 C.J.S. Militia § 11.

Sec. 26.05.210. Removal of officers. (a) The adjutant general and the assistant adjutants general serve at the pleasure of the governor.

(b) When federal recognition of an officer's commission or warrant has been withdrawn, the officer's state appointment as a commissioned or warrant officer may be terminated, and the commission or warrant vacated upon the recommendation of the adjutant general and approval of the governor.

(c) When a commissioned or warrant officer has successfully completed the prescribed term of service so as to be eligible for retirement, the officer may be placed upon the retired list upon the recommendation of the adjutant general and approval of the governor.

(d) Commissioned or warrant officers may tender their resignations through National Guard or Naval Militia command channels. Resignations shall be in writing, stating the reason for resignation, and shall take effect when accepted by the adjutant general upon the approval of the governor. (§ 22 ch 150 SLA 1955; am § 1 ch 20 SLA 1968; am § 6 ch 34 SLA 1973)

Sec. 26.05.220. Retired list. A commissioned officer and enlisted person upon reaching the maximum age prescribed for active duty by appropriate regulations and a commissioned officer or enlisted person who is disabled or incapacitated for active duty through no personal fault or dereliction, and a commissioned officer or enlisted person who serves honorably with the Alaska National Guard or with the Alaska Naval Militia in any capacity and is unable to perform further active duty due to limitations imposed by appropriate regulations may be placed upon the retired list upon recommendation by the adjutant general and approval of the governor. (§ 23 ch 150 SLA 1955; am § 4 ch 141 SLA 1972; am § 7 ch 34 SLA 1973)

Sec. 26.05.222. Creation and administration of Alaska National Guard and Alaska Naval Militia retirement system. (a) There is established an Alaska National Guard and Alaska Naval Militia retirement system. The commissioner of administration shall administer the Alaska National Guard and Alaska Naval Militia retirement system.

(b) The commissioner of administration may adopt regulations to implement the Alaska National Guard and Alaska Naval Militia retirement system. Regulations adopted by the commissioner under this subsection relate to the internal management of state agencies and their adoption is not subject to AS 44.62 (Administrative Procedure Act). (§ 17 ch 159 SLA 1972; am § 9 ch 146 SLA 1980; am § 33 ch 137 SLA 1982)

Sec. 26.05.223. Commencement of participation in system. A member of the Alaska National Guard or Alaska Naval Militia shall be included in this system upon commencement of membership in the Alaska National Guard, or on January 1, 1973, whichever is later, or upon commencement of membership in the Alaska Naval Militia or on July 1, 1980, whichever is later. (§ 17 ch 159 SLA 1972; am § 10 ch 146 SLA 1980)

Sec. 26.05.224. Retirement benefits. (a) An active member of the Alaska National Guard, or a former member who was an active member on or after January 1, 1969, or a member of the Alaska Naval Militia on or after July 1, 1980, is eligible for a retirement pension

upon voluntary retirement if he has served for a total of 20 years or more in the Alaska National Guard, Alaska Naval Militia, or the United States Armed Forces, or any combination of service in the Alaska National Guard, Alaska Naval Militia, or the United States Armed Forces upon involuntary separation from the Alaska National Guard or Alaska Naval Militia. The retirement pension is \$1 per month for each year of service. (1) in a lump sum that is actuarially equivalent to the pension at the time of retirement, or (2) in a monthly amount that will provide for the same amount at the time of retirement.

(c) An eligible member or former member may elect to begin receiving the pension on the first day of the month following the date of retirement, or the member may elect to defer the pension to a later date. Payment of a deferred pension benefit is filed with and approved by the Department of Veterans Affairs. Deferred retirement pay is payable to the member elects another form of payment.

(d) Upon the death of an active member of the Alaska National Guard or Alaska Naval Militia, the member's designated beneficiary shall receive the pension in accordance with (b) of this section. If the member has less than 10 years service, the former member's pension benefit calculated in accordance with (b) of this section shall be paid. Except as provided in this section, the designation of a beneficiary shall be made by the member. If a member designates more than one beneficiary, the pension shall be allocated to the different allocation. The member may revoke the designation of a beneficiary on file with the Department of Veterans Affairs. It is not effective until the member's designation is filed with the Department of Veterans Affairs. If a member's designated beneficiary survives the member, the beneficiary shall receive the pension in a qualified domestic trust in accordance with subsection (b) of this section.

(1) surviving spouse; or, if there is no surviving spouse, (2) surviving children in equal shares; (3) surviving parents in equal shares; (4) member's estate.

(e) Notwithstanding any provision to the contrary, if the member's designated beneficiary was married to the member at the time of the member's death, the pension shall be paid to the chapter.

(1) except to the extent a former spouse or other dependent person is entitled to the pension; (2) unless the member files a written designation of beneficiary and each person entitled to the pension.

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(1) upon voluntary retirement from the Alaska National Guard or Alaska Naval Militia after a total of 20 years or more of satisfactory service in the Alaska National Guard, Alaska Naval Militia, or the armed forces of the United States, and the reserves of them, or any combination of service in these components if at least five years of the service is in the Alaska National Guard or Alaska Naval Militia; or

(2) upon involuntary separation because of federal standards imposed on the Alaska National Guard or Alaska Naval Militia, regardless of length of service, unless the separation occurs as a result of the member's own misconduct, misrepresentation, or unwillingness to satisfy established standards for continued participation.

(b) The retirement pension is \$100 a month, payable for the same number of months that the member participated satisfactorily in the Alaska National Guard or Alaska Naval Militia. The member may instead elect to receive the retirement pension

(1) in a lump sum that is actuarially determined to be equal to the value, at the time of retirement, of the entire pension due; or

(2) in a monthly amount that will result in payment by the member's 72nd birthday of an amount that is determined to be the actuarial equivalent of the entire pension due at the time of retirement.

(c) An eligible member or former member may elect to receive the retirement pension beginning on the first day of the month in which the member or former member becomes eligible for retirement, or the member or former member may elect to defer payment to a later date. Payment of a deferred retirement benefit may not begin until application for the benefit is filed with and approved by the Department of Military and Veterans' Affairs. Deferred retirement payments shall be made monthly at the rate of \$100, unless the member elects another form of payment under (b) of this section.

(d) Upon the death of an active member who has at least five years service in the Alaska National Guard or Alaska Naval Militia or a combination of these components, the member's designated beneficiary is entitled to a lump sum benefit calculated in accordance with (b) of this section. Upon the death of a former member who has at least 20 years service, the former member's designated beneficiary is entitled to a lump sum benefit calculated in accordance with (b) of this section less any retirement benefits previously paid. Except as provided in (e) of this section, a member may change or revoke the designation of a beneficiary without notice to the beneficiary at any time. If a member designates more than one beneficiary, each shares equally unless the member specifies a different allocation. The member shall make a designation of a beneficiary or a change or revocation of a beneficiary on a form provided by the Department of Military and Veterans' Affairs. It is not effective until filed with the Department of Military and Veterans' Affairs. If a member fails to designate a beneficiary or if no designated beneficiary survives the member, the department, except to the extent provided otherwise in a qualified domestic relations order, shall pay the death benefit under this subsection to the

(1) surviving spouse; or, if there is none surviving,

(2) surviving children in equal parts; or, if there is none surviving,

(3) surviving parents in equal parts; or, if there is none surviving,

(4) member's estate.

(e) Notwithstanding any previous designation of beneficiary, the spouse of a member at the time of the member's death automatically becomes the designated beneficiary if the spouse was married to the member during part of the member's service under this chapter

(1) except to the extent a qualified domestic relations order provides for payment to a former spouse or other dependent of the member, or

(2) unless the member files with the Department of Military and Veterans' Affairs a revocation of beneficiary and a written consent to the revocation signed by the present spouse and each person entitled to benefits under the order on forms provided by the

§ 26.05.225

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department; however, consent of the present spouse is not required if the member and the present spouse had been married for less than two years on the date of the member's death and if the member established when filing the revocation that the member and the spouse were not cohabiting.

(D) A person claiming entitlement to any benefits payable under this section shall provide the department with a marriage certificate, divorce or dissolution decree, or other evidence of entitlement. Documents showing entitlement may be filed with the department immediately after a change in the member's marital status. If the department does not receive notification of a claim before the date 10 days after the member's death, the person claiming entitlement to the benefits is not entitled to receive from the Department of Administration or Department of Military and Veterans' Affairs any benefit already paid under this section. (§ 17 ch 159 SLA 1972; am §§ 11, 12 ch 146 SLA 1980; am § 14 ch 140 SLA 1984; am E.O. No. 58, §§ 4, 5 (1984); am § 11 ch 82 SLA 1986; am §§ 29, 30 ch 117 SLA 1986; am §§ 1, 2 ch 41 SLA 1988)

Effect of amendments. — The 1988 amendment, effective May 24, 1988, in subsection (b), added paragraphs (1) and (2) and added the second sentence in the introductory paragraph; and added "unless the

member elects another form of payment under (b) of this section" at the end of the last sentence in subsection (c).

NOTES TO DECISIONS

Cited in *Laing v. Laing*, 741 P.2d 649 (Alaska 1987).

Sec. 26.05.225. Earlier service. A person who was a member of the Alaska National Guard on or after January 1, 1969, is entitled to credit for service to the state and former territory of Alaska as a member of the National Guard and Territorial Guard before and after January 1, 1969, in determining eligibility for retirement benefits under AS 26.05.224. (§ 17 ch 159 SLA 1972; am § 13 ch 146 SLA 1980)

Sec. 26.05.226. Contributions. (a) The Department of Military and Veterans' Affairs shall contribute to the Alaska National Guard and Alaska Naval Militia retirement system the amounts determined by the commissioner of administration as necessary to

(1) fund the system based on the actuarial requirements of the system as established by the commissioner of administration; and

(2) administer the system.

(b) The amount required for contributions from the Department of Military and Veterans' Affairs under (a) of this section shall be included in the annual appropriations made to the Department of Military and Veterans' Affairs. (§ 17 ch 159 SLA 1972; am § 14 ch 146 SLA 1980; am § 34 ch 137 SLA 1982; am E.O. No. 58, § 6 (1984))

Sec. 26.05.227. [Renumbered as AS 26.05.229.]

Sec. 26.05.228. Accounting and investment. (a) The commissioner of administration shall establish a military retirement trust fund for the system in which the assets of the system are deposited and held. The commissioner shall maintain accounts and records for the system.

(b) All income of the fund and all disbursements made by the fund shall be credited or charged, whichever is appropriate, to the following accounts:

(1) an individual account for each retired member of the system that records the benefits paid under this system to the member or surviving beneficiary;

(2) a separate account for the Department of Military and Veterans' Affairs' contribution to fund the system based on the actuarial requirements of the system as established by the commissioner of administration under this chapter;

(3) an expense account for representing administrative account are included in the g

(c) The Alaska State Pension Commission has the same powers and duties under AS 25.180. (§ 36 ch 137 SLA 1980; am § 16, 17 ch 141 SLA 1986; e

Effect of amendments. — The 1988 amendment, effective June 9, 1988, rewrote subsection (c) and "The commissioner of administration shall establish a fund for the system and maintain records for the system." and repeal subsection (c), which read "Investments in the fund may be made in accordance with AS 25.110."

The 1982 amendment substituted "State Pension Investment Board" for "State Pension Board."

Sec. 26.05.229. Definition

(1) "beneficiary" means a person designated by the member while living or upon the death of the member.

(2) "member" means a member of the Alaska National Guard or Alaska National Militia.

(3) "qualified domestic relation" means a person who, under AS 25.24, including an order of protection, is entitled to receive support from a member.

(A) creates or recognizes the right of an alternate payee the right to, to receive payments from a member.

(B) sets out the name and address of each alternate payee covered by the system.

(C) sets out the amount of the benefit, to be paid to the alternate payee, or percentage is to be determined.

(D) sets out the number of payments to be made.

(E) does not require any action by AS 26.05.222 — 26.05.228.

(F) does not require an action by AS 26.05.222 — 26.05.228, determined.

(G) does not require the payment of a benefit to be paid to another alternate payee.

(4) "system" means the Alaska National Guard and Alaska National Militia retirement system. (§ 17 ch 159 SLA 1972; am § 31 ch 117 SLA 1986)

Reviser's notes. — Formerly numbered in 1986. Reorganized in 1988 to be the defined terms.

Cited in *Laing v. Laing*, 741 P.2d 649 (Alaska 1987).

Sec. 26.05.230. Armory

(a) Buildings and sites for

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location and size of units to be organized, and shall be financed through state and federal appropriations or both. These facilities may be made available by local communities or by the cooperative arrangement between the state and the federal government and any local community. Leasing and construction under this subsection are governed by AS 38.30 (State Procurement Code).

(b) The armory of each battalion, company, or other unit is subject to the order of the adjutant general and under the charge of its armory board which shall keep in the armory all property furnished by the state. Except for scout battalions organized under special authority of the Secretary of the Army, a unit may not be furnished with arms or equipment until a suitable armory is provided for their deposit. Subject to regulations adopted by the adjutant general, an armory may be used for any reasonable and legitimate civilian activity so long as the activity does not interfere with its use for military purposes. Proceeds received as rental or otherwise at an armory from nonmilitary use shall be deposited in the general fund.

(c) The adjutant general shall administer all target ranges belonging to or leased by the state for National Guard purposes. Gallery ranges may be maintained at all armories occupied by state troops and every command shall be given suitable instruction in marksmanship under direction of its commander, and regulations as authorized by the adjutant general. (§ 25 ch 150 SLA 1955; am § 1 ch 101 SLA 1966; am § 25 ch 106 SLA 1986; am § 46 ch 138 SLA 1986; am § 12 ch 90 SLA 1991)

Effect of amendments. — The 1991 amendment, effective July 3, 1991, in subsection (b), deleted the former last two sentences.

Sec. 26.05.235. Active duty training sites. Unless prohibited by federal regulation, no less than once every two training years, each unit of the Alaska Army National Guard shall train for annual active duty training at a site other than its regular base training site. Every effort shall be made to select a training site in a different type of environment from that of the regular base training site. (§ 2 ch 35 SLA 1976)

Cross references. — For purposes of this section, see § 1, ch. 39, SLA 1976 in the Temporary and Special Acts.

Sec. 26.05.240. Enlisted persons. An able-bodied person of good character who is a citizen of the United States or has declared an intention of becoming a citizen is eligible for enlistment in the National Guard or Naval Militia at the ages and for the periods of time that are prescribed in federal or state regulations in effect at time of enlistment. (§ 26 ch 150 SLA 1955; am § 5 ch 141 SLA 1972; am § 8 ch 34 SLA 1973)

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, §§ 41 — 43.
57 C.J.S. Militia § 12 et seq.

Validity of governmental requirements of oath of allegiance or loyalty as applied to militiamen. 16 ALR3d 328.

Sec. 26.05.250. Discharges. An enlisted person who is discharged from service in the organized militia of the state shall receive a notice of discharge in writing in the form and classification prescribed by state law or regulations. In time of peace or when there is no declaration of national emergency, a discharge may be given before the expiration of terms of enlistment under regulations prescribed by competent authority. (§ 27 ch 150 SLA 1955; am § 6 ch 141 SLA 1972)

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, § 45.
Judicial review of military action with respect to

type of discharge given member of Armed Forces, 92 ALR Fed 333.

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Sec. 26.05.260. Pay and disbursements of pay and

(b) Members of the Alaska National Guard receive, for each day of active service provided by federal law to the United States armed forces for active service performed beginning after June 30, 1950, 1 percent for each percent in excess of an annual increase of 30 days after the release of published immediately after

(c) *(Repealed, § 8 ch 56)*

(d) A member of the Alaska National Guard, including training or disability in the line of duty, AS 23.30 (Alaska Workers

(e) If a member of the Alaska National Guard suffered in the line of duty to and from the member's the amounts specified in

(f) *(Repealed, § 8 ch 56)*

(g) *(Repealed, § 8 ch 56)*

(h) For purposes of compensation of the organized militia authorized for a member grade or rank as the organization

(i) In this section, "militia" means an enlisted man or woman in the Alaska National Guard; SLA 1964; am § 2 ch 19; SLA 1973; am §§ 1 — 4,

Revisor's notes. — Subsection (i). Renumbered in 1989, at which time section (h) was renumbered as (i).
Effect of amendments. — Effective July 1, 1989, subsection (i) for "Alaska National Guard" where the term appears is substituted "performing duties

Sec. 26.05.265. Bonus. (c) of this section, an enlisted person in the militia who extends or is entitled to a bonus if

(1) the extension or

(2) at the time of the

years of service credit

(3) on completion of t

will have not more than

(b) The bonus is \$500

a total of \$3,000 for a

completion of each year

**Military and Veterans Affairs Subcommittee
On
Privatization**

September 30, 1999

**Members Present: Chris Nelson, Bob Walsh, Mary Good, and
Debbie Higgins**

Chris called the meeting of the Subcommittee to order @ 11:45A.M. he reviewed the goals and objectives of the subcommittee and welcomed our guests from DMVA and the VFW.

Chris turned the meeting over to Mr. Jim Chase, Deputy Commissioner from the Department of Military and Veterans Affairs who presented an overview of the DMVA and its role and mission within the State of Alaska.

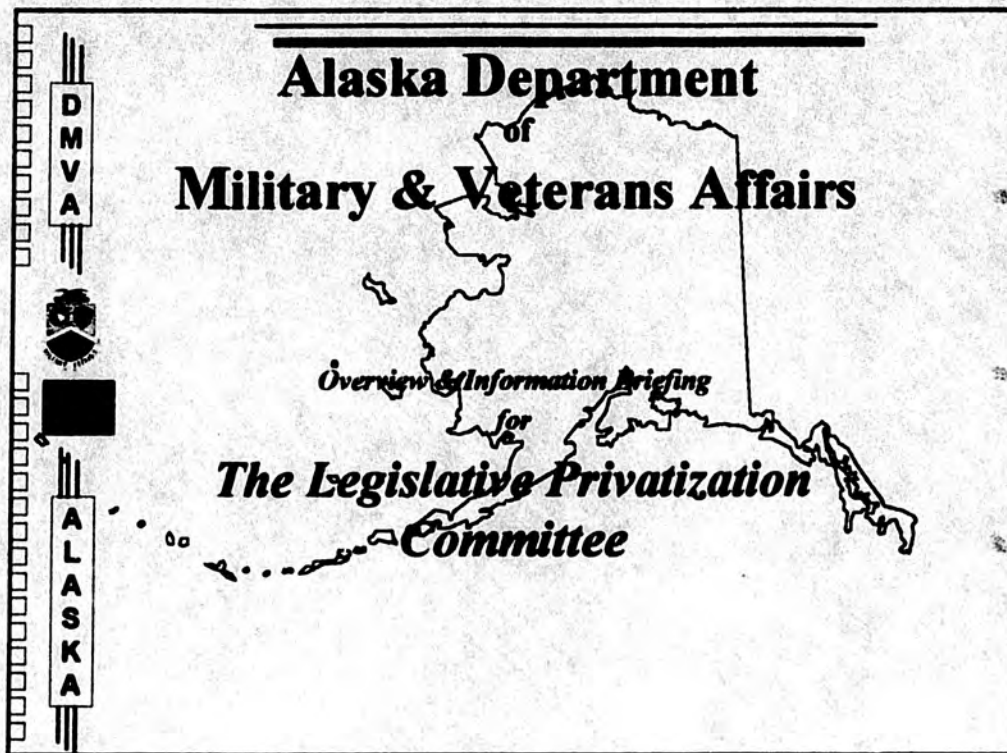
Mr. chase then introduced Mr. Gary Kurpius from the VFW to present and overview on the roles of the service officers within the VFW and how they interact with the Department. They are contractors to the DMVA along with the Disabled American Veterans and the American Legion. These organizations then conduct outreach to all veterans, their families and others that are connected in someway to one of the above mentioned organizations to assist to the needs of the veterans. They are not employees of the State of Alaska, but are either employees of the VFW, American Legion or the Disabled Veterans or they are volunteers that assist and process the various requests. Gary went on to explain the structure and how it all fit together within the overall picture. There were questions to Gary regarding the structure and the roles that either the Department or one of the agencies plays to get to the end product. They have in the VFW structure 12 full time employees and are handling some 2700 files per year.

The problems they are trying to solve are how are we feeding these applicants into the system? What organizations will assist with volunteers? Making sure that these applicants don't fall through the cracks.

Upon completion of this presentation Mr. Chase concluded his presentation with a wrap up of the issues that DMVA is currently facing with changes coming almost daily from Washington, D.C.

Chris Nelson summarized the overview and thanked the presenters and adjourned the meeting until October 14, 1999 @ 11:30AM.

If anyone has questions or corrections please feel free to contact me
Robert_Walsh@legis.state.ak.us



BRU & BUDGET

• Disaster Planning & Control	3,940.5
• Alaska National Guard	19,922.7
• Alaska National Guard Benefits	1,133.0
• Veterans' Affairs	620.5
• Front Section Appropriation	9,000.0

General Funds

Component Summary Department of Military and Veterans Affairs General Funds, CBR, and ILTF

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Disaster Planning and Control							
Disaster Planning & Control	536.3	487.9	489.3	489.3	489.3	0.0	0.0%
BRU Total:	536.3	487.9	489.3	489.3	489.3	0.0	0.0%
Alaska National Guard							
Office of the Commissioner	1,199.1	1,159.8	1,164.7	1,084.2	1,084.2	-80.5	-6.9%
National Guard Military Hdqtrs	92.3	195.5	196.2	196.2	196.2	0.0	0.0%
Army Guard Facilities Maint.	2,391.7	2,367.7	2,374.8	2,374.8	2,374.8	0.0	0.0%
Air Guard Facilities Maint.	818.2	828.2	830.6	830.6	830.6	0.0	0.0%
Youth Corps	608.0	600.0	1,281.0	1,281.0	1,281.0	0.0	0.0%
BRU Total:	5,109.3	5,151.2	5,847.3	5,766.8	5,766.8	-80.5	-1.4%
Alaska National Guard Benefits							
Educational Benefits	29.0	28.5	28.5	28.5	28.5	0.0	0.0%
Retirement Benefits	1,434.9	1,104.5	1,104.5	1,104.5	1,104.5	0.0	0.0%
BRU Total:	1,463.9	1,133.0	1,133.0	1,133.0	1,133.0	0.0	0.0%
Veterans' Affairs							
Veterans' Services	480.0	540.0	540.0	620.5	620.5	80.5	14.9%
BRU Total:	480.0	540.0	540.0	620.5	620.5	80.5	14.9%
Front Section Appropriation							
Disaster Relief Fund	2,400.0	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	2,400.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	9,989.5	7,312.1	8,009.6	8,009.6	8,009.6	0.0	0.0%
General Funds:	9,989.5	7,312.1	8,009.6	8,009.6	8,009.6	0.0	0.0%
Federal Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%

Department Totals

Department of Military and Veterans Affairs

Description	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs FY2000 Governor	FY2000 Governor
Department Totals	34,746.7	34,841.2	36,373.7	36,373.7	34,742.4	-1,631.3	-4.5%
Objects of Expenditure :							
71000 Personal Services	11,446.1	10,913.7	11,570.9	12,170.4	12,206.7	635.8	5.5%
72000 Travel	642.6	492.9	492.9	493.3	549.3	56.4	11.4%
73000 Contractual	7,379.2	11,510.5	11,490.5	11,568.8	10,217.4	-1,273.1	-11.1%
74000 Supplies	966.4	1,328.8	1,328.8	1,356.2	1,366.4	37.6	2.8%
75000 Equipment	513.3	228.2	228.2	229.2	229.7	1.5	0.7%
76000 Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Claims	13,799.1	1,426.4	2,262.4	1,555.8	1,172.9	-1,089.5	-48.2%
78000 Miscellaneous	0.0	8,940.7	9,000.0	9,000.0	9,000.0	0.0	0.0%
Funding Sources :							
1002 Fed Rcpts	21,623.0	24,315.6	25,139.7	25,139.7	23,406.2	-1,733.5	-6.9%
1003 G/F Match	2,238.1	2,123.4	2,130.5	2,130.5	2,130.5	0.0	0.0%
1004 Gen Fund	7,731.8	5,160.3	5,845.8	5,850.7	5,850.7	4.9	0.1%
1005 GF/Prgm	19.6	28.4	28.4	28.4	28.4	0.0	0.0%
1007 I/A Rcpts	1,488.4	1,767.7	1,774.7	1,774.7	1,863.9	89.2	5.0%
1036 Cm Fish Ln	125.0	0.0	0.0	0.0	0.0	0.0	0.0%
1053 Invst Loss	0.0	0.0	4.9	0.0	0.0	-4.9	-100.0%
1055 IA/OIL HAZ	1,013.3	1,117.8	1,121.2	1,121.2	1,134.2	13.0	1.2%
1061 CIP Rcpts	503.6	313.0	313.5	313.5	313.5	0.0	0.0%
1108 Stat Desig	3.9	15.0	15.0	15.0	15.0	0.0	0.0%
Totals :							
General Funds	9,989.5	7,312.1	8,009.6	8,009.6	8,009.6	0.0	0.0%
Federal Funds	21,623.0	24,315.6	25,139.7	25,139.7	23,406.2	-1,733.5	-6.9%
Other Funds	3,134.2	3,213.5	3,224.4	3,224.4	3,326.6	102.2	3.2%

Positions :

Department Totals

Department of Military and Veterans Affairs

Description	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs	FY2000 Governor
Permanent Full Time	203	210	210	221	219	9	4.3%
Permanent Part Time	1	1	1	1	3	2	200.0%
Non Permanent	17	17	17	6	5	-12	-70.6%

FUND SOURCES

• FEDERAL FUNDS	23,406.2
• GENERAL FUNDS	7,883.9
• OTHER FUNDS	<u>3,326.6</u>
• TOTAL	34,616.7

STATUTORY/REGULATORY CITATIONS

- 10 USC CH 133
- 31 USC SEC 6301-6308
- AS 26
- AS 44
- AS 46
- NGR 420-10
- AR 130-400

CONTACT:

SUMMARY OF BRU SERVICES AND RESPONSIBILITIES: The Alaska National Guard is made up of the Commissioner/Adjutant General's office; two military divisions, the Air and Army Guard (each commanded by a Director/Asst. Adjutant General located in the Military Headquarters Component); the division of administrative services; the Alaska State Defense Force and the Naval Militia (volunteer organizations that support the Guard and the Division of Emergency Services during times of disaster); and the Army Guard facilities management division and the Air Guard Facility maintenance section, which support the state and federal missions of the military units. The Commissioner/Adjutant General directs/commands the entire federal/state structure. There are over 4,000 members of the Air and Army Guard who are under the command of the Adjutant General. There are 200 state employees who are directed by the Commissioner. This is a unique organization within state government. The federal government supports the structure in five ways: 1) supports 100% the military branches of the Air and Army Guard by paying salaries and other operations costs; 2) pays 100% of military construction of the Air Guard and 75% of all operation and maintenance of facilities (operation and maintenance funds are recognized on the state budget; 3) pays 100% of security guards, environmental, aircraft rescue and firefighters which are recognized on the state budget; 4) pays up to 100% of the facilities maintenance and operations of the Army guard depending on the mission of the units using the facilities; and 5) pays up to 100% of the military construction of the Army Guard depending on the mission of the units who will use the new facility (for example, fed scout facilities are 100% federal funds while training support facilities are 75/25%). This federal support is conditioned on the State providing funds for the Commissioner/Adjutant General's office, and the Assistant Adjutant Generals (Army and Air Directors in the Military Headquarters) and providing funds to meet the required state match in the maintenance and operations divisions.

SUMMARY OF BRU ISSUES: Nationally, there is pressure on the Department of Defense to reduce its budget. Competition for these scarce dollars is fierce. Army Guard units around the nation are being reduced. For Alaska, this competition has demanded that the Army Guard define the role it will play in the future Total Force. The Adjutant General has made this definition his first priority. There has been some progress on securing a role for the Army Guard with the Active Army. These new missions will require re-training and new equipment. The emphasis will be on security missions and aviation support. New aircraft are being allotted to the Alaska Army Guard in order to respond to this new mission. There are further missions to acquire in order to secure the Army Guard's future. In the end, however, Alaska may see fewer Guard positions because of the competition for these missions from other guard units. This retraining and securing additional missions is the first priority of the Army Guard Director.

The Air National Guard has been more successful in securing relevant missions for Alaska. In doing so, they have grown in personnel and equipment in the last 10 years. In order to house these units, new facilities have been built with federal funds. New Air Guard missions being pursued may increase federal positions in the Air Guard by over 500.

Both Air and Army Guard will be focused in the next few years on training and retraining to meet these mission goals while at the same time ensuring that the soldiers in both commands are provided the tools they need to remain and advance in the Guard. In order to do this the leadership of the Guard must ensure Alaska's Guard remains relevant in the changing world of the Total Force of the U. S. Armed Forces.

Securing missions then training, retraining or replacing units will be the major responsibility of the Directors/Asst. Adjutant Generals budgeted in Military Headquarters Component.

**BRU
OVERVIEW**

AGENCY MILITARY and VETERANS AFFAIRS

BRU ALASKA NATIONAL GUARD

Page 1 of 2

Revised Date:

FY00

CONTINUATION OF FORM BRU OVERVIEW:

Continued from BRU Overview: This BRU also includes the Youth Corps ChalleNGe program which has been funded 100% by the federal government. Recently, Congress reauthorized this pilot program. The reauthorization included a requirement that states begin to support the program by providing the following match: FFY98, 25%; FFY99, 30%; FFY00, 35%; and FFY01 and future years 40%. This program's objective is to intercede on the behalf of 16-18 year-old at-risk youth, instill self-discipline and provide either a GED or the means to graduate from high school. The success rate of this program in keeping young adults out of youth detention facilities or adult corrections and gainfully employed is 92%.

Continued from BRU Issues:

The major issue concerning this Army Guard & Air Guard facilities components is whether or not the State of Alaska's fiscal contribution will remain sufficient to continue the current level of federal funding of the Alaska National Guard. The very small investment of state funds generates about a 22:1 return on investment in federal funds directly spent throughout Alaska. Budget reductions below the current funding level have the potential to seriously jeopardize the federal funds Alaska receives from the National Guard Bureau. These total over \$110 million per year. In addition, the condition of Army Guard state armories, is deteriorating rapidly. The current funding level is insufficient to keep current on preventive maintenance, and the backlog of deferred maintenance statewide is over \$5 million in state general funds.

The Alaska Youth Corps ChalleNGe program has been in existence for four years as a pilot program. The U.S. Congress reauthorized this program for FFY 98 and funded a part of its operations. In previous years, it was 100% federally funded but in FFY 98 the funding mix has been set by the feds at 75/25. In addition, the funding mix will increase in the future until state's are supporting the program with 40% of the funds if states choose to participate. This program has been highly successfully in the four years since inception. More that 500 youth-at-risk have entered and graduated from this program. 92% of those have successfully avoided juvenile or adult correctional facilities. These young adults were those most likely to interact with law enforcement and correctional facilities prior to completing this program.

**ADDITIONAL
EXPLANATION
FORM**

AGENCY MILITARY and VETERANS AFFAIRS

BRU ALASKA NATIONAL GUARD

Page 2 of 2

Revised Date:

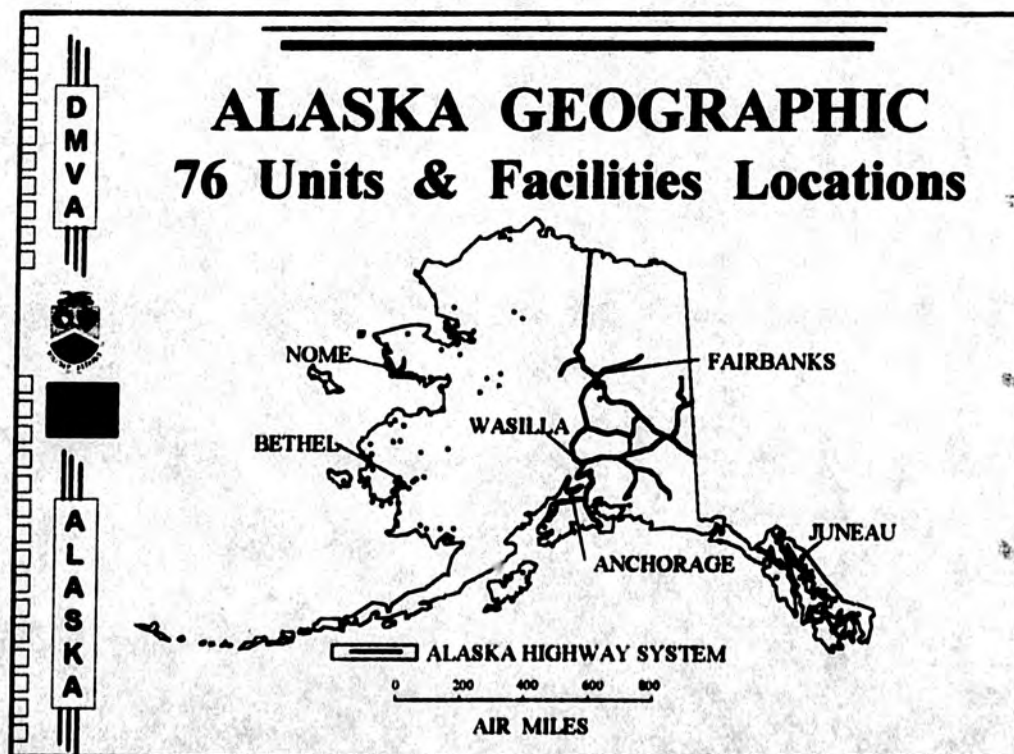
FY00

0000075

DMVA
ALASKA

DMVA MISSION

Provide relevant, ready, quality forces
and services for Alaskans and the
Nation.



DMVA



ALASKA

ALASKA GEOGRAPHIC

- 615,000 People
 - 93,000 Native Alaskans
 - Organized in Tribes and Corporations
 - 65,000 + Military Veterans
 - 28,000 College Students
 - Blend of Pacific, Arctic & U.S. Populations

DMVA



ALASKA

DMVA GEOGRAPHIC

- 4,500 + Military Members, State Employees, Youth Corps Cadets and Volunteers.
- 76 Community locations including
 - Readiness Centers, Armories, Camps, Air Facilities, Training Areas and Bases

DMVA

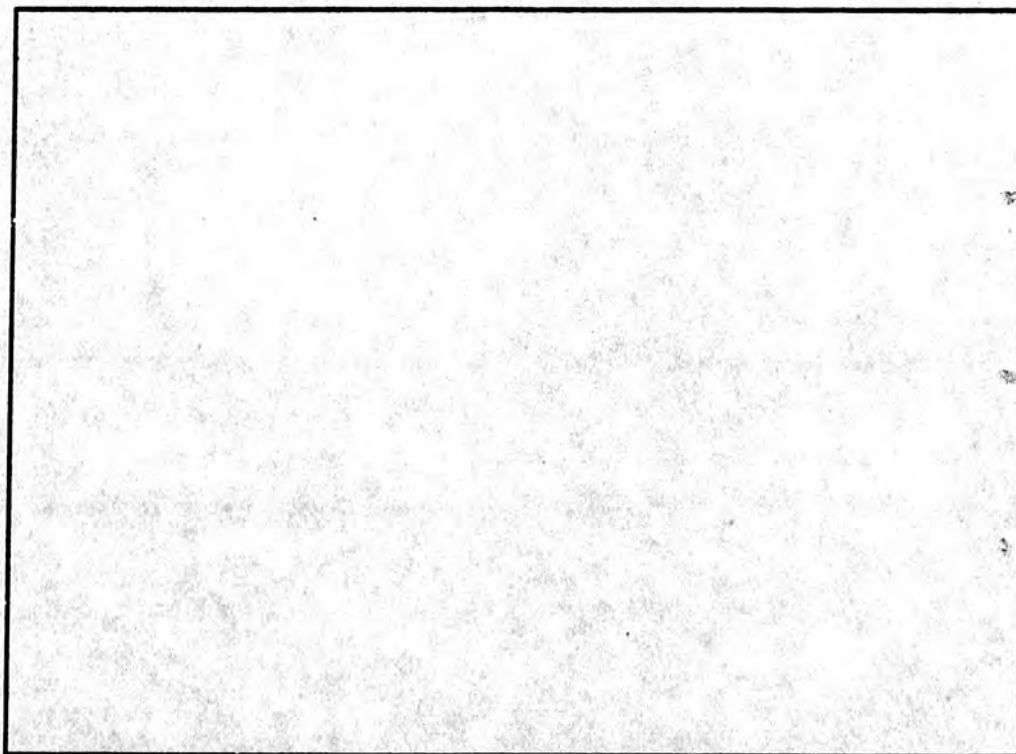


ALASKA

DMVA ORGANIZATION

Veterans Affairs

- Advocacy for Veterans and Issues
- Coordination with Local, State, and Federal Groups
- Oversight of Veterans Service Officers
- Leadership of Special Projects and Programs



DMVA



ALASKA

DMVA ORGANIZATION

Youth Corps ChalleNGE Program

- 92% on successful path
- 80% receive GED
- 55% are employed
- 30% pursue further academic or vocational goals
- Over 720 graduates since '93

DMVA



ALASKA

DMVA ORGANIZATION

Counter Drug Program

- Alaska National Guard provides:
 - Local, State & Federal Inter-Agency Coordination and Support
 - Training
 - Reconnaissance / Observation
 - Over \$65M in drug seizures

DMVA



ALASKA

DMVA ORGANIZATION

Counter Drug Program

- Community Outreach
- Work with 50,000 youth & 3,000 adults in a multi-agency effort through schools and youth organizations annually
- Actively support Alaska Federation of Natives Sobriety Movement

DMVA



ALASKA

DMVA ORGANIZATION

Alaska Naval Militia

- Called for by State Constitution
- 105 + Members
- Dual Membership
- Augments Division of Emergency Services and the DMVA Joint Staff during emergencies and disasters

DMVA



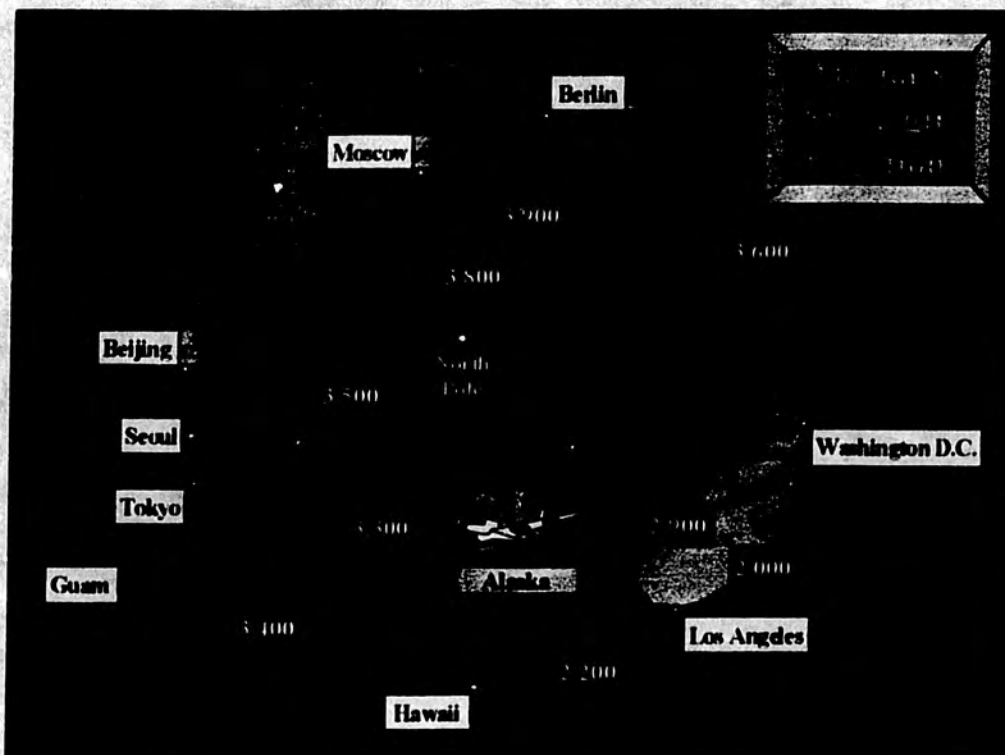
ALASKA

DMVA ORGANIZATION

Alaska State Defense Force

- Called for by State Constitution
- 250 + Members (Cadre)
- Civil Affairs Regiment
- Augments Division of Emergency Services and the DMVA Joint Staff during emergencies and disasters





**RTNER WITH THE
FORCE**

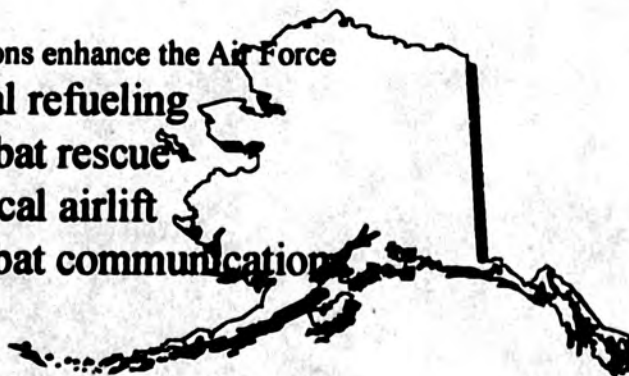
Our missions enhance the Air Force

Aerial refueling

Combat rescue

Tactical airlift

Combat communication





We Serve Alaskans & the Nation

Our State Role -

- Protect life and property, peace and order**
- Provide military support to civil authority**
- Add value to our communities**

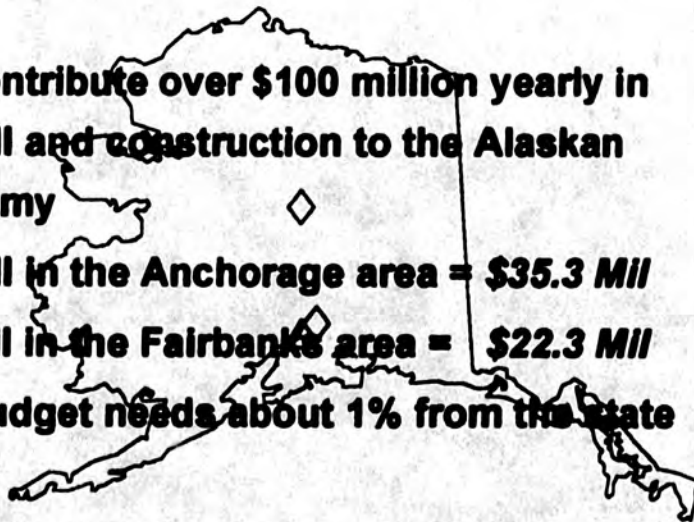
Our Federal Role -

- Support U.S. Military Strategy**
- Train and prepare for war**
- Train and prepare for "OOTW"**



The Alaska Air Guard ...

- We contribute over \$100 million yearly in payroll and construction to the Alaskan economy**
- Payroll in the Anchorage area = \$35.3 Mil**
- Payroll in the Fairbanks area = \$22.3 Mil**
- Our budget needs about 1% from the state**



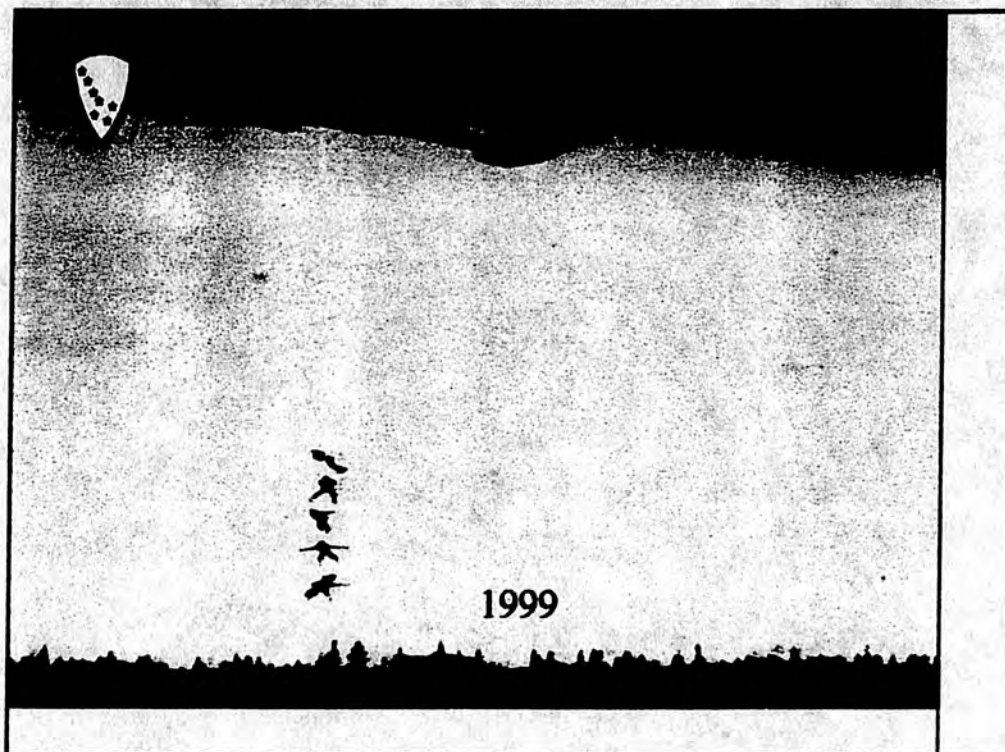


The Guard is a basic sector industry



- Basic industries are vital to Alaskan Economy
 - Products are produced for export
 - Revenue received is new money to the state
- Examples:
 - Oil & Gas Industry/Commercial Fishing/Mining/Timber
- The Air & Army Guard Qualify:
 - 98% of funding is federal (*New Money*)
 - The Guard exports defense
- Basic industries make non-basic industries possible





MISSION

Organize, man, equip and train quality units to conduct tactical operations and stability support operations in support of worldwide United States Army requirements and State of Alaska emergency missions.

FEDERAL

- Security and protection.
- Long range communications.
- Rotary and fixed wing aviation support.
- Stability support operations



MISSION

Organize, man, equip and train quality units to conduct tactical operations and stability support operations in support of worldwide United States Army requirements and State of Alaska emergency missions.

STATE

- Conduct search and rescue missions.
- Assist in community affairs projects.
- Provide disaster relief assistance.
- Be responsive to State programs which benefit quality of life, civic pride and cultural identity.



MISSION

Early 1950s to 1992

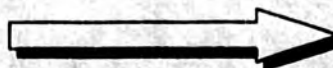
Reconnaissance/Surveillance
Long Range Communications
Operationally Deployed

New Federal Missions
New METL
New Organizations

1992 to Present

Critical Site Security
General Support Aviation
Mobilization Readiness

3,900 authorized

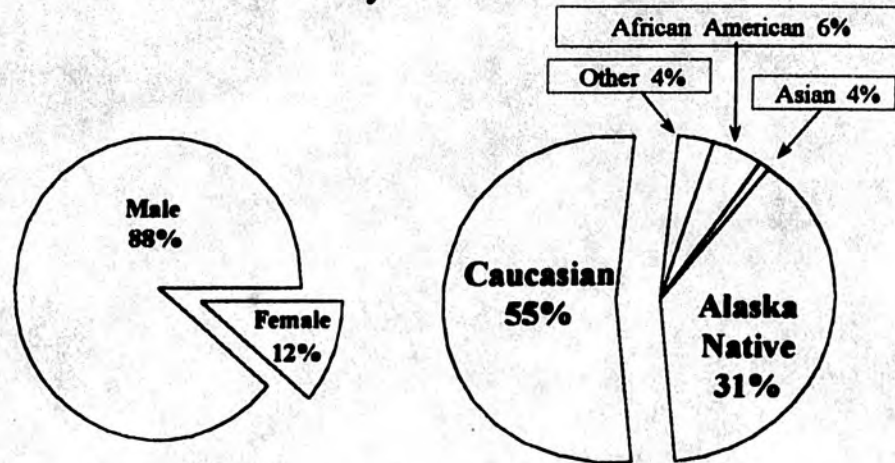


2,020 authorized



DEMOGRAPHICS

Alaska Army National Guard

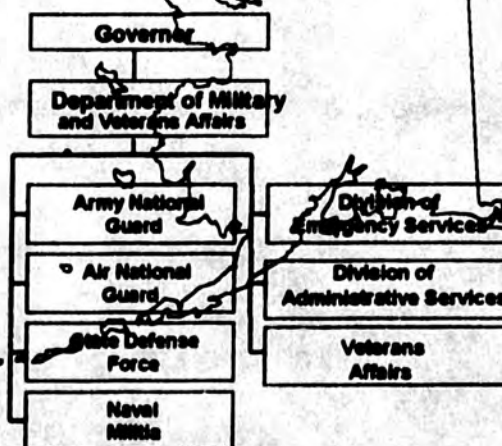


Total Assigned Soldiers = 1882



Alaska Division of Emergency Services

Departmental Organization



Alaska Division of Emergency Services

Mission

“Alaska’s Division of Emergency Services is to lead, coordinate, and support the emergency management system, in order to protect lives and prevent the the loss of property from all hazards.”

Alaska Division of Emergency Services

Regions



Alaska Division of Emergency Services

- Isolation from Lower 48
- Harsh Climate
- Rugged Terrain
- Travel Constraints

Alaska Division of Emergency Services cont.

- Unusual Local Government Structures
- Three Unified Home Rule Municipalities
- Fourteen Boroughs
- Unorganized Borough
60% of the land
97 of 149 Incorporated Cities

Alaska Division of Emergency Services

*Governor's Disaster
Policy Cabinet (DPC)*

- Provides recommendation to the Governor
- Members
 - Core departmental commissioners
 - Attorney General
 - Director, Office of Management & Budget
- Commissioner, DMVA (TAG) is chair

Alaska Division of Emergency Services

Vision

**“... through partnerships
leading the way in Emergency
Management.”**

STATE OF ALASKA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
1997-98
QUARTERLY
CONSOLIDATED ACTIVITIES REPORT

JAN-MAR APR-JUN JUL-SEP OCT-DEC

Veterans Organization Joint Venture

DNVA
9/30 HANDOUT

From VFW
VW/BW

CLAIMS FILED:
CASE FILES REVIEWED:
POWERS OF ATTORNEY:
APPEALS:
OUT-PATIENT APPLICATION:
TOTAL MONETARY RECOVERY:

CURRENT QTR	YEAR TO DATE
735	2679
1216	4019
471	1984
48	386
171	515
\$6,558,519	\$26,279,368

I certify that the above data is
an accurate report of the service
work activities performed by this
organization's service officers:

J. J. Han
Service Officer

John W. Edmunds
Commander or Adjutant, Dept. Of AK

[Signature]
Member, Joint Venture

Sean Berliam
Member, Joint Venture

Approved:

Charles McLeod, Jr. State Coordinator
for Veterans Affairs

Recommendations and Remarks:

EXHIBIT C

**STATE OF ALASKA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
1996-97
QUARTERLY
CONSOLIDATED ACTIVITIES REPORT**

JAN-MAR APR-JUN JUL-SEP OCT-DEC

Veterans Organization Joint Venture

CLAIMS FILED:
CASE FILES REVIEWED:
POWERS OF ATTORNEY:
APPEALS:
OUT-PATIENT APPLICATION:
TOTAL MONETARY RECOVERY:

CURRENT QTR	YEAR TO DATE
608	4035
1103	7673
415	2115
55	350
117	595
\$4,138,384	\$19,415,357

I certify that the above data is
an accurate report of the service
work activities performed by this
organization's service officers:

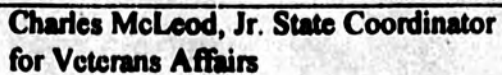

Service Officer


Commander or Adjutant, Dept. Of AK


Member, Joint Venture


Member, Joint Venture

Approved:


Charles McLeod, Jr. State Coordinator
for Veterans Affairs

Recommendations and Remarks:

EXHIBIT C

**STATE OF ALASKA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
1995-96
QUARTERLY
CONSOLIDATED ACTIVITIES REPORT**

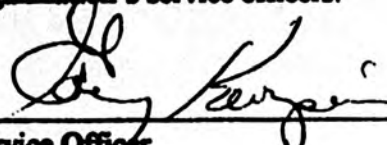
JAN-MAR APR-JUN JUL-SEP OCT-DEC

Veterans Organization Joint Venture

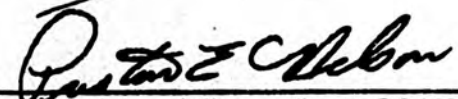
CLAIMS FILED:
CASE FILES REVIEWED:
POWERS OF ATTORNEY:
APPEALS:
OUT-PATIENT APPLICATION:
TOTAL MONETARY RECOVERY:

CURRENT QTR	YEAR TO DATE
480	1946
3828	10235
528	2093
107	331
153	591
6,265,482	21,180,740

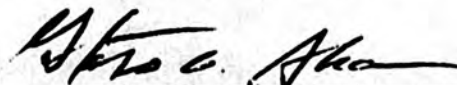
I certify that the above data is
an accurate report of the service
work activities performed by this
organization's service officers:



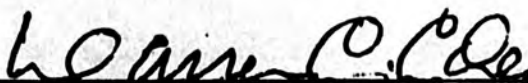
Service Officer



Commander or Adjutant, Dept. Of AK



Member, Joint Venture



Member, Joint Venture

Approved:

ROGER T. SCHNELL
Assistant Commissioner

Recommendations and Remarks:

EXHIBIT C

STATE OF ALASKA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
1994-95

QUARTERLY
CONSOLIDATED ACTIVITIES REPORT

JAN-MAR ~~APR-JUN~~ JUL-SEP OCT-DEC

Veterans Organization Joint Venture

CLAIMS FILED:
CASE FILES REVIEWED:
POWERS OF ATTORNEY:
APPEALS:
OUT-PATIENT APPLICATION:
TOTAL MONETARY RECOVERY:

CURRENT QTR	YEAR TO DATE
517	1912
2073	7221
374	1507
141	439
159	805
\$ 6,955,560	\$ 33,791,737

I certify that the above data is an accurate report of the service work activities performed by this organization's service officers:

[Signature]
Service Officer

[Signature]
Commander or Adjutant, Dept. of Ak.

[Signature]
Member, Joint Venture

[Signature]
Member, Joint Venture

Recommendations and Remarks:

Approved:

ROGER T. SCHNELL
Assistant Commissioner

September 16, 1999

**Department of Military and Veterans Subcommittee
On Privatization**

Present: Chris Nelson, Chair; Roger Graves, Bob Walsh, Marco Pignalberi, Don Dietz, Casey Sullivan

Absent: Mary Goode

Chris called the Subcommittee to order at 11:30 on this date, Introductions were made around the table, General review of the packet were discussed, and the personnel contact sheet were filled out and returned to Marco.

Chris reviewed his meeting with General Oats that he had with him on Monday of this week. He informed the assembled that Mr. Jim Clark would be the Departments Point of Contact for this Committee. The first thing that we want to do is check out scheduled out to see when it would be best to meet as a group to complete our assigned tasks.

There was a general discussion on the issues that should be covered and in what order. 1.) General Overview of the Department. 2.) Roles of the Veterans Service Officers. 3.) Emergency Response plans from the various Departments that use Emergency Services. 4.) Role of the Alaska State Defense Force and the Naval Militia. 5.) Review of the communications systems that the various agencies use when responding to and emergency. 6.) Review of SB 169 with regards to DEC and reporting of an emergency.

Meetings were set for the following dates:

September 30 @ 11:30A.M. With Jim Chase and a Departmental Overview, Veterans Affairs w/ service officers invited.

October 14, 1999 @ 11:30A.M. With Division of Emergency Services, Interactions and coordination with DEC, DNR, DPS, and others that are affected.

October 19, 1999 @ 11:30A.M. Review of the State Defense Force, is role and mission, what is the state support? As well as the Naval Militia.

What we really need to do is set a date for all accounting numbers so that they are set. Those dates will be 6/30/99 and 9/30/99.

Need to be very specific with the Department when making requests so that we just receive the facts that we need for the committee to make decent decisions. Request of the Department their history of cost containment measure from the last three years.

Meeting adjourned at 12:20PM

Department of Military & Veterans Affairs Subcommittee Membership							
Nelson	Chris	269-0218	269-0221		State Legislature - Sen T. Kelly	Chris_Nelson@legis.state.ak.us	
Chase	Jim	428-8864	428-8019		Military & Veterans Affairs - Dept Contact	Jim_Chase@ak_prepared.com	
Doherty	Len	276-1090	N/A			N/A	
Goode	Mary	333-5814	N/A		Muni of Anchorage HESS - Dept Director	graves@eservcom.com	
Holl	Roger	272-8547	272-6543	333-6803			
Sullivan	Casey	269-0174	269-0177		State Legislature - Rep Murkowski	Casey_Sullivan@legis.state.ak.us	
Walsh	Bob	269-0272	269-0273				
Ward	Jerry	269-0108	269-0109		Alaska State Legislature - Senate	Senator_Jerry_Ward@legis.state.ak.us	

+ DON DIETZ

+ ROGER GRAYS

CHRONICLER: DEBBIE HIGGINS for
Sen. JERRY WARD
~~DEBBIE HIGGINS~~

ANNETTE -
MEMBER INFO ATTACHED.
THEY'D LIKE TO SCHEDULE
MEETINGS FOR:

- 1) 9/30, THU @ 11:30AM
- 2) 10/14, THU @ 11:30AM
- 3) 10/19, TUE @ 11:30AM

PLEASE LET ME KNOW IF THAT'S OK.
THEY DON'T KNOW WHICH, IF ANY, WILL
REQUIRE TELECONFERENCING CAP.

THANKS. DEBBIE

9/14/99 10:58 AM

NOTICE

SPONSOR:

COMMISSION ON PRIVATIZATION

TOPIC:

Subcommittee Meeting

MILITARY AND VETERAN AFFAIRS

DATE:	9-16-99
TIME:	11:30
PLACE:	Room 220
TESTIMONY:	Invitational



and Delivery of Government Services

www.privatizealaska.org

NOTICE OF SUBCOMMITTEE MEETING

Subcommittee Name: **DEPARTMENT OF MILITARY & VETERAN AFFAIRS**

Chairperson: Chris Nelson

Phone: 269-0219

Committee Members:

Chris Nelson	Roger Holl
Jim Chase	Casey Sullivan
Len Doherty	Bob Walsh
Mary Goode	Jerry Ward

Date: **THURSDAY, September 16, 11:30 AM**

Place: **Legislative Information Office
716 W. 4th Avenue
Second Floor Conference Room**

If you have any questions please call Representative John Cowdery's office at 269-0222 or Senator Wards office at 269-0106.

The web site has a current list of members and schedule of meetings posted daily!

www.privatizealaska.org

Department of Military & Veterans Affairs Subcommittee Membership							
Nelson	Chris	269-0219	269-0221		State Legislature - Sen T. Kelly	Chris_Nelson@legis.state.ak.us	
Chase	Jim	428-6854	428-6019		Military & Veterans Affair - Dept Contact	Jim_Chase@ak_prepared.com	
Doherty	Len	276-1090	N/A			N/A	
Goode	Mary	333-5814	N/A		Muni of Anchorage HESS - Dept Director	graves@servcom.com	
Holl	Roger	272-8547	272-5343	333-6803			
Sullivan	Casey	269-0174	269-0177		State Legislature - Rep Murkowski	Casey_Sullivan@legis.state.ak.us	
Walsh	Bob	269-0272	269-0273				
Ward	Jerry	269-0106	269-0109		Alaska State Legislature - Senate	Senator_Jerry_Ward@legis.state.ak.us	

LMR
LM



and Delivery of Government Services

Co-Chairs:
Representative John Cowdery
Senator Jerry Ward

Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
William Prosser
Helvi Sandvik
Kathryn Thomas
Don Valesko
George Wuerch

FAX COVER SHEET

To:

Number:

From:

Number:

Date:

Subject:

of pages including cover:

Notes:

Department of Military & Veterans Affairs Subcommittee Members

Nelson	Chris	269-0221	Joint Armed Services Committee - State Leg.
Chase	Jim	428-6019	Military & Veterans Affairs - Dept Contact
Dietz	Don	277-5636	Muni of Anchorage - Port of Anchorage
Doherty	Len	N/A	
Good	Mary	N/A	USPS Analyst
Graves	Roger	277-5636	Port of Anchorage
Sullivan	Casey	269-0177	State Legislature - Rep Murkowski
Walsh	Bob	269-0273	State of Alaska - Legislature
Ward	Jerry	269-0109	Alaska State Legislature - Senate

CEO Defense Task Privatization Task Force

SECTION ONE Privatization

Index

- [Privatization At The Federal Level](#)
- [Privatization Initiatives Within The Department Of Defense](#)
- [Privatization Is Not A New Activity](#)
- [The Magnitude Of The Privatization Effort Is The Difference](#)
- [Privatization Of Depots](#)



[Back to the Contents Page](#)

PRIVATIZATION AT THE FEDERAL LEVEL

We can no longer afford to pay more for--and get less from--our government. The answer for every problem cannot always be another program or more money. It is time to radically change the way the government operates--to shift from top-down bureaucracy to entrepreneurial government that empowers citizens and communities to change our country from the bottom up. We must reward the people and ideas that work and get rid of those that don't.[Footnote1](#)

The National Performance Review (NPR) was one of the Clinton Administration's first initiatives and has become a principal tenet of its campaign to reinvent government. Led by Vice President Gore, it was a six-month assessment of government agency past performance and how that performance might improve in the future. The report represented a general indictment of the federal government's ability to deliver cost-effective services through many of its operations. The strength of this charge is clear in the comments made by the Vice President when he submitted the report: "...the world has changed. The American people are demanding that we change the way it operates. It doesn't work well now. It costs too much money. It performs very poorly. We want to make it work better and cost less...."[Footnote2](#) These sentiments, expressed at the most senior level of the Administration, underscore how pervasive is the belief that the federal bureaucracy is inefficient, ineffective. Further, they emphasize the urgency of reengineering governmental procedures in order to improve service delivery to its customer--the American people. This imperative, combined with both the increasing pressure to reduce the federal budget and the changes initiated in Congress in 1994, have created a powerful engine for change--and that change is under way.

The Clinton Administration's focus to reform government operations was distilled into the four primary themes of the NPR: Putting Customers First, Cutting Red Tape, Empowering Employees to Get Results, and Cutting Back to Basics. All four of these themes, but especially the last--Cutting Back to Basics--provide the impetus for moving service delivery capability to the most effective provider. While there have been efforts to do this in the past, this time there is an important difference evident. Unlike previous initiatives, the new provider is no longer assumed to be a federal entity. In fact, the assumption is clearly the opposite. The recognition that for years private industry has been outsourcing certain functions in order to reduce costs and improve performance offers confidence that the federal government can do the same.[Footnote3](#) As industry leaders, we endorse this process and encourage government at all levels to pursue privatization alternatives. We believe the marketplace will always

provide taxpayers a better return on their investment. This faith in free enterprise was shared by *The Wall Street Journal* in an April 1993 article that reported the government saves an average of 25 percent per year per contract when it turns over functions to contractors.^{Footnote4} It is clear the bottom line is a powerful tool for encouraging efficiencies. It forces companies to use processes to produce results, not view the process as a goal in and of itself. Unfortunately, such a tool does not exist in the bureaucracies of government. As a consequence, this orientation is difficult to achieve in the consensus-focused organizations that constitute governmental bodies.

Making the case for a smaller federal government-expending less of its resources duplicating services that can be provided more efficiently by the private sector-is not difficult. We recognize, however, that the process of trimming government operations is not an easy one, and privatization is only one of several methods of downsizing (rightsizing) operations. Before any action to trim functions can be undertaken, government must accurately assess what it does. Given the size and complexity of federal government, this is not an easy task. Even after completion of a basic inventory of functions, decisions must be made about which are reasonable candidates for divestiture. Of those which are not the inherent responsibility of government and therefore can be shed, two important tests must be applied.^{Footnote5} First, the private sector must agree it can perform the function, i.e., it has the capability. Second, performance of the function must be of value to the private sector. Unless both tests are passed, responsibility for the function cannot be passed to the private sector. Finally, the method of downsizing must be matched to the task, and incentives, to encourage the desired results, must be created.

As noted above, privatization is only one of several ways to downsize government. Although this report will focus on Department of Defense (DOD) efforts to privatize functions, other federal agencies are pursuing initiatives based on other methods of divestiture. The following five initiatives provide a better understanding of the various alternatives available. They are, from the narrowest to the broadest perspective: Public/Private Contract Competitions, Creation of Public/Private Partnerships, Establishment of Quasi-Government Corporations, Privatization, and Service Termination. Again, DOD is focusing on privatization; so, then, will our discussion.

Privatization assumes that a function or service is still required and necessary, but that the government no longer needs to maintain direct control of the function or service. In true privatization, the transfer of function must be permanent and the government must actually eliminate the capacity to perform the work. There are many examples of true privatization, both in the United States and in other nations. At the United States federal level, they include the provision of concessionaire services in national parks by private companies, the General Service Administration's lease of more than 150 million square feet of office space for government agencies, and private day care providers for the children of federal employees. In fact, service contractors currently conduct approximately \$70 billion of business with the federal government each year.^{Footnote6} Local and state governments have also privatized such functions as prison operation, food service, emergency medical care, parking enforcement, and information systems management. Other nations offer examples of the privatization of entire industries. Rail systems and telecommunications in Great Britain and Argentina provide two examples. The sell-off of state-owned companies in former communist countries provides many other examples of privatization.

As noted above, there are many examples of privatization. However, we will narrow the focus to initiatives within the DOD to trim support structures and allocate a greater portion of its budget to modernization and readiness. The DOD has focused on using the tool of privatization to effect these outcomes.


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Privatization Initiatives Within the Department of Defense

*...the Department will develop outsourcing plans for depot maintenance and material supply management and will investigate outsourcing opportunities in the areas of medical care, family housing, finance and accounting, data center operations, education and training, and base management and infrastructure.*Footnote7

The publication of the report on the Commission on Roles and Missions of the Armed Forces (CORM) provided the general public, and its congressional representatives, a heightened awareness of the DOD's plans to privatize significant portions of its operations. The decisions of the Base Closure and Realignment Commission (BRAC) as they affect two Air Force Bases--McClellan Air Force Base, California, and Kelly Air Force Base, Texas--further focused national attention on what appeared to be a revolutionary and perhaps draconian approach to trimming the DOD budget. However, efforts by the services to privatize support functions, or even maintenance activities, are not new.



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Privatization Is Not A New Activity

For many years, DOD has been privatizing functions. In fact, every military installation of significant size has a commercial activities office. These offices, and the government employees who staff them, oversee the private sector contractors who serve the bases; and those contractors provide a wide range of support. For example, the Department of the Army has turned to the private sector for virtually all of its laundry and dry cleaning, the majority of vehicle operations and maintenance, information management, and engineering support requirements. Most military cafeterias and dining facilities feed their customers better, faster, and less expensively than the military "mess halls" they replace. Fast-food restaurants built and operating on government property, inside the gate, are an even better example of how far DOD has moved away from directly satisfying all the needs of its own.

Operations more directly associated with the primary mission of DOD, to train, field, and maintain combat forces, have also been transferred to the private sector. For example, the Department of the Air Force has long relied on contractors to maintain the aircraft and mission simulators it uses to train combat aircrews. Some of the initial tactical training is provided to new crewmembers by contract employees. Portions of aircrew recurring training are provided by the private sector through the Contracted Training Flight Services program (formerly Air Defense Target and Electronic Countermeasures Training). The space and missile test ranges receive essentially all of their day-to-day support, including fire protection, security, and property maintenance, from private companies. Training aircraft at many Air Education and Training Command bases are maintained by contractor services. A fundamental tenet of the Marine Corps' ability to project combat forces into many parts of the world relies on the use of pre-positioning ships with equipment and material. Those ships are owned by private companies and operated by civilian crews. Sharing the responsibility of supporting, servicing, training, and maintaining the armed forces with the private sector is not a new idea. In January 1995, DOD reported to the Congress that almost 200,000 work years of contractor support were used by the Department.Footnote8



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The Magnitude of The Privatization Effort Is The Difference

Although DOD has broad experience in outsourcing work, it has never before attempted the degree to which reliance on the private sector is under serious consideration today. Even with the 200,000 work years already contracted, there is enormous potential for further privatization. In January 1995, DOD

reported to Congress that as many as 250,000 civilian employees are doing commercial-type activities that do not need to be performed by government employees.^{Footnote9} These employees represent approximately 29 percent of the total work force within DOD.^{Footnote10} The CORM defined support functions using the eleven major budget programs and identified approximately \$120 billion per year which could possibly be outsourced. Using the CORM's estimates for potential savings, outsourcing these activities could provide an additional \$36 billion per year for higher priority needs, such as modernization and readiness.^{Footnote11} Potential savings have provided DOD a powerful incentive to pursue privatization, and it is. In his comments to the Chairman of the Senate Committee on Armed Services, the Secretary of Defense committed to "outsourcing much of the commercial type support activities."^{Footnote12}

Candidate activities cut across a range of disciplines including depot maintenance, materials management, medical care, family housing, finance and accounting, data center operations, education and training, base management, and infrastructure support. At the highest level, the CORM's recommendation is for the DOD to stop performing any functions that do not directly contribute to warfighting. To this end, a significant DOD goal is the transfer to the private sector of much of the depot-level maintenance, remanufacturing, and modification of military equipment. Of the \$120 billion mentioned above, a Congressionally-directed study noted, "the Pentagon's depot business has totaled about \$15 billion annually in recent years."^{Footnote13}


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Privatization of Depots

Privatize, yes, we're going to do that. We're doing it with the depots, we're going to do it with a whole array--or look at doing it with a whole array of other issues.... Privatization of depots came from the [Commission on Roles and Missions of the Armed Forces] report.^{Footnote14}

The current depot structure grew out of the need to produce, support, and maintain defense equipment when the private sector was unable or unwilling to do so because of limited capacity and other production opportunities. Its growth was further spurred by the higher priority given defense requirements in the allocation of resources during the Cold War. For example, in 1967 the defense budget consumed 9.8 percent of the Gross Domestic Product (GDP). It has steadily decreased, with the exception of a period in the 1980s, to less than 4 percent of GDP, and it is projected to continue dropping to 2.9 percent by the year 2000.^{Footnote15} Acknowledging that the use of "percentage of GDP" as the only measure will not yield a sophisticated economic analysis, it does, however, provide a general reference to the priority given the defense budget in resource issues. As the budget has decreased--35 percent (real dollars) since 1985--DOD has not decreased its support and depot structure at the same rate. The result is a disproportionately large support expense, when compared to the size of the combat forces supported. In his transmittal letter of the DOD BRAC Recommendations, Secretary of Defense Perry emphasized the importance of rectifying the imbalance between money and facilities. He stated, "...if we fail to bring our infrastructure in line with our force structure and budget, we will lack the funds to maintain our readiness and modernization in years to come."^{Footnote16} His recommendations, specifically those concerning depot facilities, were designed to help improve the balance.

Along with the decreasing availability of resources for defense, a second major trend has emerged which questions many of the reasons the depot system exists. The alternative not previously available, the private sector, expanded in size, capability, and sophistication. Although the start of the private sector buildup lagged the depots, it grew steadily during much of the Cold War. Now, commercial services for nearly every need are not only available, they are generally more efficient and cost effective. As previously noted, the OMB estimates 20 percent lower costs when commercial-type activities are moved from the public to the private sector.^{Footnote17} While the prospect of an additional 20 percent for

modernization should encourage DOD to privatize workload, anticipation of a new market of nearly \$12 billion in work per year provides a like incentive to the private sector. Moreover, since industry is already performing 30 percent of the depot-level work, it is reasonable to assume the private sector can complete the bulk of what remains at significant savings to the taxpayer. There no longer appears the need for DOD to do this work in-house. Even discounting the savings to the taxpayer, there is great reason to rely on industry for support.

When the Cold War ended, both the public and private sectors were faced with significant excess capacity. The Air Force's BRAC 95 analysis identified 40 percent excess capacity. As a result of aggressive consolidation of their operations, industry reports excess capacity in the aerospace segment at about 66 percent. These figures have fostered great concern for the demise of the defense industrial base which has continued to grow as the end of the Cold War redefined a major segment of the American economy. The transfer of depot maintenance into the private sector would make a significant contribution to its preservation.

The significance of the above factors--savings, capability, opportunity, and the fragility of the defense industrial base--is taking hold within the DOD, Administration, and industry. Even in light of the powerful motivations and needs, however, the challenges of privatizing depot maintenance are formidable. Several of the specific obstacles to successful privatization of the depot workload will be addressed in the next section.



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Footnote1

Report of the National Performance Review, "Creating a Government That Works Better & Costs Less," September 7, 1993, Preface.

Footnote2

Excerpt from Vice President Gore's remarks to the press during submission of the NPR Recommendations to President Clinton, September 7, 1993, as recorded in the documents section of the [White House Internet Site](#).

Footnote3

"Since 1988, over 90 percent of the largest 500 companies in the U. S. have made at least one substantial commitment to outsourcing a major business function." FORBES White Paper, *Innovators in Outsourcing*, FORBES, October 1995.

Footnote4

Engbretson, Gary B.; President, Contract Services Association, "Testimony before the House Government Reform and Oversight Committee," April 5, 1995.

Footnote5

See OMB Policy Letter 92-1, Inherently Governmental Functions, September 23, 1992, for a discussion of this type activity. Examples of inherent functions include policy and budget decisions, waging war, revenue raising, etc.

Footnote6

Concklin, Bert M.; President, Professional Services Council; "Testimony before the Government Reform and Oversight Subcommittee of the House Government Reform and Oversight Committee," March 14, 1995.

Footnote7

Perry, Dr. William J.; Secretary of Defense; Letter to Honorable Strom Thurmond; Chairman, Committee on Armed Services: "Comments on the Report of the Commission on Roles and Missions of the Armed Forces," August 24, 1995.

Footnote8

Report of the Commission on Roles and Missions of the Armed Forces, May 24, 1995, Chapter 3, pg. 3-3.

Footnote9

DOD: "Report on the Performance of DOD Commercial Activities," January 30, 1995, pg. 5.

Footnote10

Based on the FY95 Total End-Strength, FY96 Clinton Administration DOD Budget, *Air Force Magazine*, May 1995, Table: *Armed Forces Manpower Trends*, pg. 37.

Footnote11

Report of the Commission on Roles and Missions of the Armed Forces, May 24, 1995, Chapter 3, pg. 3-3.

Footnote12

Perry, Dr. William J.; Secretary of Defense; Letter to Honorable Strom Thurmond; Chairman, Committee on Armed Services: "Comments on the Report of the Commission on Roles and Missions of the Armed Forces," August 24, 1995.

Footnote13

Grier, Peter, *Air Force Magazine*, "Depots in Dispute," July 1994, pg. 67.

Footnote14

White, Dr. John P.; Deputy Secretary of Defense; DOD News Briefing: "Update on The Report of the Commission on Roles and Missions," August 25, 1995.

Footnote15

Based on the FY96 Clinton Administration DOD Budget, *Air Force Magazine*, May 1995, Table: *Federal Budget Categories as Percentages of GDP*, pg. 46.

Footnote16

Perry, Dr. William J.; Secretary of Defense; Letter to Honorable Alan J. Dixon; Chairman, Defense Base Closure and Realignment Commission; "Transmittal DOD Base Closure and Realignment Report, dtd. March 1995"; February 28, 1995.

Footnote17

Center for Naval Analyses, "Issues Concerning Public and Private Provision of Depot Maintenance," CRM 94-65, April 1994.

SCOMM

122:57

MEMORANDUM
Department of Natural Resources

State of Alaska
Office of the Commissioner

TO: Commission on Privatization

DATE: December 1, 1999

FILE NO:

TELEPHONE NO: 269-8431


FROM: Marty Rutherford
Deputy Commissioner

SUBJECT: Report of Subcommittee on
Privatization of DNR

Attached is the Department of Natural Resources (DNR) response to the Privatization Report on DNR. The format of this document is similar to that provided to the full Commission on Privatization from the DNR Subcommittee, in that it is divided into division/section responses to the division/section reports.

The attachments speak to the details of the comments and recommendations. However, there is one item I would like to note in this cover memo. Throughout the DNR Subcommittee Report are various budget detail. Some of that detail is an accurate reflection of what is in the FY2000 budget, which runs from July 1, 1999 through June 30, 2000, and some of it is not. Recognizing that the budget documents are difficult to use I strongly recommended to the DNR Subcommittee that they work closely with DNR's division managers to understand the documents they were being asked to analyze by their subcommittee chair. When that close coordination did not occur, the Subcommittee Report occasionally reflects detail which is inaccurate and misleading. For that reason I would like to work closely with your staff as you develop your final Commission Report so that I might identify and clarify budget confusions.

Finally, I would like to apologize that I was not available at your initial meeting on November 18th to review the DNR Subcommittee Report. Because our subcommittee chair was out of the country I was unaware that the full Commission was reviewing the DNR Report until the evening of November 17th and at that time I was traveling to Fairbanks and Juneau.

I look forward to working with you and your staff as you prepare your final recommendations.

Attachments

RESPONSE TO PRIVATIZATION REPORT ON RECORDER'S OFFICE

Sadly, the privatization report pertaining to the Recorder's Office is fraught with inaccuracies, incomplete information and adverse personal opinions by the disgruntled former contractor who prepared and presented the report. It is important to state that the preparer of the privatization report did not contact any Recorder's Office manager or other DNR official to confirm statements in the report nor to discuss the proposed recommendations. DNR is hopeful that the legislature and the public will be able to see through the biased nature of this report and recognize the true value of the services provided by the Recorder's Office/UCC component.

The Recorder's Office component is fully funded by program receipts and routinely generates more than \$1 million in excess of its requisite operating funding annually. In FY99 this excess approached \$2.5 million. It is hard to understand why the state would even consider privatizing a money-making program such as this when the state is in such dire need of revenues.

Implementation of the internal indexing system has been beneficial for both the Recorder's Office staff and for the public. The new system offers many new tools and efficiencies that were not available on the prior system operated by a private contractor. Further, the component has the ability to seek continual improvements in the system as needed and can get timely responses to such requests, something that it was unable to achieve while the system was operated by a private contractor under a no cost agreement.

The "History" section of the report seems irrelevant to the issue of privatization. What it does convey is the immense conflict of interest represented by a private vendor who wants to recover the operation of a system for his own purposes. The sole source agreement with Motznik Computer Services expired in June 1996, when the contractor failed to meet the conditions previously agreed to for extension of the agreement. In April 1997, the contractor stated that the processing would not be provided beyond July 1, 1997, unless the state began paying for the service and substantially changed its data entry procedures. Soon thereafter, the House Labor and Commerce Committee instructed the department to resume negotiations with that vendor, and a one-year extension was reached. At about the same time, the Legislature appropriated \$50.0 for the in-house Recorder's Office indexing system in SLA97, CH100, Sec. 82, P54, line 22. When the agreement with MCS again expired in 1998, DNR was ready to transition to the new system that the legislature had authorized the previous year.

The transition to the new system occurred in January 1999. For the first time in a very long time, our employees felt they were in control of their daily work. They do not have to worry about losing a lengthy document that took many hours to input (a frequent occurrence under the old system), as the new system enables them to save their work in progress. The many operational and data entry efficiencies offered by the new system have enabled staff to keep pace with the daily work and to minimize the incessant backlogs incurred under the prior system. Further, the new system enables the public to

get the information much sooner than before, and corrections to data show up immediately (rather than up to six months later as under the prior system).

One of our frequent customers had this to say about the new system: "The state's new system is superior to Motznik's slow and expensive system (\$1.25 per minute) because data can now be searched by recording district, document type and date. These features alone save me about 95% of the time I would normally spend searching the Motznik system."

RESPONSE TO RECOMMENDATION 1

The FY00 CIP request for Y2K funding was submitted in good faith on the best available information at the time. DOA expressed Y2K issues for the SNA network and told agencies they needed to migrate to the Wide Area Network (WAN). Increased costs would occur for agencies that chose not to migrate. Later, however, DOA clarified that there was no Y2K issue driving the SNA to WAN conversion. DNR withdrew its request as soon as it received the updated information.

The Recorder's Office received Revised Program funding for two front-line staff at the height of the refinance activity in FY94. When the high volumes tapered off in the years following FY94, they remained well above volumes in the early 1990's when staffing levels were higher. There was no excess staffing, but rather a continued need to address the incoming workload under an indexing system that was cumbersome and difficult to use.

Recording offices process and film much documentation that is never reported in the page count statistics for recorded documents (i.e. plat attachments, UCC attachments, etc.) The fact is that the component filmed and processed more than 560,000 pages in FY99. Less than 380,000 pages were filmed in FY94.

RESPONSE TO RECOMMENDATION 2

The informational letters distributed by the State Recorder were designed to inform the user groups about potential adverse impacts of budget reductions. Our managers believe they have an obligation to keep the public informed of possible impacts. There would be overwhelming negative response from the public if offices were closed or otherwise impacted and the public was not informed.

RESPONSE TO RECOMMENDATION 3

The report states that the processing was provided for 12 years "at no cost to the state". Because the contractor was not compensated by the state, the system was not maintained with current technology and did not meet the needs of the public. You get what you pay for! The state did seek other vendors who would be interested in providing the system at no cost. Responses indicated this would only be possible if the state would provide them with an exclusive license to market the data or meet other unreasonable requirements.

We suggest our customers be asked the question whether the system is serving their needs. The current system is meeting our internal and customer needs far better than the prior system did.

RESPONSE TO RECOMMENDATION 4

Contracting out the entire recorder's office process is an unrealistic suggestion. The state would be relinquishing a revenue-generating program at a time when revenues are critical to state operation. Further, the original historic records of Alaska should never be placed into private hands. The registry process is rightly a governmental role and the government should not abandon this responsibility. The suggestion that a title company could perform this role would result in a massive conflict of interest issue.

RESPONSE TO RECOMMENDATION 5

In order to protect the integrity of the original permanent record, the archival film should never be used for duplicating. The component contracts out for film services it does not have the capability of providing. Fiche duplication is an in-house service that has been provided by the component for many years.

RESPONSE TO RECOMMENDATION 6

Document policing is not a role that should be played by recording staff. In fact, AS 40.17.035 mandates that recorders "may not consider whether the contents of a document are legally sufficient to achieve the purpose of the document." The responsibility to prepare documents correctly is on the party preparing those documents, not on the recording staff. Recording staff examine documents for compliance with minimum acceptance criteria only. Legal descriptions are not required on documents, but are indexed if they are present.

Benefits of New DNR System**Problems with Motznik System**

Y2K compliant	Was not Y2K compliant
Significantly Faster Response Time	Slow Response Time
Indexing of documents kept current	Routine Backlog of Data Entry
99% or better system availability	Frequent down time
Unlimited Indexing Capability	No capacity for indexing large documents (>999 lines)
Corrections applied immediately.	Long Delays in applying corrections to documents, up to 6 months
Ability to save partially indexed document	No ability to save partially indexed document
No loss of long documents.	Common to lose lengthy documents before completed, work is lost
Ability to share work on large document, supports simultaneous data entry per specific rules	Large documents entered under temp id, programmer work to merge pieces.
Ability to view verified and unverified	Customers could not see unverified documents
No delay in viewing, view after entered	Overnight delay to view verified documents
No loss of documents	Some documents dropped or lost
Automatic Line Sequencing	Manual typing of line numbers
Abbreviations expanded to full name	Required extensive knowledge of abbreviations
Efficient data entry software and procedures	Data entry was labor intensive
Expanded customer options for searching at district level.	Limited search ability at the district level
- Search by district	- Not available
- Search by date	- Not available
- Search by document type	- Not available
- Search by book and page	- Not available
- Search by plat number statewide	- Not available

ERIK HANSEN

Geologist / Land Status Specialist

P.O. Box 97 • Ester, Alaska 99725 • Phone (907) 479-2195

March 16, 1999

Commissioner John Shively
Department of Natural Resources,
Juneau, AK 99801

NEW COMPUTERIZED RECORDER/UCC INDEX SYSTEM.

I have been in the Alaskan mining industry for almost 30 years as a geologist and land man, and I have spent thousands of hours researching mining documents at the State's recorder's offices.

I am writing this letter primarily to express my appreciation for the new computerized index system now available to the public at a number of state offices. This system was created by the Department of Natural Resources and implemented on January 4, 1999, and it is far superior to the previously available Motznik (privately owned) system.

The state's new system is superior to Motznik's slow and expensive system (\$1.25 per minute) because data can now be searched by recording district, document type, and date. These features alone save me about 95% of the time I would normally spend searching the Motznik system.

It is my hope that the virtual monopoly by Motznik Computer Services has come to an end and that this important public data base can now freely be made available to the public. Ideally, the data should be made available free on the Internet, however, as a subscriber (\$500/year) and frequent user of the State's LAS system I would be glad to pay an extra fee just to be able to access this system at my home office. For some reason, private subscribers to the State's LAS system are still specifically barred from accessing the new Recorder's Office System.

I would appreciate if you help making the new system available to private subscribers, and I would also be very interested in knowing who in the Administration decided to block this data base from public access and why? Could it be that the monopoly is not quite broken yet?

Sincerely,





Edward J. Palmer & Associates
Registered Land Surveyor

April 28, 1999

The Anchorage Times
P.O.Box 100040
Anchorage, Alaska
To: The Editors

Concerning your editorial about the new State Recorder's Office computerized record retrieval system Vs Motznik Computer Service's "free" computer system.

The only reason Motznik's computer service was free was so he can sell the Recorder's Office data through his system to subscribers on-line. The data is input into his system by State Recorder's Office personnel on a daily basis; his system simply sorts the data and stores it. He does nothing more than maintain the computers.

I have been a user of Motznik's computer system in the Palmer Recorder's Office and have complained about that system since the first day I used it. Motznik's computer system is old and very slow and is poorly set up to retrieve data and presents the info in a manner that makes it difficult to find what I need. I was very unsatisfied with Motznik's computer system. The Palmer Recorder's Office was aware of the problems with that system and contrary to what you printed they were not satisfied with what Motznik was providing. I was told by them that Motznik refused to upgrade or change his system and in my opinion that left the Recorder's Office little option but to go it on their own.

I have used the new system in the Recorder's Office in Palmer and have found it to be an excellent replacement for Motznik's system. The new system is very fast with data retrieval and best of all it presents the all the available data in a manner which makes it much easier to find what I need. With Motznik's system I had to look in four or five different places to ensure I hadn't missed anything. With this new system all the available data is presented in one easy to scroll through screen. In fact now I can find in five minutes what used to take one-half hour to one hour to find and am sure I've found all the data to be found in the system.

I think the State's investment in the new system is well worth the money involved. My congratulations to Sharon Young and the State Recorder's Office for a job well done and for having the guts to do what's right for us, the end users of all the data archived by the State. They've done a good job with this new system.

I think you were dead wrong in your editorial and ought to re-think your position on this matter. I think the money invested in this system was well worth the price. Furthermore, I think the State can provide (for a fee, of course) the same on-line service to subscribers that Motznik provided. And to your complaint that this is getting into the field of private enterprise you can squelch that by remembering that Motznik had his chance to upgrade his system and refused. There are other options too: let the State farm the system out to private enterprise to run, for a fee,

Yours truly,

Edward J. Palmer, R.L.S.

MEMORANDUM

State of Alaska

**Department of Natural Resources
Division of Mining, Land and Water**

Tele: (907) 269-8600

Fax: (907) 563-1853

E-mail: bobl@dnr.state.ak.us

November 21, 1999

To: Marty Rutherford
Deputy Commissioner

From: Bob Loeffler
Director

Subject: Privatization Recommendations.

Recommendations for Mining and Water Components

The analysis of the Mining, Geologic, and Water Development Component analyzed the wrong budget. That is, it indicated that the FY 98 budget for the component was \$31.6 million and the FY 99 budget was \$21.5 million. This isn't our budget. I do not know whose it was. Just to review a few examples, my staff did not spend \$9.5 million on travel in FY 98; nor did we spend \$331,378 on room rental. I do not know whose budget these recommendations are made on, but they are not made after analyzing anything related to the old Division of Mining and Water Management.

Recommendations for Land Development Component

The subcommittee recommendations included the following.

1. Marketing of land disposals. "The marketing of land disposals...could be accomplished by a private company for a fixed fee or commission."

Response: Marketing land disposals requires very little staff time by the department. Costs are basically printing and mailing. Thus, there is very little opportunity to save funds by privatizing this function. While significantly greater marketing could be accomplished by the private section, this would increase exposure of the program but would cost significantly more. Thus, privatizing marketing is not a cost-saving measure.

2. Appraisal and Survey of land for lease or sale. "There may be opportunities for privatization in the appraisal and surveying of land for lease or sale. The division has already undertaken to contract some of the lease appraisals to private entities. At this time only a portion of the land for disposal requires a state funded survey (i.e., a lease applicant must pay for his or her own survey). Depending on cost effectiveness and the perceived necessity for review, privatization in this area could be expanded."

Response: We are please that the analysis recognized DNR's efforts in this area. Most appraisal and survey at this time is accomplished by private parties. We will look for other opportunities use private firms for this as cost-effective opportunities arise.

3. Customer Service – Dissemination of information to the public via web sites. The report recognizes that we should leverage technology and make increased use of web sites to disseminate information.

Response: We agree.

Response to Privatization Subcommittee November 22, 1999

Agricultural Revolving Loan Fund (ARLF)

The Audit Report issued on ARLF in March of 1998, control number 10-4557-98, was favorable towards the current operations of the ARLF. It did give recommendations, most of which were agreed to and have either been implemented or are in the process of being implemented.

The facts and observations listed by the committee warrant the following comments:

1. Most of the projects fell short of their goals--Various factors led up to the difficulties with the large projects attempted in the 1980s; however, those were through the efforts of the Agricultural Action Council and not the ARLF. ARLF inherited those problem accounts after the Agricultural Action Council was disbanded. The Division has moved past these project problems. Agricultural production has shown steady, moderate growth in the past decade.
2. Success in increased vegetable production may have occurred without ARLF--this is speculative, given that some of the most consistent and reliable borrowers with ARLF are larger producers of lettuce, potatoes, and carrots. A borrower in the Delta region has financed his carrot operation through ARLF and serves the interior market as well as breaking through in the export market to Taiwan this year.
3. Barley export is no longer the focus of the Delta project; in fact, the area has a healthy diversity of agricultural enterprises. However, barley is still a viable product, which is grown and utilized within Alaska for dairy ration and other animal feed.
4. The ARLF cash balance is not falling at the rate projected in the audit, and because of conservative management and sale of assets is actually higher, at \$6,776 million at the start of FY2000. ARLF direct expenses have been exceeded by income by \$275,000 over the past four years.
5. There are still significant assets to dispose of, indicating the cash balance decline may not be as drastic as forecasted, delaying the need for a large infusion of funds.
6. We agree that Division of Agriculture functions besides ARLF should be funded with General Funds.
7. Since the audit report we have been aggressive in collection on bad loans and court judgements. Currently a full-time attorney works on these cases.
8. Recent disposals of ARLF assets (agricultural lands) have exceeded appraisals in outcry auctions. We agree that vegetation re-growth is not a positive development and will be minimized through disposals of land within two years.

9. Most private banks do not participate in agricultural lending because they lack knowledge of it and see it as too great of a risk. Federal programs are lenders of last resort and ARRC is undercapitalized.

Suggestions:

1. Private lending institutions have not shown an interest in agricultural lending nor do they have experience or expertise.
2. Is it government's role to assist banks in generating profits, especially when the intent of ARLF is to assist agricultural development.
3. We agree the non-ARLF division programs should be funded with general funds.
4. We have made significant progress on bad loans and judgements and by late 1999 will determine whether some cases can be contracted to private collection agencies.
5. We are currently pursuing an aggressive sale schedule to dispose of these properties.
6. Until general funds for division functions are restored, this action would essentially cease all state agricultural functions, many of which are statutory.

Division of Agriculture Functions

[(Land Management, Inspection and Marketing, Plant Materials Center (PMC)]

1. We agree we have numerous duties, many legislatively mandated.
2. We agree with this partial list of services the division provides.
3. We concur; however, note that the seasonal employees at the PMC are not included in this number.
4. This is true; our federal inspections are a good example as well as our land sales programs.
5. This is correct.
6. This is essentially correct also.
7. We appreciate this observation.
8. We will continue to look for efficiencies.
9. Our limited general funds come from these land sales in the form of program receipts from interest generated on the sales.

We cannot ignore the fact that at this point ARLF and the rest of Division of Agriculture functions are interrelated and interdependent and that connection does not seem to be recognized in these two reports, as evidenced by extremely different conclusions.

MEMORANDUM
Department of Natural Resources
Division of Forestry

State of Alaska
Central Office

TO: Marty Rutherford

DATE: November 22, 1999

FILE NO:

TELEPHONE NO.: 265-3379

FROM: Jeff Jahnke
State Forester

SUBJECT: Privatization Report

Privatization Report -- Resource Management Response

Comments on Summary

- **Small sales.** We appreciate the recognition that we are adequately meeting the demands of small operators. In southeast Alaska, this is our main niche given the limited amount of state-owned forest land. Throughout the state, support to local operators is one of our goals.
- **Large sales.** The report asserts that the state doesn't offer enough large sales to allow major investments in new and expanded forest operations, but notes that the value-added sale program (under AS 38.05.123) may help. DOF is indeed using .123 to offer larger sales in Southeast and Interior Alaska, and can use the program for appropriate proposals in southcentral as well. However, the state owns little of the forested land in SE Alaska, and can provide only limited long-term support to major processors. There may be more opportunity for expansion in southcentral and Interior Alaska, if there is demand for under utilized species, particularly low-quality hardwoods. Large sales should only be offered if we can continue to support small local operations as well.
- **Forest Management Agreements.** The state does not support Forest Management Agreements. State land is public land managed for multiple use and sustainability of all renewable resources, and the track record of multiple use management by private firms is weak. The history of large, long-term contracts on public land elsewhere in the U.S. and Canada raises serious questions about their long-term economic and environmental desirability.

Comments on Suggestions

1. DOF provides appropriate detail on management costs. State forests are managed for multiple use and sustained yield of renewable resources, not solely for economic

returns for timber. Therefore, the state bears different costs than private forest managers.

2. Fire management and forest resource management are intertwined, and one of the Division's goals is to better integrate the programs. Staff have responsibilities in both programs, and separating the budgets is counterproductive.
3. We appreciate increased flexibility in timber sale options. However, our ability to offer 20-year sales is limited by the amount and type of forest land in state ownership, and by obligations to offer sales in a range of sizes to support a variety of operations.

Comments on Fire Suppression:

Comments on Summary:

The section concerning the Division's Fire Management Program was quite complementary and reinforced our belief that our efforts to continually improve the program are having a positive effect. It was quite pleasant to hear an opinion from the private sector that we are doing some things right in state government. Mr. Tasker made two recommendations for consideration at the end of his report. I would like to address those recommendations in detail:

Comments on Recommendations:

1. More extensive use of the internet. The Division utilizes the internet for the posting of fire status and information as Mr. Tasker mentions. We also have a website that has a great deal of information on it concerning a lot of the Division's activities. We are always looking for additional ways to use the "net" as it is quite cost effective and is accessible not only to the public, but also all of our employees and cooperators.
2. More support for the Tanana Hotshot fire fighting crew. I am assuming that Mr. Tasker means the Tazlina Hotshots in his recommendation. The Tazlina's have become a very successful semi-private crew. We call them semi-private because they are a private crew until they are hired as emergency firefighters (making them temporary state employees) and dispatched to a fire. The Division provides training and logistical support to the crew in an effort to keep them ready for immediate fire dispatch. The Division also has the authority to hire the crew as non-emergency EFF to work on a variety of non-fire related activities. Funding to payroll the crew on non-fire projects comes from cooperating agencies such as the BLM and Municipality of Anchorage. One way to support the crew would be to increase the authorization level on the amount of money the Division can receive from cooperating agencies.

**Alaska Division of Parks and Outdoor Recreation
Response to Privatization Report**

The Alaska Division of Parks and Outdoor Recreation recognizes the benefits of contracting certain units of the state park system for private operation. Since 1995, 11 units have been contracted including two historical sites (Rika's Roadhouse and House of Wickersham), one trail system (Juneau/Perseverance), one visitor/nature center (Eagle River in Chugach State Park) and seven campgrounds (Montana Creek, Porcupine Creek, Dry Creek, Little Tonsina, Squirrel Creek, Blueberry, and Liberty Falls). Three additional sites are planned for 2000.

The existing contract operations are not fully privatized operations. The Division of Parks retains primary responsibility for major maintenance. The cash flow is too low to expect a private operator to fund daily operations and maintenance and also have the ability to invest in reducing decades of deferred maintenance. The Alaska State Park system has identified \$35 million in deferred maintenance needs. The revenue projections identified in the report are roughly the same figure as Parks currently spends to operate those same facilities. This simply leaves no extra funds for large deferred maintenance projects. Only if the deferred maintenance backlog is reduced could park units truly be privatized.

Two issues recognized by Parks in its contracting to date were also identified by the privatization committee. Many park units are not economical to individually contract. The privatization report refers to "bundling" park units to make a more economic package for a potential operator. This strategy is currently employed in over half of the campgrounds contracted to date. Parks "clusters" our units together to make an acceptable economic package.

The second issue relates to the camping pass. Based on past experience when park camping passes were not required to be honored at contracted park units, the Division of Parks implemented a policy requiring that park camping passes must be honored at park units operated by private contractor. The public confusion and resulting camper anger when they were not honored was horrific and resulted in a black eye for the state. Recognizing that this requirement costs private operators revenue, State Parks is already implementing one of the recommendations of the committee by canceling the non-resident camping pass beginning in the 2000 camping season.

The viability of a massive privatization move, as suggested in the privatization report, is based on a cancellation of the resident camping pass. Revenue from nightly campground fees and camping pass sales in the four park areas identified in the report totaled almost \$700,000 in FY98. The report calculates potential revenue of \$1.2 million from the same campgrounds if no pass were available. The \$500,000 difference is caused not by commercial RV pass sales, as suggested in the report, but by the 3,500 Alaskans who purchase a resident camping pass. This is a benefit that Alaskans are very keen on and

the political fallout of canceling this program, as suggested in the report, could be very high. As such, we have not considered canceling the camping pass for Alaskan residents.

Parks also agrees with another of the strategies suggested in the privatization report, that all campgrounds must have an onsite presence. The report suggests that this can only be efficiently achieved with paid staff. We disagree. Parks has a vibrant and successful volunteer program where volunteer campground hosts are recruited, trained, paid a small stipend, and put to work in our campgrounds doing exactly the same tasks the report suggests as only possible with a paid staff. Parks is currently providing most of these services with volunteers.

One service we do not currently provide is reservations. We were evaluating a reservation system for the Kenai Peninsula when we doubled the price of the non-resident camping pass three years ago. The resulting drop in non-resident pass purchases and subsequent drop in non-resident visitation left more campsites open for Alaskans. Complaints dropped off significantly. With the complete cancellation of the non-resident camping pass next summer, we anticipate even more campsites will be available for Alaskans. This would alleviate the expense of a reservation system and the probable ill will caused by having Alaskans call an out-of-state phone bank to make an Alaskan reservation.

Alaska Division of Oil & Gas
Response to Privatization Report

Reasons why privatization of certain areas of the Division of Oil and gas is not in Alaska's best interest:

Note: The numbers in brackets (#) refer to numbered sections in the report and the **Bold** section names correspond to those in the report.

(2) Resource Evaluation. Although the report correctly notes that privatizing the resource section would cause inefficiencies, likely raise not decrease costs, and create conflicts of interest it still concludes that "Amount Potential for Privatization" is \$200,000. Except for mentioning "potential leverage of outside knowledge" this privatization amount is not explained. What exactly is being privatized? Following are some comments appropriate to this section, whatever the intent of the report:

- ♦ The Resource Evaluation relies on confidential information regarding exploration and development plans and proposals provided by the private sector. There would be a natural reluctance by operators to reveal such information to a private contractor. The data collected and used is confidential. If a private firm handles the confidential data how will it be protected? Won't the private firm need to set up groups almost identical to the division's existing groups to do the same work? The Resource Evaluation section deals almost exclusively with proprietary confidential data supplied by permittees under stringent protective rules. Industry would not be willing to deal with an out-sourced contractor.
- ♦ The public data would end up in the hands of only one private party. Presently access to public data is not controlled or manipulated by a for-profit entity. Who will maintain the existing public info on the department's digital databases?
- ♦ In leasing, permitting and unitization decisions there is a negotiated balancing of economic and environmental benefits and costs. It is not appropriate for a private for-profit firm to make these decisions. Will the private firm have the engineers, geologists, geophysicists, lawyers, and technicians to do the job correctly?

- ♦ Determinations of what is or what is not in the state's best interest would end up in private hands. What is to prevent them from looking out for their own best interests and profit? Can the commissioner contract away his statutory obligation to make decisions in the state's best interest? Will another state, federal or local agency be willing to negotiate with a private firm who now represents DNR's interests?
- ♦ Appeals—who will defend/support the appeal and who will the appeal be made to?
- ♦ Fees and revenue - we seriously question whether money will be saved. The private firm will have to replicate or even increase staff relative to the division to maintain the same expertise. How will the two entities interact and can they form the believed synergies?

(3) Leasing/Tech Support

Areawide leasing and exploration licensing—the report completely confuses the two programs and misstates the effect of the added programs. We are doing more, not less. We are now offering more acres than ever before, and we are offering these acres in regularly scheduled sales each year. The statement in the report "the Oil & Gas Development unit has had one major change in recent years that required adjustments in how they complete new development" (emphasis ours) has no meaning that we can decipher.

In addition, the results of the current outsourcing of the best interest finding for the Copper River area are less than satisfactory. Hopefully, the outsourcing process and work product/performance of the contractor can be improved.

The reason we issue a Five Year Leasing Program report is because it is required by law —AS 38.05.180(b). It is issued every OTHER year (at the beginning of each new Legislature).

(4) Revenue Development

As explained below, we see no benefit, either in service or cost, provided by an out-of-state consultant. We agree the opinion that outsourcing may lead to increased costs.

Revenue Development expertise needs to be maintained in-house

- 1. Royalty settlement agreements, TAPS settlements, lease contracts, and other agreements made with industry are numerous, complex and arcane. Outside consultants are unlikely to have the expertise on hand and would have to make a considerable investment to develop this knowledge.**
- 2. Issues arise abruptly and outside the control of the division. In order to successfully anticipate the state's need for timely analysis, outside consultants would have to be retained on an ad-hoc basis with little opportunity for any real savings.**
- 3. The division must retain a sufficient staff to preserve the division's institutional memory. Without an institutional memory the state would pay dearly each time it hired a consultant and had to educate him on the complex issues with which we deal routinely.**
- 4. In a practical sense, the division has already privatized. When very important and potentially costly disputes arise, the division relies on outside consultants. Through our representation by the Department of Law, expert economists, lawyers, and analysts are hired to conduct the research and support the state's position in these situations. The small staff in the Revenue Development acts as an informed buyer for the state when these services are hired. This staff also collaborates with the outside consultants by contributing its unique expertise.**
- 5. The various settlements and contracts with industry are often intertwined. Sometimes trade-offs are made in one agreement based on the trade-offs made in previous agreements. Sometimes the state's interests in an agreement are affirmed in later agreements. Outside consultants hired on a case-by-case basis cannot represent the state's best interest without this knowledge.**

6. In every issue where Revenue Development participates in the division's decision making, confidential data is acquired from industry. Providing this data to outside consultants creates a potential security lapse.
7. The division may also be severely restricted in what data may be revealed to its consultants, e.g., data received from one lessee may be relevant in determining the best interests of the state in an issue involving another lessee. Sharing these data with an outside consultant is probably illegal.

(5) Units Although privatization of the Units section is not contemplated in this report there are some very serious misconceptions put forward in the "General Opinion" section. The question is posed "Would not the producers establish agreements to maximize production if left to their own vices?" Perhaps they would, but that is not the point.

Assume a Unit composed of four leases. Three of the leases have a royalty rate of 20% and the fourth has a royalty rate of 12.5%. Where do you think industry "left to its own vices" will allocate the majority of the oil? Tract allocation is an essential and important role in unitization. Further, the crucial staff to determine equitable allocation are the very geologists being "privatized" in section (2). The state is not a merely "facilitator" as stated in the report, it is an OWNER of a percentage of the resource and as such must act to protect its interest.

(6) Lease Administration/Royalty Accounting

There is significant concern on the part of lessees about the use of confidential reported data and especially in the case of confidential economic and market data. With the implementation of the new royalty reporting standards, more of the price (value per bbl) data has been requested to be held confidential by the lessees.

There is a significant liability should confidential data be leaked to non-authorized entities. Lessees look upon the state as the guardian of the data provided, and would probably raise concerns about the access to such data by any outside companies. Should such work and analysis be farmed out to a private company, bonds should be required to cover those liabilities in the case of inappropriate uses of confidential data.

The other observation is that Royalty Accounting is very complex. The new automated system provides tremendous support for tracking many of the complexities. Even so, efficiencies can be provided through a stable work force that retains historical knowledge about the requirements and procedures associated with the multitude of lessees, leases, units and royalty valuation formulas.

Fees are also in place to reimburse the state where inefficiencies are due to non-responsive lessees. If a lessee fails to provide required information in a timely fashion, which in turn increases the state's administrative costs, administrative fees can be charged to cover situations where the lessee impacts the administrative burden beyond the normal daily expected costs.

Automation of many of the procedures to administer accounting of royalties for the state are increasing all the time. Will a private firm support these systems so audits can be performed in an efficient way?

MMS Oil & Gas Audit

This makes no sense to us. There is no cost to the state to have the benefit of an in-house auditor for federal issues. Production from some North Slope federal properties will start as early as next year (Northstar) and will continue in the years following (Liberty, NPRA). The "reasoning" stated in the report certainly does not outweigh the obvious benefits of having a close working relation between state and federal auditors. Moreover, it is unlikely the federal government would approve outsourcing this position. If we don't get their approval then the funding for the position is lost.

In conclusion, while privatization may make good sense in some situations (as in "privatizing" SOME parts of our Best Interest Findings) it certainly cannot be applied without careful scrutiny by knowledgeable people. Destroying the symbiosis that has been developed in this division over a number of years to fulfill some broad policy objective simply is without merit. It is particularly objectionable if there are, in fact, no benefits—monetary or otherwise.

We appreciate the author's summary conclusion that "The overall budget of the Oil & Gas BRU is not excessive considering the revenue it provides for the state". We agree, and in addition to providing revenue we also provide a number of highly technical services at much lower than industry cost. We also appreciate and agree with the author when he talks about the uncertainties created by the BP-Amoco—ARCO merger. One thing that is certain—the amount of work this division will need to do will increase dramatically over the next year or so.