

**State of Alaska
FY2002 Governor's Operating Budget
Summaries for All Departments**

December 15, 2000

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Department of Administration

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Department Mission

The mission of the Department of Administration is to:

- provide centralized management and technology services to state agencies;
- provide legal and advocacy services for indigent Alaskans;
- provide programs that promote the independence of Alaska's seniors;
- provide vehicle licensing and registration.

Department Goals and Strategies

CONTINUE TO IMPROVE THE LEVEL AND QUALITY OF SERVICES PROVIDED DIRECTLY TO THE PUBLIC.

- The Pioneers' Homes will work to develop and optimize gerontological services for residents with Alzheimer's Disease and Related Disorders and provide long term care to veterans.
- Expand care plan counseling for seniors and adults with physical disabilities seeking long-term care.
- Continue expanding motor vehicles registration and licensing services available to the public through partnerships with private vendors.
- Improve Public Defender capabilities by reducing caseload and increasing technical and other support services.
- Improve guardian ad litem services for abused and neglected children by improving and expanding the use of volunteers.

CONTINUE TO PURSUE OPPORTUNITIES FOR EFFICIENCY, COST REDUCTION, INNOVATION, AND EFFECTIVE DELIVERY OF STATE SERVICES AND PROGRAMS.

Information Services:

- Create a modern, customer-focused central information technology environment.
- Implement a telecommunications partnering plan with the private sector.
- Expand the delivery of state services through the integration of mainframe computing systems and Internet technology.
- Develop, enable, and support state agencies' efforts to conduct state business electronically.

Financial/Management:

- Design and implement an electronic commerce strategy and standard for statewide procurement and other transactions.
- Continue to work with the Administrative Solutions Team to improve the understanding of core administrative services issues affecting all state agencies.
- Develop and put in place programs to evaluate the use of electronic signatures.

Key Department Issues for FY2001 – 2002

SERVICES TO THE PUBLIC

- Pioneers' Homes: Alaska is one of only three states without a veterans' home program (Delaware and Hawaii are the others). The Governor has proposed legislation to provide for a veterans' preference for Pioneers' Home admissions. The proposed statutory change gives special recognition of veterans in the Pioneers' Homes by renaming the Homes 'The Pioneers' and Veterans' Homes'. We currently project that 125 beds will be filled by veterans once this change is in place, including 86 beds not currently filled because of budget constraints.
- Pioneers' Homes: The Pioneers' Homes program must develop some means to address the ongoing deferred facilities maintenance issues. The backlog of maintenance issues continues to grow as funding levels only allow maintenance for immediate threats to the health and safety of residents, with virtually no funding for proactive maintenance.

- Senior Services: Limited state resources for adult protective services to provide coverage statewide will require increased training of community resources such as police and medical personnel to assure proper reporting of suspected abuse or neglect of elders.
- Senior Services: The Division of Senior Services programs currently rely upon numerous duplicative, labor intensive, and ineffective systems. With support from the Alaska Mental Health Trust Authority, the division will create a functional, integrated data environment.
- Public Defender: The Public Defender Agency must continue to increase use of new technology to enable the agency to keep pace with the rest of the criminal justice system. The challenge is to do this within the existing budget despite the ongoing caseload increases.
- Office of Public Advocacy: Increasing Child In Need of Aid (CINA) caseloads in Anchorage and Fairbanks require expanded Guardian ad Litem and Public Defender staff.
- Motor Vehicles: The DMV will be relocating their highest volume state office, the Dowling Road location in Anchorage. The new location will consolidate public service, accounting and warehousing functions now in three separate locations.

SERVICES TO STATE AGENCIES

- Finance: Vendor support for the existing payroll system is being phased out and a new system will need to be designed and implemented.
- Personnel: The state could lose 25% of the current workforce in the next five years just to retirement. This demographic is mirrored across the country creating, in combination with a robust economy, the tightest job market in recent history. A statewide Workforce Planning Group is wrestling with the recruitment and retention issues currently faced by all state agencies. Although wages are the traditional focus, benefits and working conditions will play an increasing role in retention of the younger workforce.
- Information Services: The department will implement a partnership with private enterprise to provide telecommunications services to state agencies. This partnership must provide telecommunications infrastructure and support that is cost effective and able to quickly respond to changing technology and market conditions.
- Information Services: The Information Technology Group, in partnership with the Telecommunications Information Council, other departments, and the private sector, will develop an information technology plan for the state that identifies what our long range objectives are and a strategic plan to achieve those objectives.
- Risk Management: The state's risk management program has relied for the past several years upon the Catastrophic Reserve Account (CRA) to supplement the operating budget to meet the annual cost of self insured claims. This account is annually funded by a year-end "sweep" of unexpended general funds from other state operations, of up to \$5 million. As the state's general funds budget continues to be reduced, the amount available to sweep into the CRA has been declining. The FY2000 sweep resulted in an amount available for FY2001 that is significantly less than historical claims payment levels. The department will work with the Office of Management and Budget and the Legislature to develop a reliable funding mechanism for ongoing cost of claims. This is likely to require new legislation, new sources of funding for the CRA, or other ways to finance claims payouts.

Major Department Accomplishments in 2000

SERVICES TO THE PUBLIC

- Motor Vehicles: Implemented the first year of the boat registration program required by CH 28 SLA 00 (HB 108) which includes all boats previously subject to US Coast Guard registration as well as all unpowered boats over 10 feet long. Prepared all registration materials, computer program modifications, regulatory work, and public notifications for initial implementation with only 6 months lead time.
- Senior Services: Redesigned the independent personal care attendant program to operate in an employment agency model.
- Senior Services: Improved turnaround time by 75% for Medicaid waiver program ongoing cases.

SERVICES TO STATE AGENCIES

- Retirement and Benefits: Rebid and selected a new 3rd party administrator contractor for the active employee and retiree health programs.
- Information Technology Group: Published a request for proposals (RFP) for a public/private telecommunications partnership that will significantly reduce unit costs to state agencies. A contract award is expected the second half of FY2001.
- Facilities Management: Implemented the public facilities fund and pilot program managing operations and maintenance of eight state-owned facilities in Anchorage, Fairbanks, and Juneau.

- Facilities Management: In addition to the pilot program, DOA began management of facilities maintenance for seven of the remaining nine state-owned facilities in Juneau.
- Division of Finance: Completed a two year overhaul of the leave accounting system for the Alaska Marine Highway System.

Key Performance Measures for FY2002

Measure: The percentage of Division of Motor Vehicles transactions by private partners

(Added by Legislature in FY2001 version.)

Current Status:

Current efforts have focused on increasing the number of private sector partners to provide more accessible service to the public instead of focusing on transaction volume. The table below shows the number of partners for various types of activity:

- 19 Defensive driving course providers
- 12 Driving schools
- 27 Third party testers
- 3 Hospitals - Handicapped Permit Program
- 43 IM vendors
- 20 Auto dealerships
- 102 Snow Vehicle Dealers
- 461 Boat Dealers
- 17 Commissioned Agents

Benchmark:

Benchmarks with other states are not available at this time.

Background and Strategies:

The Division of Motor Vehicles (DMV) has been increasing the number of private vendor partnerships to provide more accessible service to the public. The volume of transactions by business partners will vary by type of business; for example, new vehicle registrations handled by vendors -vs- renewals, which likely will be done primarily through DMV, especially in areas without emissions inspection requirements. Future reports will deal with transaction volume by type of business as opposed to a single percentage for all transactions.

Measure: Increase the number of assisted living units available by 10% each year.

(Not yet addressed by Legislature.)

Current Status:

The number of new licenses for Assisted Living homes continues to grow, but the rate of growth over the past year has been about half the target rate. In November, 2000, Alaska had 125 assisted living homes with a total of 1,357 beds available. This is an increase of 11 homes (9.6%) and 70 beds (5.4%) since November, 1999.

Benchmark:

The Division of Senior Services has targeted a minimum annual increase of 10%.

Background and Strategies:

The number of assisted living homes in Alaska is expected to continue to grow as the population ages.

Assisted living homes offer many seniors a non-institutional alternative to nursing home care that is both better for quality of life of the client and is significantly more cost effective than higher care levels. The April/May, 1999 issue of the Alzheimer's Association State Policy Report made the point that annual savings from substituting assisted living for nursing home care could be as much as \$3.5 billion to \$5.0 billion nationally.

The total number of homes and available beds varies from month-to-month as some homes close, others open, and others may reconfigure.

Measure: Complete 50% of assisted living homes complaint investigations within 30 days.
(Not yet addressed by Legislature.)

Current Status:

Days-to-completion statistics are not currently available.

Benchmark:

The Division of Senior Services has set a target of completing 50% of investigations within 30 days.

Background and Strategies:

The time-to-completion of investigations is growing longer as the number of assisted living homes increases while licensing staff remains at the same level. There are currently about 60 complaints annually.

The FY2002 budget includes funding for additional licensing staff to address this issue. The Division of Senior Services will be able to focus more effort on resolving complaints and offer additional training to care providers to improve the quality of care and prevent situations which can lead to complaints.

Measure: Percentage of eligible state employees with delegated procurement authority who complete the procurement certification program annually.
(Not yet addressed by Legislature.)

Current Status:

Procurement Certification Program training is underway. In FY 2000 there were 25 training classes attended by 585 students. In the first five months of FY 2001, 280 state employees attended 13 classes.

Benchmark:

Comparative information with other public sector organizations has not been developed.

Background and Strategies:

The Procurement Certification Program is designed to ensure that all state employees have current training in purchasing procedures and issues at their level of procurement authority.

The program has three levels:

- Level 1 - Anyone "spending money" must master this level. Intended for clerks, secretaries, etc. who order or buy items as part of their jobs. Competitive solicitations are not included; this is more of an entry-level certification.
- Level 2 - Small procurements. Anyone procuring at levels where competitive solicitations are required, but less than formal purchases.
- Level 3 - Formal procurements. Intended for the purchasing staff who handle the large and complex procurements.

Measure: Implement a public/private telecommunications partnership that will significantly reduce unit costs to state agencies during the 1st year or will provide significantly improved services.
(Not yet addressed by Legislature.)

Current Status:

Proposals from private sector vendors are due in December, 2000, and a contract award is expected to be issued in Spring, 2001.

Benchmark:

Successful transition to new telecommunications partnership.

Background and Strategies:

The Telecommunications Information Council in its 1996 telecommunications plan for the state said "...a balance must be developed through partnership between the state and public telecommunications providers."

Because many Alaskan communities will not be connected to a road system in the foreseeable future, Alaska is unique among the states in its dependence on telecommunications. As one of the biggest "anchor tenants" in the telecommunications infrastructure in Alaska, state government can have a significant impact on both its internal costs

and effectiveness as well as influence other public sector and private technology advances simply by changing how it does business.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Increase the Division of Motor Vehicles transaction volume done by public/private partnerships by 5% during FY2001. • Increase in the number of assisted living units available by 10% each year. • Complete 50% of assisted living homes complaint investigations within 30 days. • Percentage of eligible state employees with delegated procurement authority who complete the procurement certification program annually. • Expand the use of state purchasing card and travel card programs by at least 10% annually, reaching full utilization by the end of FY2004. • Hours of training provided annually to guardians ad litem. • Negotiate a public/private telecommunications partnership that will significantly reduce unit costs to state agencies during the 1st year or will provide significantly improved services. 	X	X	X		

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
Special Systems	1,111.5	0.0	0.0	1,111.5	1,111.5	0.0	0.0	1,111.5	1,111.5	0.0	0.0	1,111.5
Longevity Bonus	59,125.5	0.0	0.0	59,125.5	53,558.6	0.0	0.0	53,558.6	52,558.6	0.0	0.0	52,558.6
Non-Formula Expenditures												
Centralized Admin. Services	9,528.1	301.1	26,319.0	36,148.2	9,360.3	404.3	29,390.0	39,154.6	9,470.4	403.8	30,612.6	40,486.8
Leases Facilities	24,444.9	0.0	11,562.5	36,007.4	20,718.4	0.0	10,546.4	31,264.8	22,578.1	0.0	10,546.1	33,124.2
State Facilities	0.0	0.0	0.0	0.0	0.0	0.0	6,698.7	6,698.7	1,129.6	0.0	7,438.3	8,567.9
Rent	0.0	0.0	0.0	0.0	464.6	0.0	0.0	464.6	440.8	0.0	0.0	440.8
Information Technology Group	0.0	0.0	19,194.9	19,194.9	0.0	0.0	20,838.5	20,838.5	0.0	0.0	20,870.2	20,870.2
Information Services Fund	0.0	0.0	0.0	0.0	0.0	0.0	55.0	55.0	650.0	0.0	55.0	705.0
Public Communications Services	4,166.2	0.0	425.2	4,591.4	3,910.7	0.0	673.7	4,584.4	5,510.7	0.0	673.7	6,184.4
AIRRES Grant	0.0	0.0	0.0	0.0	76.0	0.0	0.0	76.0	76.0	0.0	0.0	76.0
Risk Management	0.0	0.0	22,413.3	22,413.3	0.0	0.0	22,434.9	22,434.9	0.0	0.0	23,353.8	23,353.8
Alaska Longevity Programs	33,323.0	0.0	449.7	33,772.7	22,438.7	0.0	12,760.1	35,198.8	24,727.8	0.0	15,603.8	40,331.6
Senior Services	9,326.9	6,452.9	1,914.1	17,693.9	10,046.7	7,255.8	3,088.7	20,391.2	10,943.9	8,282.1	3,859.8	23,085.8
AK Oil & Gas Conservation Comm	0.0	100.0	2,356.6	2,456.6	0.0	102.6	2,806.6	2,909.2	0.0	102.7	3,111.3	3,214.0
Legal & Advocacy Services	18,311.5	50.0	1,641.3	20,002.8	18,542.7	51.2	1,296.8	19,890.7	20,841.3	51.2	1,247.3	22,139.8
Alaska Public Offices Comm	725.7	0.0	0.0	725.7	822.3	0.0	0.0	822.3	752.6	0.0	0.0	752.6
Division of Motor Vehicles	9,179.8	0.0	19.3	9,199.1	8,899.1	0.0	506.8	9,405.9	9,025.4	0.0	436.6	9,462.0
Pioneers' Homes FacilitiesMaint	0.0	0.0	2,689.4	2,689.4	0.0	0.0	2,125.0	2,125.0	0.0	0.0	2,125.0	2,125.0

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
General Svcs	0.0	0.0	2,902.3	2,902.3	0.0	0.0	2,589.7	2,589.7	0.0	0.0	39.7	39.7
Facilities Maint.												
AOGCC	0.0	0.0	44.6	44.6	0.0	0.0	34.0	34.0	0.0	0.0	34.0	34.0
Facilities Maintenance												
Year 2000	2,507.4	74.2	8.0	2,589.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Coordination												
ITG Facilities Maintenance	0.0	0.0	62.0	62.0	0.0	0.0	23.0	23.0	0.0	0.0	23.0	23.0
Totals	171,750.5	6,978.2	92,002.2	270,730.9	149,949.6	7,813.9	115,867.9	273,631.4	159,816.7	8,839.8	120,030.2	288,686.7

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1001 Constitutional Budget Reserve Fund	5,717.1		
1002 Federal Receipts	6,677.1	7,409.6	8,436.0
1003 General Fund Match	1,164.5	1,166.6	1,291.4
1004 General Fund Receipts	133,365.9	127,735.1	137,909.2
1005 General Fund/Program Receipts	15,887.2	5,965.1	6,198.0
1007 Inter-Agency Receipts	47,881.9	45,875.8	45,362.5
1017 Benefits Systems Receipts	15,282.8	17,132.1	17,231.9
1023 FICA Administration Fund Account	90.9	112.9	112.7
1029 Public Employees Retirement Fund	4,149.5	4,662.1	5,123.4
1033 Surplus Property Revolving Fund	301.1	404.3	403.8
1034 Teachers Retirement System Fund	1,636.4	1,873.8	2,022.6
1037 General Fund / Mental Health	13,405.0	14,325.9	14,418.1
1042 Judicial Retirement System	24.6	25.1	25.1
1045 National Guard Retirement System	87.3	92.2	95.4
1053 Investment Loss Trust Fund		701.0	
1061 Capital Improvement Project Receipts		131.7	130.9
1081 Information Service Fund	19,194.9	20,838.5	20,870.2
1092 Mental Health Trust Authority Authorized Receipts	856.1	2,050.4	2,648.0
1108 Statutory Designated Program Receipts	433.7	875.4	841.2
1110 Alaska Public Utility Commission	7.5		
1118 Pioneers' Homes Receipts	1,850.0	55.9	
1119 Tobacco Settlement	360.8		
1147 Public Building Fund		6,698.7	6,951.4
1156 Receipt Supported Services		12,728.5	15,503.6
1162 Alaska Oil & Gas Conservation Commission Rcpts	2,356.6	2,770.7	3,111.3
Totals	270,730.9	273,631.4	288,686.7

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	1,341	1,511
Permanent Part Time	114	119
Non Permanent	95	100
Totals	1,550	1,730

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Pioneers' Homes Emergency Repairs and Maintenance	100,000	0	250,000	350,000
Pioneers' Homes Alzheimer's Disease and Related Disabilities Modifications	0	0	250,000	250,000
Adult Day Facility Prototype Design for Dementia Clients	0	0	30,000	30,000
Payroll and Accounting System Replacement Analysis	400,000	0	0	400,000
State-Owned Buildings Valuation Project	60,000	0	0	60,000
ARCS Video Automation and Control Project	77,500	0	0	77,500
License Plates and Drivers License Manuals	345,000	0	0	345,000
Emergency Communications: Land Mobile Radio Migration	1,354,400	14,893,700	0	16,248,100
Electronic Signatures Project	100,000	0	0	100,000
Mainframe Improvements, Equipment Replacement, Virus Scanning, and Metadirectory Development	0	0	2,181,000	2,181,000
Upgrade Internet and Intranet, and Implement New Network Technology	0	0	539,900	539,900
Department Total	2,436,900	14,893,700	3,250,900	20,581,500

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

The Department of Administration has sixteen divisions that provide a broad range of services to both the general public and state agencies. This overview highlights the most significant changes in the budget for FY2002. A detailed description of all changes is available in the detailed budget for each of the Department's programs.

SERVICES TO THE PUBLIC

The Governor has proposed legislation that provides for a veterans' preference for Pioneers' Home admissions and renames the Homes to the "Pioneers' and Veterans' Homes". About 125 beds will be filled by veterans once this change is implemented. The budget includes an increase of \$5,107,700 and 126 full time positions to allow filling 86 beds that are currently vacant because of budget constraints.

Budget increases are proposed for the Division of Senior Services to cover the increased daily reimbursement rate to assisted living homes for vulnerable adults mandated by legislation passed last year; funding for assisted living homes complaint investigations; more staff for Medicaid Waiver processing to assure that all Alaskans eligible for the Medicaid Waivers receive them in a timely manner; and additional grants and training for caregivers supporting adults with dementia who live at home.

Continuing Child In Need of Aid (CINA) caseload growth requires more guardian Ad Litem staff in the Anchorage and Fairbanks offices of the Office of Public Advocacy.

The Public Defender Agency budget is increased to ensure that it is able to keep pace with continuing caseload growth, continues juvenile justice programs, and addresses a variety of issues identified by an audit released last spring by the Division of Legislative Audit.

Emergency communications infrastructure, such as microwave relay sites, will receive improved operations and maintenance with funding included in the Information Technology Group budget. This infrastructure is essential for state, local, and federal government emergency services providers to be able to communicate effectively when responding to accidents and natural disasters such as floods and forest fires.

Public broadcasting satellite transponder costs are expected to increase significantly in FY2002 as the service provider (AT&T Alascom) expects to switch to a new satellite in late FY2001. Public broadcasting, ARCS, Gavel to Gavel, the University's Distance Education service and public radio all rely on this satellite transponder for delivery of service.

SERVICES TO STATE AGENCIES

The Facilities program budget reflects two major changes in FY2002. This budget reflects implementation of the Public Building Fund project started in FY2001, which was funded via fiscal notes to Ch. 19 SLA 2000 (HB 112). This program involves day-to-day management of eight state-owned facilities in Anchorage, Fairbanks, and Juneau. The Facilities program also took over from the Department of Transportation and Public Facilities management of most other state-owned facilities in Juneau in early FY2001. The FY2002 budget formally transfers the funding and positions to the Department of Administration.

The Leasing budget has been historically underfunded by the Legislature, with full funding provided via supplemental appropriations. This FY2002 budget is fully funded based upon the estimated funding needed for the current fiscal year.

Although no changes are currently proposed in this budget for the Information Technology Group, aside from the emergency communications funding discussed above, some budgetary changes are likely to be needed as the state enters into a partnership with private vendors to provide telecommunications services to state agencies. Proposals are due to the state in December, 2000. Any budget amendments necessary to facilitate this partnership will be developed following evaluation of the proposals.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	149,949.6	7,813.9	115,867.9	273,631.4
Adjustments which get you to start of year:				
-Risk Management	0.0	0.0	919.1	919.1
Adjustments which will continue current level of service:				
-Centralized Admin. Services	57.3	-0.5	-2.3	54.5
-Leases	-40.3	0.0	-0.3	-40.6
-Facilities	1,129.6	0.0	436.8	1,566.4
-State Facilities Rent	-23.8	0.0	0.0	-23.8
-Information Technology Group	0.0	0.0	31.7	31.7
-Risk Management	0.0	0.0	-0.2	-0.2
-Alaska Longevity Programs	-185.6	0.0	210.7	25.1
-Senior Services	6.4	1.3	-55.9	-48.2
-AK Oil & Gas Conservation Comm	0.0	0.1	10.6	10.7
-Legal & Advocacy Services	157.2	0.0	-149.5	7.7
-Alaska Public Offices Comm	-69.7	0.0	0.0	-69.7
-Division of Motor Vehicles	7.8	0.0	-70.2	-62.4
Proposed budget decreases:				
-Longevity Bonus	-1,000.0	0.0	0.0	-1,000.0
-General Srvcs Facilities Maint.	0.0	0.0	-2,550.0	-2,550.0
Proposed budget increases:				
-Centralized Admin. Services	52.8	0.0	1,224.9	1,277.7
-Leases	1,900.0	0.0	0.0	1,900.0
-Facilities	0.0	0.0	302.8	302.8
-Information Services Fund	650.0	0.0	0.0	650.0
-Public Communications Services	1,600.0	0.0	0.0	1,600.0
-Alaska Longevity Programs	2,474.7	0.0	2,633.0	5,107.7
-Senior Services	890.8	1,025.0	827.0	2,742.8
-AK Oil & Gas Conservation Comm	0.0	0.0	294.1	294.1
-Legal & Advocacy Services	2,141.4	0.0	100.0	2,241.4
-Division of Motor Vehicles	118.5	0.0	0.0	118.5
FY2002 Governor	159,816.7	8,839.8	120,030.2	288,686.7

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Department Mission

To promote a healthy economy and strong communities.

Department Goals and Strategies

STRENGTHEN RURAL COMMUNITIES

- Increase the capacity of local government to effectively provide essential public services by providing communities training and onsite technical assistance.
- Enhance the availability and quality of basic local government services by providing financial assistance that supplements local revenue generation (State Revenue Sharing, Safe Communities, shared State Fisheries Business Tax, shared Federal National Forest Receipts, Federal Payment-in-Lieu-of-Taxes).
- Promote local economic development by providing technical and financial support for community infrastructure critical to economic development and small business startup.
- Provide assistance, through coordinated response partnerships, to communities experiencing sudden economic dislocation as a result of major economic disruptions.
- Improve the safety and cost effectiveness of energy sources for power generation and heating in rural Alaska by constructing and repairing bulk fuel storage facilities.
- Protect the State's investments in rural electric power systems through training of the local operators and administrators, and by providing technical and financial assistance to prevent disasters.

WORK WITH RURAL COMMUNITIES AND THE PRIVATE SECTOR IN CREATING NEW JOBS FOR ALASKANS.

- Ensure that residents of small rural communities in western Alaska get the maximum benefits from their participation in the Community Development Quota (CDQ) program, a fisheries development initiative.
- Partner with other state agencies, private businesses, ANCSA corporations, tribes, and local governments to identify and develop opportunities for rural, regional and local economic development.
- Facilitate the exchange of information between Alaska exporters and potential customers through business intelligence services and trade practice assistance.
- Identify and assist in planning and developing new tourism opportunities to expand Alaska's tourist season and increase visits to rural Alaska.
- Encourage new international and domestic air carriers to use Alaska as a passenger and freight delivery point.
- Increase independent visitors on Alaska's highways and roads.
- Work with the Governor's Jobs Cabinet in seeking solutions and strategies for improving the economic climate in rural Alaska.

MARKETING ALASKA-SELL ALASKA'S GOODS AND SERVICES THROUGHOUT THE WORLD.

- In partnership with a private industry association, raise national and international awareness of Alaska as a tourist destination, and increase the consumption of Alaska seafood products through generic and targeted marketing.
- Organize and conduct business trade missions to expand product sales in current markets and develop new markets.
- Participate in special promotions and presentations, trade shows and seminars to raise the visibility of Alaska as a good place to do business.
- Continue the Governor's Business Opportunities Program under which the Governor, Commissioner and other Alaskans visit corporate boardrooms to solicit investment in Alaska.
- Make information on Alaska's economy, goods and services, investment opportunities, and departmental databases available on the Internet.
- Expand the public's ability to obtain department services through the Internet.

MAINTAIN A FAIR AND CONSISTENT BUSINESS REGULATORY ENVIRONMENT IN THE STATE.

- Expedite the conversion of Alaska's telecommunications industry from a monopoly-based to a competitive, market-based industry structure, while guaranteeing universal access to service.
- Assist businesses and consumers by placing the database of licensed professionals, corporations, and insurance carriers on the Internet, including information about disciplinary actions.
- Create simple, self-explanatory securities, corporations, insurance, and occupational licensing applications and forms available on the Internet to improve service to the public and reduce requests for staff assistance.

Key Department Issues for FY2001 – 2002

STATE WORKFORCE

The Department is increasingly encountering the recruitment/retention difficulties faced by all state agencies. Recruitment for positions requiring specialized technical expertise (computer programmers, utility engineering and tariff analysis, etc.) is becoming more and more difficult due to lack of qualified in-state candidates coupled with non-competitive salaries within those fields nationwide. State employee salaries and benefits generally are no longer as competitive as is necessary to attract quality candidates for many state positions. A contributing factor is the "graying" of the workforce, a nationwide phenomenon wherein the "baby boomer" generation of workers are reaching retirement age en masse. Younger replacement workers are not only far fewer in numbers, they do not share the prior generations' notion of staying with the same employer for years. Even if quality replacement workers are found, the state currently does not have the tools or ability to provide retention incentives.

OPERATION RENEW HOPE

In July the Governor declared a fisheries disaster for the Yukon River, Kuskokwim River and Norton Sound salmon fisheries. In response to this disaster, the Governor created Operation Renew Hope to pull together all the various state and federal programs that could respond to the short and long term disaster impacts under this organizational umbrella. The department's participation in this effort has resulted in substantial new responsibilities for staff, particularly within the Commissioner's Office and the Division of Community and Business Development's regional office structure. At this point, federal funding is uncertain. Federal and/or State funding is necessary for the department to maintain the current level of assistance.

MUNICIPAL GOVERNMENT

Many cities in Alaska are struggling to maintain basic services. There are more than 40 smaller municipalities in Alaska that rely on state shared revenue for over 30% of their operating budget. Many communities (particularly in the Yukon/Kuskokwim Delta) are choosing to recognize their tribal organizations as their local governments, raising questions concerning the distribution of municipal property and the extent of tribal powers. Over the last 15 years, the state's two major revenue sharing programs have been cut by more than 85%. Division of Community and Business Development staff have been working with the Legislature to explore modified revenue sharing programs that could limit the impact of cuts on the most financially vulnerable cities, and working with cities to identify sources of local revenue and decide how to most effectively use these limited resources.

POWER COST EQUALIZATION

The PCE endowment fund is expected to generate approximately \$7.3 million for PCE in FY02. The endowment is expected to generate approximately \$13.5 million for PCE in future years beginning in FY03 after the proceeds from Four Dam Pool divestiture are deposited. The key issue for FY02 is that the estimated \$7.3 million contribution from the endowment fund, plus carry forward from FY01 and short-term interest earnings, leaves a shortfall of \$7.8 million.

RURAL ENERGY

Increased funding from the Denali Commission offers a rare opportunity to upgrade both fuel storage facilities and electric utility systems in rural Alaska on a broad scale. A key issue is to provide sufficient management resources and accelerate the pace of project development so that rural communities can realize as much benefit as possible from this opportunity.

The need to reduce energy costs in rural Alaska has become more urgent due to the sharp increase in fuel prices that has occurred during the past year. Strategies to reduce these costs through energy production efficiencies, energy production alternatives, and energy conservation need to be clearly identified, developed, and aggressively implemented.

Demand for loans from the Bulk Fuel Revolving Loan Fund has continued to grow and to outstrip the available funds. A key issue will be to develop policies to prioritize loan requests in line with this continuing shortfall or to identify supplemental financing for bulk fuel purchases.

INTERNATIONAL TRADE AND MARKET DEVELOPMENT

Maintaining and growing Alaska's export market share, and expanding and diversifying the economy, are key for Alaska's economy and jobs. For export markets, the key is Asia. Countries in the region account for nearly 80% of Alaska's total worldwide exports. The state must maintain our effective trade presence - via in-state trade specialists and overseas representatives in Japan, Korea, Taiwan and the Russian Far East -- to assist Alaska businesses as the post "Asian economic crisis" recovery continues. Alaska must also establish an active trade presence in China, the world's largest emerging market. To expand the economy, Alaska must attract new industry and investment to the state -- a highly competitive endeavor. Cities, counties, states and nations compete to attract business to their communities. If Alaska is to succeed in attracting its fair share, sufficient resources will need to be deployed.

TOURISM

The rate of growth of tourism visitation is declining both for cruise ship passengers and non-cruise visitors. However, Alaskan cruise passenger travel continues to grow at a higher rate than the national average while the rate of growth of non-cruise visitations declined 45 percent below the national average rate. Increasing the number of non-cruise travelers will require special focus by both the department, through its planning and development activities, and the private industry association acting as the state's tourism marketing contractor.

ALASKA SEAFOOD

The seafood industry is the largest private employer in Alaska, providing one sixth of all the employment (35,000 full-time and 70,000 seasonal jobs). The industry continues to lose markets due to increasing competition from foreign and domestic seafood producers, primarily farmed salmon. The farm competition now represents nearly 53% of all salmon production worldwide, which has negatively impacted consumption of Alaskan products in US and foreign markets. The Alaska Seafood Marketing Institute's main focus for FY01/FY02 will be to rejuvenate all of its marketing strategies based on sound market research funded by a grant from the U.S. Economic Development Administration. ASMI will incorporate a new strategic marketing plan into all programs, assisting the Alaska salmon industry in combating the impacts of imported farmed salmon in the United States markets, and will incorporate research results from ASMI's foreign markets into all overseas marketing programs.

ALASKA SCIENCE AND TECHNOLOGY FOUNDATION

The \$101 million principal of ASTF's endowment is co-invested with the Permanent Fund and generates earnings annually appropriated by the legislature for both ASTF and the non-ASTF purposes. The cumulative effects of annual operating budget appropriations of ASTF earnings (University of Alaska \$2.6 M, Alaska Aerospace Development Corporation \$558 K) and ASTF's past support of the state's share of large capital projects (Kodiak Launch Complex \$10 M, UAF Low Rank Coal Water Fuel \$4.25 M) have been to reduce ASTF's annual grant budget from approximately \$8-9 M to less than \$5 M starting in FY02. With a lower amount of principal to generate earnings and fewer capital gains expected in a flatter stock market than seen in recent years, the full impact of the shortfall is only borne by the ASTF's ability to co-finance new projects. At a time when Alaska's economy is growing more slowly than the national economy and our faster growing technology sector is still relatively small compared to other states, this lessened ability of ASTF to provide seed capital and finance group projects with industry merits concern.

BANKING, SECURITIES & CORPORATIONS

Additional data processing resources are needed to allow the division to handle increased workloads with increased productivity rather than a commensurate increase in staff. These resources are also necessary to enable the division to provide adequate services to the public through use of the Internet and electronic filing. Considerable work is needed to update and create improved databases for all three sections in the division to improve productivity and public service.

INSURANCE

In November 1999 President Clinton signed into law the Gramm-Leach-Bliley Act (GLBA) that repealed restrictions in the Glass-Steagall Act and the Bank Holding Company Act of 1956 on affiliations between banks, insurance companies and securities firms. GLBA changes the landscape of regulation for the financial services industry in the United States. GLBA supports functional regulation of the various financial service sectors, and states maintain their authority to regulate insurance. However, greater cooperation and communication with federal regulators and among state insurance departments is crucial to maintain the quality of regulation that the Division of Insurance provides.

GLBA requires states to adopt reciprocity in agent and broker licensing or lose authority to license non-residents, and requires states adopt and enforce privacy standards relating to defined nonpublic personal health or financial information. Legislation to bring Alaska into compliance with GLBA will be introduced.

OCCUPATIONAL LICENSING FEES

AS 08.01.065(c) mandates that the department set license fees for each occupation at a level that approximately equals the cost of regulating the occupation. Enforcement costs often vary considerably from year-to-year, depending on the number of complaints. This makes fees very volatile. A 1997 legislative audit directed the division to set fees incorporating professions' surpluses and deficits from prior years. The audit also recommended strictly applying the fee law and requiring each of the division's 130 professions to pay their own costs rather than accounting at the board/program level. The result of a strict legal interpretation would be even greater variation in fees for small professions. Attention must be given to an effort to revise the fee structure to reduce these serious fluctuations in fees.

Major Department Accomplishments in 2000

Successfully merged the Departments of Commerce and Economic Development and Community and Regional Affairs in accordance with HB 40, passed by the 1999 Legislature. Reorganized the former divisions of Tourism, Trade & Development, and Municipal & Regional Assistance into two new divisions: International Trade & Market Development and Community & Business Development, effective July 1, 2000.

Coordinated Operation Renew Hope, the State's multi-departmental response to the Yukon, Kuskokwim, and Norton Sound fishery disaster.

COMMUNITY & BUSINESS DEVELOPMENT (CBD)

- The division, in conjunction with the Department of Fish & Game, conducted the first ever multi-species Community Development Quota (CDQ) allocation. All species including groundfish, halibut and crab were allocated among the six groups for the two-year CDQ allocation period of 2001 and 2002. In recognition of the growing maturity of the CDQ groups, the department also worked with the National Marine Fisheries Service and the CDQ groups to streamline the CDQ regulatory process.
- CBD conducted a review of the state's tourism marketing programs to ensure that state dollars are used most effectively and efficiently to promote Alaska.
- Despite low gold prices, the division successfully attracted new mineral exploration to Alaska. Alaska is seen to have a favorable mineral investment climate because of incentives, stable government and geologic pedigree, when compared with other countries.
- The Rural Utility Business Advisor (RUBA) program coordinated numerous state and federal agencies and local entities to relocate 22 houses in Alakanuk from eroding riverbanks to a safe location provided with piped water and sewer. This year the houses have been placed on the prepared lots and are currently being connected to the city's utility system.

INTERNATIONAL TRADE AND MARKET DEVELOPMENT (ITMD)

- The division introduced fresh Alaska seafood to hotel restaurants and other high-end customers - to the benefit of seafood and air cargo industries. Missions and promotions resulted in over \$200,000 in direct sales and over \$2 million projected sales by Alaska seafood companies to new customers in Korea.
- Alaska businesses made contacts in Japan and China during an October 2000 trade mission led by the Governor. The ten-day, 33-member trade mission highlighted Alaska businesses' strengths in energy, seafood, and technical services in Tokyo, Hong Kong, Shanghai and Beijing. Results included actual new business contracts and potential business for Alaska companies.
- ITMD promoted the sale of Alaska produce (seed potatoes, table stock potatoes, cabbage, and carrots) in Taiwan and promoted a decision by People's Republic of China (PRC) to allow seedstock potatoes into their country. Alaska's produce was introduced and highlighted to Taiwan buyers and importers. Efforts also increased the likelihood of the PRC allowing Alaska seed potato imports following division-hosted missions by PRC agricultural officials and follow-up visits to those officials during the Governor's trade mission.

INVESTMENTS

The division applied for and was awarded a \$3 million dollar grant from the Economic Development Administration to fund a new program called the Western Alaska Program. The grant was matched with \$1 million dollars from the

Alaska Industrial Development and Export Authority, to provide a total of \$4 million dollars for new loans to projects that create jobs and diversify local economies in areas of the state affected by the 1998 fisheries disaster. During FY00, 3 loans were approved and processed for a total amount of \$575,000.

ALASKA AEROSPACE DEVELOPMENT CORPORATION

- Completed construction of the Kodiak Launch Complex (KLC).
- Successfully negotiated and signed a contract for US Air Force launch, Quick Reaction Launch Vehicle (QRLV) in March 2001.
- Negotiated contract for US Army launch in May 2001, West Coast Risk Reduction Flight (WC RRF), the first launch of a multi-year/multi-launch Strategic Target System (STARS) contract.
- Developed KLC Marketing Plan identifying goals and potential missions, promoting customer interface and seeking launch contract awards.
- Successfully supported customer needs to complete two launches, US Air Force QRLV and US Army STARS.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY/ALASKA ENERGY AUTHORITY

- Purchased approximately \$30 million in loan participations originated through financial institutions for businesses and projects in Alaska, and issued \$6.9 million in conduit financing for private sector and non-profit projects.
- Completed bulk fuel storage consolidations and upgrades in 11 communities totaling \$8.7 million, completed preliminary or final design work on 21 additional bulk fuel storage projects with total estimated construction costs of \$46.2 million, and completed rural power system upgrades in 6 communities totaling \$2.3 million.

ALASKA SCIENCE AND TECHNOLOGY FOUNDATION

Through ASTF support of the Alaska Manufacturing Association (AKMA), seven mills now have approximately 70-90 million board feet a year of dimensional lumber graded by the Western Wood Products Association representative in state. For the first time, this manufactured amount now approximately equals state imports.

OCCUPATIONAL LICENSING

- Offered business licensing through the Internet in the autumn of 2000 to the State's 73,000 license holders. Licenses can now be purchased, renewed, updated and reprinted online.
- Created a licensing program for Speech-Language Pathologists, established the first regulations governing manicurist licensing, began implementation of a new law licensing practitioners of Tattooing and Permanent Cosmetic Coloring, and Body Piercing, and issued the first licenses to professional counselors and bachelor and master social workers.

Key Performance Measures for FY2002

Measure: Create at least 250 new jobs for Alaskans in FY 2002 by providing financial assistance to economic development projects that meet defined criteria for feasibility and financial success.

(Revised from Legislature's FY2001 version.)

Current Status:

In FY 2000 AIDEA funded loan participations totaling approximately \$30 million, creating approximately 530 construction jobs and 295 new jobs.

Benchmark:

No other state in the nation has a public development corporation identical to AIDEA.

Background and Strategies:

AIDEA provides the financing mechanisms necessary to participate in long-term commercial loans, and to own projects that promote economic development.

In FY 2002, AIDEA will purchase \$30.0 million in loan participations with financial institutions; and participate in or guarantee \$5.0 million in small rural loans.

AIDEA will continue to work with the private sector to develop infrastructure projects that AIDEA can own and lease to the private sector, complimenting private sector investment.

Measure: Complete 10 bulk fuel storage consolidation and upgrade projects in FY02.
(Revised from Legislature's FY2001 version.)

Current Status:

11 projects were completed during FY00.

Benchmark:

AEA's bulk fuel storage data base and priority list includes information on tank farms in 161 rural communities.

Background and Strategies:

There are approximately 1100 above-ground tank farms in 161 remote villages in rural Alaska. Most of these tank farms have serious deficiencies. The U.S. Coast Guard and the Environmental Protection Agency are continuing to issue citations to owners of many substandard facilities in rural Alaska but have thus far refrained from ordering them closed as long as effective measures are underway to bring them into regulatory compliance.

A typical rural village may presently have separate tank farms owned and operated by the City government, the tribal government, the village corporation, the local school, the electric utility, and other public or private entities. Relying primarily on federal funds, the State has conducted a program over the last several years to replace these tank farms with new or refurbished facilities that meet all applicable safety and environmental codes. Most of these projects seek to consolidate several tank farms into a single facility so that the potential for adverse impacts is no longer spread among several tank farm sites around the community. Consolidation also helps to avoid the inconsistent maintenance and operations practices that can result from multiple projects operated by multiple owners.

Measure: The number of Alaskans employed year-round in the visitor industry.
(Developed jointly with Legislature in FY2001.)

Current Status:

Baseline data will be available in fall 2001.

Benchmark:

Not available.

Background and Strategies:

Data is being gathered through the Alaska Visitors Statistics Program administered by the Division of Community and Business Development. Tourism industry employment data is not easily discernable through the Standard Industrial Classification (SIC) system utilized by the Department of Labor and Workforce Development.

Measure: Reduce response time up to 25 percent by the end of FY03 for the filing and retrieval of licensing and corporate documents, by providing forms and information on the Internet and using e-commerce.

(Not yet addressed by Legislature.)

Current Status:

Data on Internet usage of department web sites has been collected for more than one year. Business License online transaction baseline data will be collected beginning in fall 2000. Currently it averages 2 to 3 weeks for a business to apply for and receive a new or renewed business license through the mail.

Benchmark:

Not applicable.

Background and Strategies:

The primary focus of this measure is the services provided by the divisions of Banking, Securities, & Corporations, Insurance, and Occupational Licensing. By providing searchable data bases and downloadable forms on the department's web pages, the amount of staff time responding to similar in-person, phone, and letter requests has been reduced already. Web usage trends are tracked 24 hours a day.

Over the next three years the department will make available the option of filing of various applications online. The first service offered online in fall 2000 is the purchase of Business Licenses or renewals. Approximately 35,000

Business License renewal notices were mailed November 1, 2000. At the end of the renewal period, data will be available regarding the number of renewals conducted online as well as the number of new business licenses purchased online. These transactions are instantaneous. This data will then be compared with historical data on volume and length of processing time for issuing new and renewed business licenses.

Measure: Increase volume of product sold through ASMI promotions in FY02 by 10% in the United States
(Revised from Legislature's FY2001 version.)

Current Status:

ASMI is maximizing value of relationships with existing promotional partners, developing new retail and foodservice partnerships in areas of value-added products and increasing demand for Alaska seafood product usage via Alaska Seafood brand oriented marketing programs.

Benchmark:

ASMI will use its own FY01 volume of pounds sold figures as a baseline for FY02.

Background and Strategies:

Background: A \$5 million grant to ASMI to assist the Alaska salmon industry against the impact of imported farmed salmon has been incorporated into ASMI's next three fiscal years' budgets. ASMI has increased the amount of funds for domestic marketing programs through the grant. The board has approved carrying forward a substantial amount of funds to serve as the match for the federal grant and to even out the potential shortfall expected due to loss of fish revenue.

Strategies: A three-year Strategic Marketing Plan (starting FY 01) has been implemented to create a dynamic market-driven environment that will expand the global consumption of Alaska seafood products by fostering growth opportunities within the food industry through collaborative marketing and quality assurance efforts. All species of seafood will benefit from the enhanced salmon marketing effort funded by the federal grant.

Measure: Dollar value of exports from the state.
(Added by Legislature in FY2001 version.)

Current Status:

In 1999 the dollar value of exports from Alaska increased 31% from 1998 to \$2.6 billion.

Benchmark:

During 1999, the dollar value of all U.S exports increased 1.8% from 1998 to was \$692.8 billion. This information is recorded and reported by the U.S. Census Bureau. Figures are derived from Export Statistics, State of Origin series.

Background and Strategies:

Information and assistance to Alaska companies to initiate or expand export business activities; research potential niche-market opportunities for value-added products.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Create at least 350 new jobs for Alaskans in FY 01 by providing financial assistance to economic development projects that meet defined criteria for feasibility and financial success. • In FY01, complete construction of 10 code-compliant bulk fuel consolidation (CCBFC) or project upgrades (PU), complete design and begin construction of 8 CCBFC or PUs, and begin design of 17 CCBF. 		X	X		

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Increase the number of Alaskans employed in the visitor industry to 32,000 by the year 2001 with an emphasis on employment in smaller communities and rural areas of the state. • Reduce response time up to 25 percent by the end of FY03 for the filing and retrieval of licensing and corporate documents, by providing forms and information on the Internet and using e-commerce. • Increase the consumption of Alaska seafood by increasing the volume of product sold through ASMI promotions by 10 percent in FY01. 		X	X		

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
Municipal Revenue Sharing	28,491.0	0.0	3,400.0	31,891.0	28,493.4	14,000.0	1,000.0	43,493.4	28,493.4	16,000.0	1,000.0	45,493.4
Rural Energy Program	0.0	0.0	14,562.2	14,562.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fish Enhancement Tax Receipts	3,860.9	0.0	0.0	3,860.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rural Energy Programs	0.0	0.0	0.0	0.0	0.0	0.0	15,700.0	15,700.0	0.0	0.0	15,700.0	15,700.0
National Forest Receipts	0.0	1,834.2	0.0	1,834.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Formula Expenditures												
Executive Admin	3,521.0	45.5	1,798.6	5,365.1	2,624.4	0.0	1,608.0	4,232.4	1,532.1	0.0	1,457.2	2,989.3
Comm Assist & Ec Dev	0.0	0.0	0.0	0.0	4,235.0	1,161.0	3,763.2	9,159.2	5,997.8	1,372.7	3,562.4	10,932.9
Qualified Trade Assoc. Contract	0.0	0.0	0.0	0.0	4,800.0	0.0	50.0	4,850.0	4,805.3	0.0	50.1	4,855.4
Investments	0.0	0.0	3,317.0	3,317.0	0.0	0.0	3,361.6	3,361.6	0.0	0.0	3,356.4	3,356.4
Alaska Aerospace Devel Corp	0.0	0.0	758.4	758.4	0.0	0.0	1,840.4	1,840.4	0.0	0.0	4,949.2	4,949.2
AIDEA	0.0	0.0	4,192.3	4,192.3	0.0	0.0	6,990.1	6,990.1	0.0	0.0	7,064.3	7,064.3
Rural Energy Program	287.9	71.4	1,980.9	2,340.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rural Energy Programs	0.0	0.0	0.0	0.0	387.9	265.6	1,797.8	2,451.3	489.7	166.0	1,808.9	2,464.6
Alaska Seafood Marketing Inst	6,982.7	2,138.2	71.7	9,192.6	30.5	3,500.0	7,717.8	11,248.3	0.0	3,500.0	7,030.3	10,530.3
AK Science & Tech Foundation	0.0	0.0	8,477.0	8,477.0	0.0	0.0	11,001.5	11,001.5	0.0	0.0	9,992.1	9,992.1
Banking, Securities, and Corp	1,717.1	0.0	1.1	1,718.2	39.8	0.0	1,773.3	1,813.1	0.0	0.0	1,903.4	1,903.4
Circuit Rider	100.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Program												
Insurance	3,923.2	0.0	0.0	3,923.2	77.4	0.0	4,365.1	4,442.5	0.0	0.0	4,610.5	4,610.5
Occupational Licensing	5,357.8	0.0	171.2	5,529.0	603.3	0.0	6,078.2	6,681.5	545.0	0.0	6,318.1	6,863.1
Reg Comm of Ak	0.0	0.0	4,307.1	4,307.1	0.0	0.0	5,314.8	5,314.8	0.0	0.0	5,944.2	5,944.2
DCED State	0.0	0.0	0.0	0.0	496.3	0.0	0.0	496.3	359.9	0.0	178.0	537.9
Facilities Rent												
Local Government Assistance	2,363.5	4,087.4	3,821.9	10,272.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Comm. & Econ. Development	720.9	0.0	902.7	1,623.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tourism Development	1,912.1	0.0	123.6	2,035.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AK Tourism Mktg Council	3,242.7	0.0	1,299.9	4,542.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	62,480.8	8,176.7	49,185.6	119,843.1	41,788.0	18,926.6	72,361.8	133,076.4	42,223.2	21,038.7	74,925.1	138,187.0

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	8,176.7	18,926.6	21,038.7
1003 General Fund Match	604.9	608.2	708.0
1004 General Fund Receipts	43,596.7	40,345.2	40,882.2
1005 General Fund/Program Receipts	18,279.2	547.4	633.0
1007 Inter-Agency Receipts	6,800.5	8,032.0	7,463.8
1025 Science & Technology Endowment Income	9,032.2	11,558.5	10,558.3
1035 Veterans Revolving Loan Fund	147.8	150.7	107.4
1036 Commercial Fishing Loan Fund	2,597.2	2,661.4	2,698.8
1040 Real Estate Surety Fund	47.0	273.5	273.8
1051 Rural Development Initiative Fund	98.0	99.8	
1053 Investment Loss Trust Fund		287.2	
1054 State Employment & Training Program	3,400.0		
1057 Small Business Loan Fund	3.3	3.3	3.4
1061 Capital Improvement Project Receipts	1,149.6	2,133.2	1,205.0
1062 Power Project Loan Fund	802.5	802.5	807.5
1067 Mining Revolving Loan Fund	5.0	5.0	5.1
1068 Child Care Revolving Loan Fund	5.8	5.8	6.0
1069 Historical District Revolving Loan Fund	2.5	2.5	2.5
1070 Fisheries Enhancement Revolving Loan Fund	325.5	333.1	332.6
1071 Alternative Energy Revolving Loan Fund	148.7	151.7	151.7
1074 Bulk Fuel Revolving Loan Fund	49.0	49.0	49.3
1089 Power Cost Equalization Fund	14,562.2	15,700.0	15,700.0
1101 Alaska Aerospace Development Corporation Receipts	43.2	243.2	4,200.6
1102 Alaska Industrial Development & Export Authority Receipts	3,267.8	3,979.1	4,035.2
1107 Alaska Energy Authority Corporate Receipts	605.0	1,049.5	1,051.9
1108 Statutory Designated Program Receipts	1,388.1	12.5	20.0
1111 Fishermans Fund Income		100.0	115.0
1115 International Trade and Business Endowment Income	409.5	4.3	496.5
1141 RCA Receipts	4,295.2	5,310.1	5,944.2
1156 Receipt Supported Services		19,701.1	19,696.5
Totals	119,843.1	133,076.4	138,187.0

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	461	480
Permanent Part Time	9	6
Non Permanent	1	1
Totals	471	487

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Language Section: Power Cost Equalization	4,680,000	0	3,120,000	7,800,000
Securities Database	0	0	300,000	300,000
Operation Renew Hope	500,000	30,000,000	0	30,500,000
Community Block Grants	0	9,000,000	0	9,000,000
Federal Community Development Grants	150,000	1,050,000	0	1,200,000
Bulk Fuel Systems Upgrades	0	3,350,000	1,600,000	4,950,000
Rural Power Systems Upgrades	500,000	10,000,000	0	10,500,000
Language Section: Electrical Emergencies	0	0	350,000	350,000
Alternative Energy Program	500,000	5,287,000	0	5,787,000
Alaska-Russian Far East Projects Phase 2	0	305,835	0	305,835
Kodiak Launch Complex Facilities	0	4,500,000	0	4,500,000
Arctic Winter Games Team Alaska	75,000	0	0	75,000
Department Total	6,405,000	63,492,835	5,370,000	75,267,835

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

UPDATE EXECUTIVE ADMINISTRATION AND SUPPORT COST ALLOCATION PLAN

In FY2000, the department implemented an administrative cost allocation plan (ACAP) that identified the costs of services provided by the Commissioner's Office and the Division of Administrative Services to operating divisions, special funds, and independent agencies. The ACAP was based on actual expenditures for FY97. The department implemented the ACAP to decrease the reliance on general funds for its centralized executive and support functions, allocating the cost for those services to the agencies and industries supported. To reflect changes in department operations, including the recent merger with DCRA and internal reorganizations, the ACAP has now been updated based on FY2000 actual expenditures. As a result of the update, allocated costs for services provided by the Commissioner's Office and the Division of Administrative Services for some divisions and agencies have increased while others have decreased. Increments and decrements are presented in the FY2002 budget request in recognition of these adjustments. However, no additional funding for the Commissioner's Office and the Division of Administrative Services is requested.

TRANSFER TRADE PROGRAM FUNDING FROM GOVERNOR'S OFFICE TO DCED

In the FY01 budget, the Legislature transferred a portion of the international trade authorization from the department to the Office of the Governor although statutes place it in DCED. In order to maintain an effective, coordinated economic development program in State government, the Governor's Office has chosen to continue the international trade function within the department. The division regularly coordinates its activities with the Governor's Office. The funding for the international trade program was transferred back to the Division of International Trade and Market Development by a Reimbursable Services Agreement in FY 2001. The Governor's budget transfers the program appropriation back to the Division of International Trade and Market Development in FY 2002.

COMMUNITY AND BUSINESS DEVELOPMENT CHANGES

- Regional Office Staff Funding Source Change from RDIF to GF -- AIDEA will no longer provide the formerly titled Rural Development Initiative Fund (RDIF) financial support to CBD for the 2002 budget year because the program is inactive. The monies funded 2 CBD rural positions (Bethel & Nome) who provided technical assistance on the RDIF but also performed numerous other functions. AIDEA has created a new program and the Division of Investments will generate and service the new loans. To maintain the level of service provided by the regional offices, general funds are sought to replace RDIF funds.
- EDA General Fund Match Increment --The division annually receives a grant from the U.S. Economic Development Administration to conduct Economic Development planning and implementation at the state level. The grant generally requires a 1:1 match. The match has traditionally been requested in the capital budget but was not funded the last 2 years in part because of criticism that it should be in the operating budget where the EDA grant federal receipts authorization is located. As a result, a general fund match increment is requested this year in the operating budget.
- Increased General Fund Program Receipts - Additional authorization is requested to receive and expend general fund program receipts from the Made in Alaska permits and miscellaneous receipts such as the sale of publications and advertising, and conference registration fees.
- Additional Federal Funding - Increased federal funding from the U.S. Dept. of Agriculture, the Denali Commission and the U.S. Forest Service is anticipated. These grants will be for block grants to communities throughout the state for economic development and community assistance.
- Delete duplicate ARDOR funding -- Ch. 43 SLA 00 extended the Alaska Regional Development Organizations (ARDOR) program. When the fiscal note was approved, it inadvertently duplicated the existing funding authorization. A decrement removes the duplicate authorization.
- Additional Federal Funding for National Program Receipts --Congress has enacted legislation (HR 2389) which will increase and stabilize future national forest receipt funding. Starting in FY 02 and continuing for six years, the Department will receive an annual payment based on the average of the three highest payment years between FFY 86 - 99. It is estimated that the annual payment to the state will be between approximately \$9 to 10 million. At this time it appears the federal appropriation for the Payment in Lieu of Taxes Program will increase from the \$134 million funding level for FY 01 to \$200 million for FY 02. The division estimates that the Department's pass-through share for cities in the Unorganized Borough will increase in FY 02 to between approximately \$5 to 6 million.

ALASKA AEROSPACE DEVELOPMENT CORPORATION

- New Positions and Related Expenses -- With the launch site transitioning from a construction project to a revenue producing enterprise, the AADC Board of Directors has determined the need for additional staff to support the administrative, operational and maintenance demands of the Corporation. Increments are requested that would fund two positions in Anchorage: Deputy Director and a Procurement Specialist; and four positions at the Kodiak Launch

Complex: Facilities Engineer, Mechanical Technician, Documentation Specialist, and Secretary. Increased contractual services authorization is also sought due to additional launch activities and an increase in the insurance costs. Funding source is AADC corporate receipts.

· AADC Facilities Maintenance Fund Source Change -- This budget component was established in the FY 2001 budget to accurately capture the costs of the Kodiak Launch Complex (KLC). In FY 2001 federal funds have been utilized to fund a portion of operations of KLC as it moved from construction phase to operational phase of the project. The construction project is complete in FY 2001. Since the KLC will be in its operational phase in FY2002, administrative costs of running the facility will be paid from AADC corporate receipts.

RURAL CIRCUIT RIDER PROGRAM FUNDING SOURCE CHANGE

This program insures the reliable and efficient performance of electrical systems in rural Alaska communities and works towards completion of an inventory and assessment of facilities annually to update the Alaska Energy Authority's (AEA) database. A funding source change switching a portion of federal funds to general funds is requested because a stable source of federal funds is not available.

BANKING, SECURITIES, AND CORPORATIONS NEW POSITIONS

Two new fee supported positions are requested. The first is a new Administrative Clerk II. The position is needed in Anchorage to support the Business Registration Examiner to reduce the large backlog of corporation filings, many of which originate in Anchorage.

The second position is a new Analyst Programmer. This position will develop and maintain the new Securities Database requested in the Capital Budget. In addition, the position will work with current Data Processing staff to move the division to on-line filing and processing. The positions are to be funded with fees through receipt supported services.

OCCUPATIONAL LICENSING CHANGES

As required by AS 08.01.065(c), all Occupational Licensing increments would be funded with license fees through receipt supported services.

· DCED hearing officer funding source change -- Prior to FY00, the DCED hearing examiner conducted hearings for several divisions within the department. The Division of Occupational Licensing received interagency receipts from other divisions for hearing services. The volume of occupational licensing hearing work has required dedication of the hearing examiner exclusively to the Division of Occupational Licensing. A funding source change from interagency receipts to receipt supported services is requested to reflect the hearing examiner's current 100% funding from occupational license fees. The funding source change would be consistent with the statutory requirement that the fees from each occupation cover the cost of regulating the occupation.

· Specific Board Requests -- The State Medical Board requests additional licensing staff to speed processing of physician and physician assistant license applications. Alaska hospitals and doctors have requested quicker processing and more frequent communication during application review. The division believes this goal can best be achieved with an administrative clerk II in Anchorage and a medical licensing examiner in Juneau. The medical and nursing programs would share the clerk.

· The Board of Nursing requests additional staff to speed licensing of nurses and nurse aides. Alaska has over 8,000 nurses and over 2,000 certified nurse aides. These numbers have grown substantially over the past decade and continue to rise, straining the existing staff's ability to respond. There is a great deal of mobility in the nursing profession, and health care facilities need to be able to put new nurses and nurse aides to work immediately. The division believes the addition of an administrative clerk II in Anchorage shared by the medical and nursing programs would improve service to the public.

· The Board of Registration of Architects, Engineers and Land Surveyors requests a licensing examiner to speed licensing, improve administration of examinations, and free the board administrator to handle more complex tasks. The board is responsible for 5,000 licensed design professionals and a single licensing examiner is no longer sufficient to meet board and applicant needs.

· Department of Law Rate Increases -- Rates increased in FY01 and will increase in FY02. The division makes extensive use of the Department of Law attorneys and as a result needs additional funding to cover the increased costs.

REGULATORY COMMISSION OF ALASKA

· Lease --The RCA does not now have enough space to accommodate all of the current staff. The current lease expires March 31, 2001. The current lease had a ten-year term and very favorable lease rates. RCA was not able to

acquire additional space within the existing building and an RFP for new office space was issued. The new lease will have a 15-year term.

- New Positions -- The RCA continues to maintain a high current caseload in an extremely dynamic utility and telecommunications environment while addressing the large backlog of cases left from the previous Commission. Seven new positions are needed to reduce the backlog and maintain current levels of service in the face of an increasing workload.

- Travel -- The travel budget has not allowed RCA to conduct hearings in locations other than Anchorage. This limits the opportunity for public participation. In order to make the agency and its processes more accessible to the public, the RCA needs to be able to conduct hearings in the affected communities.

DCED STATE FACILITIES RENT FUND SOURCE ADJUSTMENTS

Increments are requested for DCED state facilities rent in the form of interagency receipts collected from the Divisions of Banking, Securities, and Corporations; Insurance; and Occupational Licensing as receipt supported services. General Fund monies are transferred to the Department of Administration.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	41,788.0	18,926.6	72,361.8	133,076.4
Adjustments which get you to start of year:				
-Comm Assist & Ec Dev	-7.9	3.5	-1.5	-5.9
-Qualified Trade Assoc. Contract	5.3	0.0	0.1	5.4
-Investments	0.0	0.0	-22.5	-22.5
-Alaska Aerospace Devel Corp	0.0	0.0	-1.3	-1.3
-AIDEA	0.0	0.0	9.3	9.3
-Alaska Seafood Marketing Inst	0.0	0.0	-29.1	-29.1
-AK Science & Tech Foundation	0.0	0.0	-13.5	-13.5
-Banking, Securities, and Corp	0.0	0.0	-47.6	-47.6
-Insurance	0.0	0.0	71.6	71.6
-Occupational Licensing	6.2	0.0	71.8	78.0
-Reg Comm of Ak	0.0	0.0	31.0	31.0
Adjustments which will continue current level of service:				
-Executive Admin	-1,092.3	0.0	4.3	-1,088.0
-Comm Assist & Ec Dev	1,615.7	8.2	526.2	2,150.1
-Investments	0.0	0.0	17.3	17.3
-Alaska Aerospace Devel Corp	0.0	0.0	16.9	16.9
-AIDEA	0.0	0.0	37.5	37.5
-Rural Energy Programs	100.0	-100.0	0.0	0.0
-Alaska Seafood Marketing Inst	-30.5	0.0	41.6	11.1
-AK Science & Tech Foundation	0.0	0.0	4.1	4.1
-Banking, Securities, and Corp	-39.8	0.0	51.5	11.7
-Insurance	-77.4	0.0	101.7	24.3
-Occupational Licensing	-64.5	0.0	-48.7	-113.2
-Reg Comm of Ak	0.0	0.0	-75.5	-75.5
-DCED State Facilities Rent	-136.4	0.0	0.0	-136.4
Proposed budget decreases:				
-Executive Admin	0.0	0.0	-155.1	-155.1
-Comm Assist & Ec Dev	0.0	0.0	-760.5	-760.5
-Alaska Seafood Marketing Inst	0.0	0.0	-700.0	-700.0
-AK Science & Tech Foundation	0.0	0.0	-1,000.0	-1,000.0
Proposed budget increases:				
-Comm Assist & Ec Dev	155.0	200.0	35.0	390.0
-Municipal Revenue Sharing	0.0	2,000.0	0.0	2,000.0
-Alaska Aerospace Devel Corp	0.0	0.0	3,093.2	3,093.2
-AIDEA	0.0	0.0	27.4	27.4
-Rural Energy Programs	1.8	0.4	11.1	13.3
-Banking, Securities, and Corp	0.0	0.0	126.2	126.2
-Insurance	0.0	0.0	72.1	72.1
-Occupational Licensing	0.0	0.0	216.8	216.8
-Reg Comm of Ak	0.0	0.0	673.9	673.9
-DCED State Facilities Rent	0.0	0.0	178.0	178.0

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Governor	42,223.2	21,038.7	74,925.1	138,187.0

Department of Corrections

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Department Mission

To protect the public and encourage offender rehabilitation through humane, safe, and cost-effective confinement and supervision. The department will respect the rights of victims and recognize the dignity inherent in all human beings as it pursues this mission. (Modified from Legislative Version)

Department Goals and Strategies

1. MANAGE OFFENDERS IN A WAY THAT PROTECTS PUBLIC SAFETY.

To do this, the Department will:

- Continue to implement its long-range population management plan to prevent overcrowding in the in-state correctional facilities, including maintaining high utilization of community residential center (CRC) beds, and expanding the use of alternatives to incarceration, such as electronic monitoring and CRC Supervision (home furlough) programs.
- Recruit, hire, and train staff for the new Anchorage jail, scheduled to open in the spring of 2002;
- Supervise offenders on probation or parole commensurate with their risk and program needs, including neighborhood-based community supervision services and enhanced supervision of felony DWI offenders on probation; and
- Implement the Department's community jail initiative.

Performance measures for these goals include:

- Maintaining inmate populations within the maximum capacity of each institution;
- Minimizing the number of major incidents;
- Opening the new Anchorage jail on schedule in the spring of 2002; and
- Increasing probation and parole supervision of offenders through increased monitoring and accountability programs.

2. PROVIDE SERVICES AND PROGRAMS THAT AFFECT POSITIVE CHANGE, STRUCTURE OFFENDER TIME, AND FACILITATE SUCCESSFUL REINTEGRATION OF OFFENDERS INTO SOCIETY.

To do this, the Department will:

- Work cooperatively with the Mental Health Trust Authority and the Boards to provide services to the beneficiaries who are in the Department's custody or under the Department's supervision;
- Continue in-prison residential treatment programs for offenders who have chronic substance abuse problems;
- Implement and expand the Department's Youthful Offender Initiative;
- Using principles of community justice, improve corrections-based victims' services.

Performance measures for these goals include:

- Increase substance abuse (alcohol and other drug) interventions for offenders;
- Increase education services for offenders in institutions.

3. PROVIDE EFFECTIVE CORRECTIONAL ADMINISTRATION THROUGH STRATEGIC PLANNING, TRAINING, QUALITY ASSURANCE, AND THE USE OF AUTOMATION AND NEW TECHNOLOGIES.

To do this, the Department will:

- Continue to implement and refine the Department's management information system;
- Implement the Department's strategic health care plan;
- Provide training, including victims' services training, for all staff.

Performance measures for these goals include:

· Expand the management information system to include medical, clinical, inmate accounting, and programmatic data.

Key Department Issues for FY2001 – 2002

CONSTRUCTION OF A NEW ANCHORAGE JAIL AND A PRISON AT FORT GREELY- Department staff continue to be involved on a daily basis in the planning and construction of a new Anchorage Jail. This year, the Department must recruit, hire, and train staff for the facility, as well as adopt operational policies for the facility. The Department is also continuing its planning for an 800 bed prison at Fort Greely.

PRISON AND JAIL OVERCROWDING - Alaska's institutions can only hold 2,786 inmates, forcing the state to send 800 inmates out-of-state. Furthermore, the daily average number of inmates imprisoned in Alaska continues to increase (from 3,337 in FY 94 to 4,151 in FY 99 to 4,261 in FY 00). The department will address this by continuing to implement its long-term population management plan. Part of this is the governor's statewide regional expansion plan in which the next expansion would be the regional jails in Bethel and Fairbanks.

YOUTHFUL OFFENDER INITIATIVE -Juvenile offenders, between the ages of 15 and 22, currently account for more than 16% of the department's in-state institutional population. The Department must secure proper staffing for its Spring Creek Youthful Offender Unit and also develop and implement a plan for youthful pretrial felons.

COMMUNITY CORRECTIONS' FELONY DWI ACCOUNTABILITY INITIATIVE - The department will establish specialized caseloads for Probation Officers trained in managing the risk DWI offenders present to the safety of our communities.

STANDARDS AND ACCREDITATION INITIATIVE - Anticipating that it will soon be relieved of court-monitoring, the Department is continuing to develop its own initiative to ensure that its institutions continue to operate in a safe and secure manner. Toward this end, the department is seeking accreditation by the American Correctional Association (ACA) for its institutions.

NEW MANAGEMENT INFORMATION SYSTEM (MIS) - The department continues to seek alternative fund sources to expand the development of and provide for long-term operational support of the new MIS.

HEALTH CARE INITIATIVE -- The Department is completing implementation of its strategic health care initiative, which refocuses on the ambulatory care model for the delivery of physical health care services to prisoners.

Major Department Accomplishments in 2000

CLEARLY PROGRESS - In FY2000, the court reduced the scope of monitoring in the Cleary class action by ending the monitoring of women statewide and the population in House One at Spring Creek. In August 2000, the Department filed its motion to terminate the class action litigation under AS 09.19.200 (Alaska's Prison Litigation Reform Act).

RESIDENTIAL SUBSTANCE ABUSE TREATMENT (RSAT) PROGRAM FOR MEN - The Wildwood Correctional Center Men's Residential Substance Abuse Treatment (RSAT) Program was brought on line in FY 2000. It is a twelve-month program for male inmates needing intensive substance abuse treatment.

SERVICES FOR VICTIMS -The department continued its commitment to community justice by partnering with other criminal justice and victims' service agencies to establish local Victims' Advisory Committees in six communities throughout the state. These committees work together with the goal of improving corrections related services to victims on both the state and local level.

ANCHORAGE JAIL CONSTRUCTION - The Department has continued its successful partnership with the Municipality of Anchorage to construct a new 400 bed jail, scheduled to open in spring 2002. The project has met every benchmark to date and is on-time and under-budget. Significant soil contaminants were uncovered during site excavation work. By working with the Department of Transportation and Public Facilities and Department of Environmental Conservation, the Department of Corrections and the Municipality of Anchorage have identified

alternative funding sources for the remediation of these contaminants so that the project budget is not impacted by these unforeseen difficulties.

STRATEGIC HEALTH CARE INITIATIVE - The Department evaluated the inmate medical program and initiated a multi-year process to refocus services to be consistent with community ambulatory care practice. This includes enhanced utilization review and cost control efforts, uniform medical records, and improved nursing procedures.

Key Performance Measures for FY2002

Measure: Maintain inmate populations within the emergency capacity of each institution.
(Not yet addressed by Legislature.)

Current Status:

Since November 1999, in-state institution populations have remained below their emergency capacities with a few exceptions.

Benchmark:

The final order in Cleary, nearly a decade ago, required the Department to bring its population under emergency capacities established in the class action lawsuit. The Department has been working to comply since then.

Background and Strategies:

Due to increased state population, more criminal enforcement and longer sentences, the State's prison population has increased. The Department has developed and implemented a long-term plan. In FY2000, the court reduced the scope of monitoring in the Cleary class action by ending the monitoring of both women and the population in House One at Spring Creek. In August 2000, the Department filed its motion to terminate the class action litigation under AS 09.19.200 (Alaska's Prison Litigation Reform Act).

Measure: Minimize the number of major incidents.
(Not yet addressed by Legislature.)

Current Status:

Since 1995, there have been no major incidents in Alaska's in-state institutions.

Benchmark:

The State has established its own benchmark by not having any major incidents for many years now.

Background and Strategies:

Maintaining in-state institutions below their emergency capacities and ensuring an adequate number of properly trained staff are critical components to preventing major incidents. As the State attempts to respond to decreasing revenues, it is important to ensure that we do not compromise public safety.

Measure: Increase probation and parole supervision of offenders through increased monitoring and accountability programs.
(Not yet addressed by Legislature.)

Current Status:

The FY 2000 department-wide average monthly supervision caseload was 4,492; the annual number of pre-sentence reports was 1512. General supervision caseloads per Probation Officer;

Anchorage, 9 of 14 exceed 90 medium/maximum offenders
Palmer, 3 of 4 exceed 100 medium/maximum offenders
Fairbanks, 3 of 8 exceed 90 medium/maximum offenders

Benchmark:

- Establish optimal monthly caseloads of a Probation Officer who is not preparing pre-sentence reports at 70-75 offenders.

- Establish optimal monthly caseloads of a Probation Officer who is preparing pre-sentence reports at 60-65 offenders.
- Establish optimal monthly specialized caseloads of a Probation Officer for DWI, Sex Offender and Mental Health cases at 45-50 offenders.

Background and Strategies:

The number of offenders on probation/parole during the last three fiscal years has increased by 939 felons, primarily in the Anchorage, Palmer and Fairbanks areas.

1997 Average monthly caseload statewide: 3553
1998 Average monthly caseload statewide: 4132
1999 Average monthly caseload statewide: 4388
2000 Average monthly caseload statewide: 4492

As the number of offenders on probation/parole continues to increase, it will become necessary to increase the number of probation officers providing supervision.

Caseloads over the benchmark standard for supervision make it more difficult to protect public safety.

Measure: Increase Substance Abuse (Alcohol and Other Drug) Interventions for Offenders.

(Not yet addressed by Legislature.)

Current Status:

On October 16, 2000 the Men's Residential Substance Abuse Treatment (RSAT) program opened at Wildwood Correctional Center. The 42-bed in-prison long term residential treatment program is currently filled to capacity with a waiting list of 30 offenders.

In Alaska, the Women's Residential Substance Abuse Treatment (RSAT) program opened Nov. 1, 1998. It is an in-prison long-term residential treatment program. As of Sept. 30, 2000, 131 women have been admitted to this intensive level of care. Currently there is no wait list for this program.

Benchmark:

Many jurisdictions are showing success, measured by reduced recidivism, by implementing in-prison residential treatment programs that address addiction issues in conjunction with life skills and behavioral changes.

Background and Strategies:

Many chronically addicted offenders who have a history of substance abuse related crimes need the services of a 6-12 month residential treatment program that addresses addiction issues in conjunction with life skills and behavioral changes. Without such intervention, they inevitably return to their substance abuse and criminal behavior. In order to improve substance abuse interventions for offenders, the Department is striving to increase the number of offenders participating in RSAT programs while incarcerated.

Measure: Increase education services for offenders in institutions.

(Not yet addressed by Legislature.)

Current Status:

The Alaska DOC has improved education services for offenders in three areas during FY 2000: women's vocational programming, secondary and special education for youthful offenders.

Vocational training for female offenders now includes programs in horticulture, building trades and computer operations. 111 women enrolled in classes in these areas.

Corrections and the Department of Education and Early Development jointly offered training for school district and correctional educators on federal and state special education requirements. Agreements for service delivery are in place for each facility.

In FY 2000, the Department collaborated with the Kenai Peninsula School District to implement a comprehensive education program for youthful offenders at the Spring Creek Youthful Offender Program. Three full-time teachers were employed to provide academic and special education programs.

Benchmark:

Although scientifically based research in the area is limited; there is some indication of a positive relationship between correctional education and post-release success. Negative behavior within the correctional system also may be impacted by such participation.

Background and Strategies:

In 1990, the Correctional Education Association estimated that 75% of adult American inmates were illiterate. Other researchers estimate the average reading level to be at or below the fifth grade and that more than half of all prison inmates has not finished high school. Limited studies conducted on Alaskan inmates indicate that the adult inmates and the youthful offenders experience these same limitations, including the need for special education services.

Educational services are severely limited within the Department's institutions. In FY 2000, the Department became a federal sub-grantee of a distance learning program. The department hopes to increase educational offerings in the areas of adult basic education, GED preparation, life skills and pre-release preparation through this program. The Department will also continue to coordinate with other state and local agencies to improve the quality and quantity of educational services.

Measure: Expand the Management Information System to include medical, clinical and programmatic data.
(Not yet addressed by Legislature.)

Current Status:

The new system replacement core information modules for tracking and monitoring offenders in Institutions and Community Corrections will be implemented during the second quarter of FY 2001.

Benchmark:

The essential elements of the medical, clinical and programmatic data expansion will be operational in the new Management Information System by June 30, 2002.

Background and Strategies:

The Department has recognized its need for more accurate data to track recidivism and for other data driven functions. To this end the Department has been working since 1995 toward the development and implementation of the new core management information system.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> Maintained inmate populations within the emergency capacity of each institution. Minimize the number of major incidents. Increase probation and parole supervision of offenders through increased monitoring and accountability programs. Improve Substance Abuse (Alcohol and Other Drug) Interventions for Offenders. Improve education services for offenders in institutions. Expand the Management Information System to include medical, clinical and programmatic data. 		X			X

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Administration & Operation	112,186.2	2,027.4	15,848.3	130,061.9	112,405.2	2,578.7	16,642.0	131,625.9	115,627.4	4,134.0	19,544.1	139,305.5
Community Residential Centers	13,962.9	831.3	4.1	14,798.3	12,479.0	1,717.8	1,585.0	15,781.8	12,479.0	1,717.8	1,585.0	15,781.8
Out of State Contracts	16,023.1	2,330.8	0.0	18,353.9	16,030.5	2,666.7	0.0	18,697.2	15,422.2	2,666.7	0.0	18,088.9
Point MacKenzie Alternative	2,119.4	0.0	0.0	2,119.4	2,154.4	0.0	0.0	2,154.4	2,157.6	0.0	0.0	2,157.6
Institutional Hsg	200.0	0.0	0.0	200.0	170.0	0.0	0.0	170.0	170.0	0.0	0.0	170.0
Food Services	0.0	0.0	0.0	0.0	0.0	96.1	0.0	96.1	0.0	96.1	0.0	96.1
Apprenticeship												
VPSO Parole Supervision Program	82.0	0.0	0.0	82.0	95.0	0.0	0.0	95.0	95.0	0.0	0.0	95.0
Totals	144,573.6	5,189.5	15,852.4	165,615.5	143,334.1	7,059.3	18,227.0	168,620.4	145,951.2	8,614.6	21,129.1	175,694.9

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	5,189.5	7,059.3	8,614.6
1003 General Fund Match	129.6	129.6	129.6
1004 General Fund Receipts	136,938.7	136,591.0	141,094.8
1005 General Fund/Program Receipts	3,506.0	1,825.4	28.0
1007 Inter-Agency Receipts	9,258.9	8,168.6	8,183.7
1037 General Fund / Mental Health	3,999.3	4,264.8	4,698.8
1050 Permanent Fund Dividend Fund	2,146.8	2,929.0	3,281.3
1053 Investment Loss Trust Fund		523.3	
1059 Correctional Industries Fund	3,500.0	3,500.6	4,150.6
1061 Capital Improvement Project Receipts	484.3	556.8	221.4
1092 Mental Health Trust Authority Authorized Receipts	414.5	303.2	457.5
1108 Statutory Designated Program Receipts	47.9	313.2	2,214.8
1156 Receipt Supported Services		2,455.6	2,619.8
Totals	165,615.5	168,620.4	175,694.9

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	1,366	1,478
Permanent Part Time	4	3
Non Permanent	0	0
Totals	1,370	1,481

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Facility Maintenance, Repair, Renewal, Replacement, and Renovation	1,000,000	0	0	1,000,000
Criminal Justice Management Information System Replacement	762,200	0	0	762,200
Replacement and Repair of Security Systems, and Life and Safety Equipment	500,000	0	0	500,000
Computer Network Hardware Replacement and Upgrade	185,000	0	0	185,000
Community Jails Facilities Maintenance, Repair and Renovation, and Life and Safety Equipment	0	100,000	0	100,000
Correctional Institutions Roof Repairs and Replacement	0	2,090,000	0	2,090,000
Department Total	2,447,200	2,190,000	0	4,637,200

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

ANCHORAGE JAIL

- \$3,955.0 GF, \$230.0 Statutory Designated Receipts and \$15.0 Interagency Receipts to provide for start-up costs and partial year operations of the New Anchorage Jail.

COMMUNITY JAILS

- Additional funds of \$400.0 are critical to address most of the Community Jails facilities to allow increased security and safety services for state prisoners housed locally. Despite five years of increased costs to the Communities, the State payments have not increased since 1995.

INMATE PROGRAMS

- \$60.0 GF/MH will provide culturally relevant programming at Palmer, Hiland Mountain, Fairbanks, Wildwood, Spring Creek and Lemon Creek Correctional Center.
- Funds are required to support contract inmate substance abuse treatment (ISAT) providers across the state. \$226.0 GF/MH will be used to provide substance abuse education, assessment, and referral services at institutions statewide.
- MHTAAR Funds of \$60.2 for a centralized substance abuse assessment specialist who would work with correctional staff to assess inmates for the purpose of moving them to the program that they need.

SIXTH AVENUE CORRECTIONAL CENTER

- \$70.0 general fund the continuance of two positions at the Anchorage Court House who operate the live scan finger print machine placed in the Court House in FY1999. Positions previously funded by RSA funds (federal pass-through) from the Department of Public Safety.

CORRECTIONAL ACADEMY

- Statutory Designated Receipt authorization of \$75.0 is needed to pay the Municipality of Anchorage for the lease of the DOC Correctional Academy. These funds will be provided through receipts collected for housing offenders charged under municipal ordinances.

DATA AND WORD PROCESSING

- \$550.0 Federal Funds (partially offset by a decrement of \$333.8 CIP) will be used for operational support provided to 34 LAN/WAN sites and staff support for the MIS.

INMATE HEALTH CARE

- A decrement of \$30.0 MHTAAR Funds from FY01 mental health trust projects that will not carry forward.
- A Sub-Acute Care Unit (to treat up to 50 seriously mentally ill men) and a Juvenile Initiative at the Spring Creek Correctional Center will be funded with \$125.0 MHTAAR and \$126.3 GF/MH. Mental health programs need to be developed and implemented to meet this service area.

CORRECTIONAL INDUSTRIES PRODUCT COST

- Correctional Industries Product Cost funds in the amount of \$650.0 will be used to purchase raw materials for the industries. The Program generates receipts from the sale of goods.

INSTITUTION DIRECTOR'S OFFICE

- Additional Federal Receipts of \$959.0 for housing federal inmates will provide funding for an Assistant Director position in this component and the balance will be distributed to various institutions that will house these inmates.

CORRECTIONAL FACILITIES

- General Fund Program Receipt authorization will be replaced with Statutory Designated Program Receipts for Municipal Manday Billings. (Combined Hiland Mountain; Cook Inlet; Fairbanks; Ketchikan; Lemon Creek; Mat-Su; Palmer; Sixth Avenue; and Wildwood Correctional Centers)

ELECTRONIC MONITORING

- Increased Statutory Designated Receipt Authorization of \$110.0 will be utilized to expand the number of E.M. slots.

LEMON CREEK CORRECTIONAL CENTER

- Receipt Supported Service Fees of \$50.0 will be generated from local calls and a debit card program implemented by the contractor. These receipts will offset the monitoring costs of the program.

TRANSPORTATION AND CLASSIFICATION

- Additional Federal Receipts of \$41.0 for housing federal inmates will provide funding to bring vacancy factor to within tolerance for this component.

OUT OF STATE CONTRACTS

- Decrement (\$610.0 GF) savings from the return of 100 inmates the beginning of spring 2001 and an additional 100 inmates before year-end.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	143,334.1	7,059.3	18,227.0	168,620.4
Adjustments which will continue current level of service:				
-Administration & Operation	-1,615.1	5.3	1,950.7	340.9
-Out of State Contracts	1.7	0.0	0.0	1.7
-Point MacKenzie	3.2	0.0	0.0	3.2
Proposed budget decreases:				
-Administration & Operation	0.0	0.0	-363.8	-363.8
-Out of State Contracts	-610.0	0.0	0.0	-610.0
Proposed budget increases:				
-Administration & Operation	4,837.3	1,550.0	1,315.2	7,702.5
FY2002 Governor	145,951.2	8,614.6	21,129.1	175,694.9

Department of Education and Early Development

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Department Mission

The mission of the Department of Education & Early Development is to support the development of lifelong learners.

Department Goals and Strategies

1. To have culturally and developmentally appropriate high quality early care and education programs that improve the well being of young children statewide in which children, families, and communities are active partners.
 - Strengthen family connections between the program and home.
 - Prepare parents to recognize the opportunities and responsibilities they have for the care and learning of their children.
 - Increase community involvement and promote cooperative services for young children and their families.
 - Provide professional development to improve the knowledge and skills of providers of early care and education programs by requiring that they be held to high standards.
 - Develop rigorous, standards based licensing programs for early care and education providers.
 - Develop incentives for providers to become licensed.
2. To have clear, rigorous, credible standards and assessments.
 - Provide state standards for student performance in reading, writing, and mathematics.
 - Provide assistance to school districts in aligning curriculum to state standards.
 - Provide a developmental profile for each child entering kindergarten or first grade.
 - Provide standards-based assessments in reading, writing, and mathematics at grades 3, 6, and 8.
 - Provide norm-referenced testing in grades 4 and 8.
 - Provide the High School Graduation Qualifying Examination.
3. To have a credible system of academic and fiscal accountability for students, professionals, schools and districts.
 - Award Quality Schools Grants so schools and communities can determine local solutions to improve student learning such as summer school, individual tutoring, lower class size, special classes, and before and after school programs.
 - Develop school designations based on student performance and other measures.
 - Provide support to schools and assistance in developing school improvement plans.
 - Establish criteria for consistent allocation of instructional costs and uniform reporting of school district financial data.
4. To have highly qualified school professionals who have met rigorous and credible standards and assessments.
 - Provide rigorous educator standards by which school districts will evaluate professionals.
 - Develop and administer a standards-based licensure system for educators.
 - Provide professional development opportunities for standards-based instruction.
 - Encourage local school boards to adopt culturally responsive educator standards.
5. To have schools in which students, staff, families and communities are active partners in learning.
 - Promote research-based family involvement models and community orientations.
 - Promote and support school-based Family Involvement Centers.
 - Encourage and support business and school partnerships.
6. To have an adequate and secure source of funding for schools.
 - Secure adequate funding to develop and maintain an accountable system of high quality public schools.
 - Secure adequate funding to meet school district's school construction and major maintenance needs.
 - Analyze differences in the costs of operating schools taking into consideration school size and location.
 - Analyze and recommend better business practices to local school boards of education and superintendents.

Key Department Issues for FY2001 – 2002

QUALITY SCHOOLS INITIATIVE www.eed.state.ak.us/qschools/

The Quality Schools Initiative (QSI) is designed to increase the quality of public education. The QSI is based on high student academic standards and assessment, safe and respectful schools and communities, quality professional standards, and school excellence based on standards.

All Alaskan schools have adopted state-mandated academic standards in reading, writing, and mathematics. Schools will test each child early and often in these subjects throughout their school careers to make sure they are on target to meet the standards. Schools are required to test students at the 3rd, 6th, and 8th grades. If they are falling behind, schools will provide special help to children so they can catch up. The state assessment system also includes norm-referenced tests so we know how our students perform compared to national rankings. The final part of the comprehensive student assessment system is the High School Graduation Qualifying Examination. This assessment system will give the state and communities solid information to hold schools and communities accountable for the academic achievement of children. Each year, all schools will report certain information to their communities and state about their progress.

High School Graduation Qualifying Exam (HSGQE)

Alaska's education reform movement is on the right track. We are raising academic standards, seeking new resources and demanding accountability. The single, largest issue for FY2002 is the timing of the high-stakes consequences of the High School Graduation Qualifying Exam for the students graduating in the spring of 2002.

With two administrations of the HSGQE, it is clear that the state will be denying diplomas to thousands of next year's seniors unless the exam's effective date is adjusted. More than 5,000 of next year's seniors, from every corner of Alaska, are not on track to get a diploma. Three-quarters of them have passed the reading portion of the exam, about half have passed writing but just one-third have passed math. Even with additional opportunities to take the exam, a large percentage of these students still won't pass all three sections by May 2002. Denying diplomas to this group of students is especially unfair because they haven't had the new sequence of benchmark testing and extra assistance to help them meet the new standards. Also, although significant progress has been made in aligning curriculum to state standards, some schools have only recently aligned what they're teaching with the standards being tested.

The State Board of Education and Early Development has recommended that the HSGQE be given and reported on transcripts but the effective date of the high stakes consequences of the exam be targeted for 2006. This will give us the time needed to be sure the standards reflect what Alaskans think is important, the test is a good measure and students are adequately prepared. The additional time will assure that all students, including those with learning disabilities and those in highly mobile families who move in and out of our schools, will have had a reasonable opportunity to learn what's tested.

Postponing the high stakes consequences of the exit exam while continuing to administer the test along with the benchmarks exams given in grades 3, 6 and 8 will give us the tools to determine if our students are learning the standards, if they need extra help, or, if they've already mastered the basics, to provide them additional challenges. The Governor will be introducing legislation this session to move the high stakes consequences of the exit exam until 2006 while still reporting the test results in the intervening years.

Quality Schools Grants

The Quality Schools Grant is part of the state's public school funding program to help students meet higher academic standards in reading, writing, and mathematics. Student achievement needs to be measured against rigorous standards in these areas at appropriate age levels. The Quality Schools Grants provide resources to schools and school districts to develop intervention plans and programs for students at risk of not meeting these standards. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

Although the Governor requested a statutory increase of the Quality Schools Grant from \$16 to \$52 per adjusted Average Daily Membership in FY2001, the legislature only included one-time funding for what it called learning opportunity grants. Improvement in student performance requires a continuous commitment to providing the resources to ensure that all students meet high academic standards. The governor believes that this funding should be continued as a minimum in the FY2002 budget.

Increase Instructional Time

Another critical component of ensuring that all students meet high academic standards is to ensure that direct instruction is delivered by highly qualified, well trained education professionals and that students have more time on task. School districts must have the capacity to ensure that all students meet these standards. Participants at the Alaska Education Summit 2000 unanimously recommended that changes be made to the school year to provide more time for direct instruction and professional development and that schools should be given the resources to accomplish this.

Teacher Recruitment and Retention

There is a nationwide shortage of education professionals that is making it increasingly difficult for Alaska school districts to attract and retain highly qualified teachers. Even with the most optimistic projections, Alaska's university system will only be able to supply a quarter of our teachers over the next five to ten years. Given that three-quarters of our teaching work force will need to come from outside of Alaska, we must be able to compete with other states who are offering a number of incentives to new teachers including signing bonuses and housing allowances.

The State Board of Education and Early Development is considering an incentive package that includes lowering fees for teacher certification and renewal, paying for national board certification, reciprocity with other states, assisting with mentorship programs for new educators, and teaching certificates suitable for framing and display in classrooms. In addition, the board is considering financial incentives including a loan forgiveness or a loan assumption program.

PUBLIC SCHOOL FUNDING PROGRAM

The governor's budget fully funds the FY2002 public school foundation program. Although the state aid required under the current school funding formula would decrease by \$10.5 million in FY2002 due to increases in required local effort and federal impact aid, this is not the time to reduce the state support of education. Schools need resources to help students meet higher academic standards in reading, writing, and mathematics and to be held accountable for their students performance. The governor's budget maintains the FY2001 level of funding that includes \$6.2 million in one-time grants approved by the legislature.

The governor has appointed an Education Funding Task Force that will make specific recommendations to him and the State Board of Education and Early Development by February 1, 2001. The task force will consider ideas stemming from the recent Education Summit and other forums that include allowing districts to increase student instruction time by extending the number of days in the school year and increasing the amount of the Quality Schools Grants. The task force recommendations will help develop a five-year financing plan for providing school districts with the resources to ensure that all our students are meeting high academic standards. The February time frame will allow the task force recommendations to be incorporated into legislation or budget proposals to be considered by the upcoming legislature.

The public school funding program passed by the legislature in 1998, substantially changed how funding is allocated among school districts in Alaska. As part of the new funding mechanism, the legislature included a requirement that the department provide the legislature with a series of reports by January 15, 2001 including:

- A comparison of the per school funding in the new formula to the use of funding communities in the old funding formula including a thorough review of educational adequacy in the schools of Alaska; and
- Proposed adjustments to the district cost factors.

EARLY DEVELOPMENT www.eed.state.ak.us/EarlyDev/

The combination of early development and education programs in the 1999 departmental merger legislation recognized the importance of assuring every child the best possible start in life by creating a comprehensive system of early care and learning in Alaska.

Research has clearly shown that early development and learning creates the foundation for later achievement. Approximately 60% of Alaska's preschool-age children have working parents. The great majority of children receive some or most of their care outside of their homes by the time they are three years old. Access to quality child care and preschool programs that provide safe, healthy developmental and learning experiences is essential for a child's readiness for school and capacity for further learning. The department is working to ensure that quality childcare and preschool programs are available for Alaska's children.

The governor's FY2002 budget proposes increases in state and federal funding for expansion of early childhood programs, improving quality of childcare services and preschool programs through professional development and training, increasing parent involvement, and improving and increasing access to licensed child care facilities.

Major Department Accomplishments in 2000

- Conducted first administration of the High School Graduation Qualifying Exam and Benchmark Assessments in March 2000.
- Implemented procedures for test security and administration.
- Finalized regulations for implementation of the comprehensive system of student assessments.
- Determined the qualifying proficient score in each of the core subject areas for the High School Graduation Qualifying Exam and Benchmark Assessments.
- Reported the results of the first administration of the HSGQE and Benchmark Assessments to students, parents, schools, school districts and the public.
- Hosted a second statewide Education Summit in September 2000 for school districts and the public to consider the results from the first administration of the Benchmark Assessments and determine what additional efforts will be necessary to ensure that students have the opportunity to learn and meet the standards prior to graduation.
- Developed and disseminated informational materials for the High School Graduation Qualifying Exam and the Benchmark Assessments.
- Provided childcare assistance in over 30 Alaskan communities through local non-profit or municipal program administrators.
- Supported employment of eligible low-income families by subsidizing childcare costs for approximately 5,400 children per month on a sliding ability-to-pay scale.

Key Performance Measures for FY2002

Measure: Percentage of students who meet the proficiency level in benchmark assessments in grades 3, 6, and 8

(Developed jointly with Legislature in FY2001.)

Current Status:

Percent Proficient in Reading, Writing and Mathematics on Benchmark Examinations, Spring 2000

Grade	Reading	Writing	Mathematics
3rd	73	49	65
6th	70	72	62
8th	83	68	39

Benchmark:

Benchmark examinations were administered for the first time in March of 2000. The State Board of Education and Early Development set the proficiency level for each grade. These proficiency levels are Advanced; Proficient; Below Proficient; and, Not Proficient. These data from the first administration in March 2000 will establish a baseline for measuring student performance. Proficiency is defined as the sum of students who scored at the Advanced and Proficient levels on the Benchmark exams.

Background and Strategies:

State law requires a comprehensive system of student assessments including a developmental profile for students entering kindergarten or first grade, benchmark assessments in reading, writing, and mathematics at grades 3, 6, and

8, and passage of the High School Graduation Qualifying Exam in order to receive a high school diploma beginning in 2002. The department has:

1. Provided school districts with state performance standards in reading, writing, and mathematics at the appropriate grade levels.
2. Developed the benchmark examinations in reading, writing, and mathematics for grades 3, 6, and 8.
3. Provided professional development opportunities for standards based instruction.
4. Provided technical assistance to school districts in aligning curriculum to state standards.

The department is in the process of:

1. Working with school districts to develop programs that provide students with opportunities to learn in order to reach the state standards at the appropriate age/grade levels.
2. Developing intervention strategies to assist students that fail to meet standards or are at risk of failing to meet standards at the appropriate age/grade levels.
3. Working with school districts to target staff development and teacher in-service opportunities to support standards-based instruction and assessments.
4. Targeting federal grant dollars to support increased student performance in reading, writing, and mathematics.
5. Identifying a new norm-reference assessment, linked to Alaska performance standards that will be potentially administered at grades 4, 5, 7, and 9.

Measure: Percentage of students performing above the national average on state adopted norm-referenced tests

(Developed jointly with Legislature in FY2001.)

Current Status:

In school year 1999-00, 31.9% of Alaska's 4th graders scored in the top quartile in reading, 30.7% in the top quartile in language arts and 37.3% in the top quartile in mathematics.

Benchmark:

The chart on the following page illustrates where Alaska's 4th grade students scored on the norm-referenced test in school years 1996-1997 through 1999-2000.

Background and Strategies:

The department has used the CAT/5 norm-referenced test for the past 5 years. The current contract will expire in June of 2001 and the department will seek competitive proposals for a new norm-referenced test to be used for school year 2000-2001 and beyond. The new contract will solicit proposals for norm-referenced tests at grade 4, 5, 7 and 9. The addition of two new norm-referenced tests at grades 5 and 9 will provide a transition to an assessment system with capabilities not now available. Under the new system, students will be assessed each year from grades 4 to 10 using a combination of Benchmark, HSGQE and norm-referenced tests, which will allow for a measure of student academic growth from year-to-year. The ability to track student growth will allow the department to implement in 2002, a school rating system that will assign a designation of distinguished, successful, deficient or in-crisis to each public school in the state as required by AS 14.03.123.

Measure: Percentage of students who pass the state high school graduation-qualifying exam

(Developed jointly with Legislature in FY2001.)

Current Status:

Reading - 75%
Writing - 48%
Mathematics - 32%

Benchmark:

The High School Graduation Qualifying Examination is completed and was administered in March of 2000. The State Board of Education & Early Development set the proficiency level for the exam. This data from the first administration of the graduation-qualifying exam will establish the baseline for measuring student performance. The exam will be offered in October and March of each school year to provide additional opportunities for high school sophomores, juniors, and seniors to take the exam. A second opportunity was provided in October 2000. Data from the second administration will be available in December 2000.

Background and Strategies:

State law requires a comprehensive system of student assessments including a developmental profile for students entering kindergarten or first grade, benchmark assessments in reading, writing, and mathematics at grades 3, 6, and 8, and passage of the High School Graduation Qualifying Exam in order to receive a high school diploma beginning in 2002. The department has:

1. Provided school districts with state performance standards in reading, writing, and mathematics.
2. Developed the graduation qualifying examination in reading, writing, and mathematics.
3. Provided professional development opportunities for standards based instruction.
4. Provided technical assistance to school districts in aligning curriculum to state standards.

Measure: The number of children served in licensed childcare facilities

(Developed jointly with Legislature in FY2001.)

Current Status:

In October 2000, there were 609 licensed child care facilities in Alaska with a capacity to serve 16,505 children.

Benchmark:

Fiscal Year	Number of Licensed Facilities	Capacity
1999	582	15,528
2000	609	16,505

Background and Strategies:

Child care licensing provides consumer protection through quality assurance. The high percentage of children in licensed facilities indicates that parents, as consumers of child care at all income levels, are seeking quality child care. Incentives must be developed to encourage more providers to pursue licensing and minimum licensing standards should be the floor and not the ceiling.

Twenty-five states now have tiered reimbursement rates, paying more for higher quality care. Licensing is usually used to identify the lowest level of quality acceptable for funding, with some states ruling out programs with poor licensing records. There are different ways to distinguish between levels of quality. So far, most states have two levels: licensing and accreditation.

To achieve Alaska's goal of high quality, safe child care, the department will:

1. Revise standards to reflect the higher expectations of the system.
2. Provide technical assistance to unlicensed facilities to meet minimum licensing standards by July 2002.
3. Re-structure the payment system to provide incentives for achieving and maintaining high quality care.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Percentage of students who meet the proficiency level in benchmark assessments in grades 3, 6, and 8		X			
• Percentage of students performing above the national average on state adopted norm-referenced tests		X			
• Percentage of students who pass the state high school graduation-qualifying exam		X			
• The number of children served in licensed childcare facilities		X			

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
K-12 Support	693,677.7	20,791.0	7,612.8	722,081.5	654,642.5	20,791.0	8,415.6	683,849.1	654,642.5	20,791.0	8,415.6	683,849.1
School Debt Reimbursement	0.0	0.0	64,905.0	64,905.0	0.0	0.0	52,818.9	52,818.9	0.0	0.0	57,020.5	57,020.5
Pupil Transportation	0.0	0.0	0.0	0.0	40,302.1	0.0	4,400.0	44,702.1	44,702.1	0.0	0.0	44,702.1
Non-Formula Expenditures												
K-12 Support Executive Administration	0.0	24,630.5	0.0	24,630.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Teaching and Learning Support	2,168.6	238.5	1,536.7	3,943.8	128.3	0.1	496.2	624.6	127.6	0.0	477.8	605.4
Early Development Children's Trust Programs	5,427.6	72,786.4	2,330.1	80,544.1	4,780.7	73,738.0	1,357.5	79,876.2	4,947.5	76,921.7	1,360.5	83,229.7
Education Support Services	3,923.4	376.7	27,241.3	31,541.4	8,603.4	38,424.8	19,024.1	66,052.3	10,706.0	49,855.8	18,132.1	78,693.9
Alyeska Central School Commissions and Boards	0.0	0.0	0.0	0.0	0.0	0.0	405.7	405.7	0.0	100.0	473.0	573.0
Kotzebue Technical Center	0.0	0.0	0.0	0.0	2,146.6	0.0	1,447.6	3,594.2	2,139.2	0.0	1,421.3	3,560.5
AK Vocational Technical Center	66.7	0.0	4,316.9	4,383.6	91.2	0.0	4,943.4	5,034.6	91.2	0.0	4,933.8	5,025.0
Mt. Edgecumbe Boarding School	641.2	431.7	27.0	1,099.9	463.8	596.7	311.5	1,372.0	462.7	594.4	312.9	1,370.0
State Facilities Maintenance	609.0	0.0	0.0	609.0	609.0	0.0	548.0	1,157.0	609.0	0.0	0.0	609.0
Alaska Library and Museums	3,320.7	138.2	2,017.6	5,476.5	3,351.5	275.0	2,956.0	6,582.5	3,380.4	275.0	2,448.1	6,103.5
	2,396.3	0.0	2,322.6	4,718.9	2,442.9	0.0	1,989.3	4,432.2	2,640.1	0.0	1,995.7	4,635.8
	0.0	0.0	1,489.6	1,489.6	325.9	0.0	1,516.4	1,842.3	260.7	0.0	1,653.9	1,914.6
	5,597.6	606.8	121.8	6,326.2	5,753.6	775.5	303.0	6,832.1	5,856.6	775.5	315.1	6,947.2

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Alaska Postsecondary Education	1,516.5	59.1	7,177.1	8,752.7	1,444.5	76.6	7,954.2	9,475.3	1,507.3	76.1	7,717.6	9,301.0
Totals	719,345.3	120,058.9	121,098.5	960,502.7	725,086.0	134,677.7	108,887.4	968,651.1	732,072.9	149,389.5	106,677.9	988,140.3

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	99,069.6	113,659.1	128,370.8
1003 General Fund Match	825.1	3,857.8	3,938.1
1004 General Fund Receipts	717,177.4	720,496.3	727,491.8
1005 General Fund/Program Receipts	1,232.7	532.3	532.1
1007 Inter-Agency Receipts	40,099.9	30,380.8	29,570.4
1014 Donated Commodity/Handling Fee Account	198.3	227.6	227.7
1030 School Fund (Cigarette Tax)	43,836.1	29,337.3	29,049.1
1037 General Fund / Mental Health	110.1	111.3	110.9
1043 Public Law 81-874	20,791.0	20,791.0	20,791.0
1044 Debt Retirement	21,068.9	23,481.6	27,971.4
1053 Investment Loss Trust Fund		88.3	
1061 Capital Improvement Project Receipts	5.6	130.0	129.2
1066 Public School Fund	7,612.8	8,415.6	8,415.6
1098 Children's Trust Fund Earnings		405.7	473.0
1102 Alaska Industrial Development & Export Authority Receipts		4,400.0	
1106 Alaska Post-Secondary Education Commission Receipts	7,177.1	7,754.2	7,717.6
1108 Statutory Designated Program Receipts	1,298.1	602.4	566.1
1145 Art in Public Places Fund		75.6	75.6
1150 ACPE Dividend		200.0	
1151 Technical Vocational Education Program Account		1,644.0	
1156 Receipt Supported Services		2,060.2	2,709.9
Totals	960,502.7	968,651.1	988,140.3

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	362	371
Permanent Part Time	108	114
Non Permanent	2	3
Totals	472	488

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Mt. Edgecumbe High School Classroom and Fieldhouse Repair and Renovation	150,000	0	0	150,000
Mt. Edgecumbe High School Roof Repair and Replacement	600,000	0	0	600,000
Museum Facility Upgrade	550,000	0	0	550,000
Head Start Health and Safety Repairs	500,000	0	0	500,000
AVTEC Roof Repair and Replacement	650,000	0	0	650,000
Design for Museum and Archives Building Expansion	500,000	0	0	500,000
Department Total	2,950,000	0	0	2,950,000

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

Public School Funding Program

The governor's budget fully funds the FY2002 public school foundation program. Although the state aid required under the current school funding formula would decrease by \$10.5 million in FY2002 due to increases in required local effort and federal impact aid, this is not the time to reduce the state support of education. Schools need resources to help students meet higher academic standards in reading, writing, and mathematics and to be held accountable for their students performance. The governor's budget maintains the FY2001 level of funding that includes \$6.2 million in one-time grants approved by the legislature.

The governor has appointed an Education Funding Task Force that will make specific recommendations to the governor and the State Board of Education and Early Development by February 1, 2001. The task force will consider ideas stemming from the recent Education Summit and other forums that include allowing districts to increase student instruction time by extending the number of days in the school year and increasing the amount of the Quality Schools Grants. The task force recommendations will chart a course for education over the next two to five years to provide school districts with the resources necessary to ensure that all our students are meeting high academic standards. The February time frame will allow the task force recommendations to be incorporated into legislation or budget proposals to be considered by the upcoming legislature.

School Debt Reimbursement

State debt obligation includes reimbursement of municipal bonds for approved school construction and major maintenance projects. The governor's FY2002 budget includes an increase of \$4.2 million for a total request of \$57 million based on the estimated 70% reimbursement of debt service related to the issuance and payment of bonds.

Right Start/Title I Programs

Federal funds of \$1.2 million will support a multi-year project aimed at providing extended day kindergarten programs for students identified as in need of additional support to reach the developmental and academic levels expected for success in future grades. Funding will also be used to place academic intervention coordinators in schools with high percentages of students in need of extended services in kindergarten and other grade levels. An additional \$2.0 million in federal authorization is included to accommodate federal Title I and Special Education program funds.

Statewide Correspondence and Gifted/Talented Programs

The FY2002 budget includes a general fund increase of \$177,700 to provide quality assurance for parents and families served through the gifted and talented programs and statewide correspondence study programs.

Mt. Edgecumbe High School

The FY2002 budget includes \$200,000 in general fund to cover the increase in the dormitory services contract at Mt. Edgecumbe High School.

Vocational/Technical Training

The Alaska Vocational Technical Center in Seward is expanding training opportunities in the areas of Certified Nurses Assistants and Construction and Maintenance Training Programs. An increase of \$534,200 in receipts supported services will cover the costs of providing these training programs.

Head Start

To access the estimated \$3.3 million in federal funds available directly to Head Start grantees in Alaska, the governor's budget includes \$662,400 in state general funds that will provide the necessary 20% matching funds. These funds will expand Head Start services to over 325 children in 6 - 8 communities, and increase Alaska's capability to meet federal Head Start program performance requirements.

An additional \$3.7 million in federal funding is included, \$438,000 for family wellness/health screenings in all Head Start communities, and \$3.3 million to expand distance delivery coursework for early childhood education endorsement programs to meet new federal requirements for Head Start workers. Federal Head Start performance standards require that staff hold a child development associate (CDA) credential and early childhood teachers hold an AA degree.

Staff Development & Parent Involvement

The FY2002 budget includes a \$1.0 million general fund increase for professional development, parent education, and training opportunities to support parent involvement with their children's literacy development, education, and over all health and development. The Department of Education & Early Development and the University of Alaska will coordinate the development of a comprehensive system for the education and training of early childhood professionals in Alaska. \$100,000 in federal funds is included in EED's budget for the System for Early Education Development (SEED) to create a system for setting standards for these professionals and for establishing a credentialing process. The University of Alaska is planning a bachelor degree program in Early Childhood Development. These education and training programs will support Head Start workers and all of Alaska's early care providers in meeting education and training standards to promote professional development among those who care for and educate young children.

Child Care Assistance

Child care assistance is provided to income eligible families on a sliding fee scale. Many of these families are transitioning from welfare to work in entry-level jobs and need help paying for child care so they can stay in the work force. Other low-income working families need access to child care assistance to retain their current employment and keep from going on welfare in the first place. To fully fund the program and eliminate the current wait lists, the FY2002 budget invests \$3 million from welfare reform savings and \$428,00 in state funds.

With success in the welfare to work program the number of families receiving child care assistance and the number of children served has increased dramatically. In FY2000, an average of 5,392 children were served each month. In FY2001, an estimated 6,250 children will be served monthly, and in FY2002, a projected 7,500 children will be served monthly.

Child Care Access and Licensing

An increase of \$1.7 million in federal Child Care Development Funds (CCDF) will provide resources to ensure the quality of child care through licensing and to take appropriate action when necessary through monitoring and enforcement. Funds will also expand child care capacity through training and resource and referral services. They will improve child care programs and services by addressing services for infants, toddlers, and children with special needs, increasing health and safety standards in child care facilities, and expanding access to child care in communities where capacity is currently limited.

Child Care Quality Initiative

Additional federal funds are anticipated that will improve the quality of child care by providing incentives for registered providers to become licensed and for providers already licensed to become accredited. Child care grants will be available to all licensed providers and the grants will increase to approximately \$40 per child/per month once the licensed facilities achieve accreditation. To help ensure children's safety, background checks will be funded for all workers in child care centers and homes.

Alaska Children's Trust

As part of the governor's commitment to work with and promote the Alaska Children's Trust so communities have access to additional resources for the prevention of child abuse, neglect, and family violence, the FY2002 budget includes a projected increase of \$100,000 in federal funds for mini-grants to increase public awareness of child abuse and neglect. An increase in trust earnings will support the operational costs of the trust and its fund raising efforts.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	725,086.0	134,677.7	108,887.4	968,651.1
Adjustments which will continue current level of service:				
-Pupil Transportation	4,400.0	0.0	-4,400.0	0.0
-Executive Administration	-0.7	-0.1	-18.4	-19.2
-Teaching and Learning Support	-10.9	-16.3	3.0	-24.2
-Early Development	12.6	3,876.0	-3,892.0	-3.4
-Children's Trust Programs	0.0	0.0	0.8	0.8
-Education Support Services	-7.4	0.0	-26.3	-33.7
-Alyeska Central School	0.0	0.0	-9.6	-9.6
-Commissions and Boards	-1.1	-2.3	1.4	-2.0
-Kotzebue Technical Center	0.0	0.0	-548.0	-548.0
-AK Vocational Technical Center	28.9	0.0	-1,142.1	-1,113.2
-Mt. Edgecumbe Boarding School	-2.8	0.0	6.4	3.6
-State Facilities Maintenance	-65.2	0.0	37.5	-27.7
-Alaska Library and Museums	4.3	0.0	-26.5	-22.2
-Alaska Postsecondary Education	-0.3	-0.5	-247.6	-248.4
Proposed budget increases:				
-School Debt Reimbursement	0.0	0.0	4,201.6	4,201.6
-Teaching and Learning Support	177.7	3,200.0	0.0	3,377.7
-Early Development	2,090.0	7,555.0	3,000.0	12,645.0
-Children's Trust Programs	0.0	100.0	66.5	166.5
-AK Vocational Technical Center	0.0	0.0	634.2	634.2
-Mt. Edgecumbe Boarding School	200.0	0.0	0.0	200.0
-State Facilities Maintenance	0.0	0.0	100.0	100.0
-Alaska Library and Museums	98.7	0.0	38.6	137.3
-Alaska Postsecondary Education	63.1	0.0	11.0	74.1
FY2002 Governor	732,072.9	149,389.5	106,677.9	988,140.3

Department of Environmental Conservation

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Department Mission

Protect human health and the environment.

Department Goals and Strategies

- 1) PROTECT PUBLIC HEALTH AND PROMOTE ECONOMIC DEVELOPMENT AND JOBS THROUGH UPGRADES IN ALASKA'S WATER, WASTEWATER AND SOLID WASTE INFRASTRUCTURE.
 - Provide financial aid and technical assistance to communities for upgrading water, sewage, and solid waste systems.
 - Provide the training, education, and technical assistance necessary for communities to properly operate, maintain, and manage water and sewerage systems to safeguard health and the state's investment in sanitation facilities.
 - In collaboration with the engineering community, establish and implement design standards for domestic wastewater systems that can successfully treat sewage over time with proper maintenance.
- 2) IMPROVE PERMIT APPLICATION, APPROVAL AND TRACKING.
 - Expand internet services for on-line permitting, application and information.
 - Where appropriate, increase usage of general permits and "permit by rule" to expedite and reduce costs of permitting.
 - Provide wastewater permitting services at the level funded by the legislature, implementing recommendations of the stakeholder workgroup on wastewater permitting.
- 3) IMPROVE AQUATIC HABITAT AND ECONOMIC USES OF ALASKA WATERS.
 - Reduce pollutants to waters through implementation of non-point source water pollution strategies and participation in coastal activities.
 - Assist local watershed activities and promote watershed protection by providing planning, leadership, public outreach, education, and financial support.
 - Improve water quality conditions in impaired water bodies to reclaim health and support multiple uses.
 - Reduce pollutants to waters from cruise ship waste disposal through continued research to determine current impacts and implementation of steering committee recommendations, agreements, protocols and procedures.
 - Develop an interdisciplinary, collaborative Alaska team that includes federal, state and local governments; native organizations; non-governmental organizations; and concerned citizens and coordinate activities to examine and develop factual information on persistent organic pollutants (arctic contaminants).
- 4) DEVELOP AND PRESENT MEASURES TO HELP THE PUBLIC JUDGE ALLOCATION OF RESOURCES.
 - Begin collection of data to report on performance measures, and report results and outcomes where data exists.
 - Present to the legislature, department stakeholders, and the general public a program priority funding matrix which illustrates the allocation of general funds to services.
 - Prepare and present funding projections for the oil and hazardous waste response fund to begin discussion on how to address impacts of the rapidly declining available funds.

Key Department Issues for FY2001 – 2002

DETERMINING APPROPRIATE LEVELS OF STATE PUBLIC HEALTH AND ENVIRONMENTAL PROTECTION

Prior budget reductions have significantly reduced the department's capacity to process state wastewater discharge permits and certifications of federal permits. A group of stakeholders has developed and recommended options to rebuild a comprehensive and efficient state water discharge permit program. These options involve resolution of a variety of issues concerning risk based permitting mechanisms, field and enforcement strategies, permit fees and related questions. The division will begin implementing those recommendations in FY2001 with full implementation expected in FY2002.

To succeed in any market, food businesses must provide safe and healthy food products of high quality. If we neglect the support services then all Alaska food processors could suffer if one health problem arises. As a result of the reductions in FY 2000, many thousands of food operations, including fresh/frozen seafood processors are not currently being inspected except on a "complaint-only" basis. In addition, not all higher-risk operations are being routinely inspected. As the number of food operations continue to grow, the number of operations that are not inspected at an appropriate interval will also increase. Inspections are the cornerstone of any food safety program, allowing inspectors to work with operators in meeting our joint obligations to ensure the safety of the commercial food supply. Therefore, a reduction in routine inspections will lead to an increase in the number of reported foodborne illnesses. In the summer of 2000, there were three such incidents. In all of calendar year 1999, there was one foodborne illness outbreak.

The department is responsible for managing the Oil and Hazardous Waste Response Fund to address state spill prevention and response priorities. There has been a significant decline in revenue due to decreasing flow through the Trans-Alaska Pipeline System. Revenues from the Exxon settlement will end in September 2001. In order to sustain the state's long-term spill prevention, preparedness, response and cleanup ability annual funding requests will have to be consistent with the revenue generated by the surcharge.

The State receives federal funds from numerous sources for water quality protection and recovery. Various federal agencies and local governments are also working to preserve and enhance water quality. The Alaska Clean Water Action Plan has been developed by state resource agencies to develop a unified approach to prioritizing and collaborating on water quality projects. The plan will set common principles for decision making at the state level. Federal agencies, local government and other entities are expected to use this roadmap for prioritizing water quality projects. The plan is going through a comprehensive public review and outreach that will be finalized in early 2001. The plan will be used as the basis for identifying needs and priorities for water protection and recovery projects in Alaska.

Contaminants, such as persistent organic pollutants and heavy metals, are appearing in the arctic - in air, water, wildlife, and people. Much of the contamination appears to have moved into the arctic from other countries through air and water currents. Once in the arctic, the contaminants persist longer and concentrate in fatty tissues. The Commissioner's office is leading a program to develop an interdisciplinary, collaborative Alaska team that includes federal, state and local governments; native organizations; non-governmental organizations; and concerned citizens to examine and develop factual information on persistent organic pollutants.

WORKFORCE PLANNING

The department is evolving from a strictly regulatory agency to one where citizens and stakeholders are involved partners. A human resources management program has been established to provide managers with a framework for making staffing decisions based on our organization's mission, strategic plan, and set of necessary workforce competencies. This workforce planning requires strong management leadership, clearly articulated vision, mission, and strategic objectives, and cooperative supportive efforts at all levels within the organization. The challenge is to work with all hiring managers to assist them in identifying the competencies required of a particular position, how to weigh technical skills and behavioral competencies, how to recruit and identify candidates with those competencies for today's workforce, and to prepare for those competencies needed in the future.

Major Department Accomplishments in 2000

DOING IT RIGHT - Three key principles of Doing it Right are sound science; prudent management; and meaningful public involvement that brings all stakeholders to the table. In cooperation with regulated industry, citizens in affected communities, and other governmental agencies, the Department of Environmental Conservation

- is leading detailed discussions about waste management and disposal practices of cruise ships while in state waters and has worked collaboratively with Alaska's cruise ship industry members, government agencies and citizens to produce a number of recommendations, agreements, protocols, reports, and procedures to improve the situation;
- went to federal court to challenge the EPA's decision to reject a state approved air quality permit for the Red Dog mine near Kotzebue; and continues to champion strong, meaningful actions to protect the environment while developing the state's natural resources through responsible management and through the autonomy of an approved state permit program;
- in partnership with Alaska Oil and Gas Association and EPA conducted an Air Permitting benchmark study to examine the permitting programs in other states to learn how to improve Alaska's air permitting services;
- is working with Fairbanks, Anchorage and the EPA to develop effective carbon monoxide control programs to protect public health and avoid the loss of highway funds;
- worked to gain requirements for financial responsibility and contingency planning for non-tank vessels of 400 or more gross ton and railroad operations to ensure adequate spill response and cleanup;
- participated in 48 spill drills and exercises including major equipment deployment drills in Prince William Sound, the Beaufort Sea, and Cook Inlet involving industry, state and federal agencies; and
- approved 78 new, renewal or amended contingency plans, including the Valdez marine terminal and Prince William Sound tanker plans which required extensive agency and public review.

HEALTHY AND SAFE COMMUNITIES - In partnership with regulated industry, citizens in affected communities, and other governmental agencies, the Department of Environmental Conservation

- initiated the second phase of a rapid screening process for paralytic shellfish poisoning;
- identified threats to public health and to the environment by holding outreach workshops, training people to identify, assess, and prioritize problems, and performing voluntary assistance site visits;
- assisted rural communities in completing assessments and developing plans to address their environmental and public health problems;
- helped communities and businesses reduce wastes and prevent pollution, while achieving cost savings;
- coordinated the first-time collection of household hazardous waste and batteries from 10 communities along the Yukon River and eliminated dumping of over 250 fifty-five gallon drums of household hazardous wastes into southeast landfills through department sponsorship, supervision and coordination with those communities;
- ensured prompt and effective cleanup and restoration of the environment from over 65 significant spills and 49 contaminated sites throughout Alaska;
- improved statewide hazardous materials response capability and readiness through training and demonstration exercises coordinated with local officials and successful negotiation of community spill response agreements with eleven local governments (bringing the total to 34) to ensure coordinated response activities; and
- sought, secured, and awarded funding for \$52.4 million in new, low-interest municipal loans to 7 communities for 11 water, wastewater and solid waste projects, \$42.1 million in village safe water program grants for 70 water, wastewater and solid waste projects, and \$18.0 million in state-funded matching grants to 22 communities for 38 water, wastewater and solid waste projects.

Key Performance Measures for FY2002

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

(Added by Legislature in FY2001 version.)

Current Status:

All divisions are tracking performance measures.

Benchmark:

The goal is for all divisions to track performance on 100% of their assigned performance measures.

Background and Strategies:

The goal is for divisions to track 100% of their assigned performance measures. To accomplish this goal the following strategies will be employed:

- Evaluate merit of performance measures and modify performance measures when necessary; and
- Establish valid benchmarks to determine and/or measure results.

Measure: The percentage of permittees where the department can determine compliance through inspection, monitoring, and/or reporting.
(Revised from Legislature's FY2001 version.)

Current Status:

Programs which are funded with general funds have been the primary targets of budget reductions (Environmental Health and Water) and are least able to determine compliance. The water discharge program data is non-existent. Programs funded by restricted funding which has not been the target of large budget reductions (federal funds, response funds, clean air protection fund) are generally able to complete compliance inspections. The concern grows that the general funded programs can not determine compliance due to under funding, yet those programs involve persistent and life threatening critical public health and environmental issues.

Benchmark:

The goal of the department is to incrementally increase percentage of facilities where it can determine compliance and to increase compliance for those facilities.

Background and Strategies:

To accomplish this goal, the following strategies will be employed:

- Request incremental funding for programs lacking sufficient funds;
- Assess risk of permitted facilities through inspection, monitoring, and/or reports;
- Prioritize facility inspections according to risk;
- Create and maintain a valid inventory or database of permitted facilities, using a department-wide facility identification database;
- Create and maintain automated reporting tools for permitted facilities;
- Use data from permittees to determine compliance; and
- Use third party inspections to determine compliance.

Measure: The number of critical violations in inspected public or private facilities that significantly affect the health or safety of the public.
(Added by Legislature in FY2001 version.)

Current Status:

The data provided by Environmental Health illustrates the dilemma raised by the prior measure. With insufficient general funds, we are unable to inspect all facilities to determine compliance, yet those we do inspect clearly have critical violations. The water program is not doing any effective monitoring and is unable to estimate critical violations. The air program does compliance monitoring but has not looked at critical violations that affect health or safety as part of that evaluation process.

Benchmark:

The goal of the department is to achieve incremental decreases in the number of critical violations in inspected facilities while increasing the frequency of inspections.

Background and Strategies:

To meet this goal we will employ the following strategies:

- Ensure that all programs, whether fee or general fund supported, get sufficient funding to detect critical violations that affect health or safety;
- Increased inspection and monitoring of high risk public or private facilities;
- Peer reviews and inspections performed by affected industries; and
- Educate inspected facilities regarding the impacts of and how to avoid critical violations.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Provide basic water and sewerage service to an average of 500 households in rural communities each year. 		X			
<ul style="list-style-type: none"> • Reduce carbon monoxide pollution in Anchorage to meet health standards by end of 2003. 		X			
<ul style="list-style-type: none"> • Percentage decrease in critical violations at inspected food establishments. 		X			
<ul style="list-style-type: none"> • Percentage increase in the number of higher risk facilities inspected. 		X			

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Administration	1,230.9	999.3	4,865.5	7,095.7	1,230.4	1,072.1	2,069.6	4,372.1	1,406.0	997.4	1,978.4	4,381.8
Environmental Health	6,002.3	2,225.8	350.1	8,578.2	6,683.0	3,451.2	549.6	10,683.8	7,133.5	3,505.6	373.1	11,012.2
Statewide Public Services	169.9	567.8	687.8	1,425.5	169.5	822.5	754.6	1,746.6	170.5	823.7	897.0	1,891.2
Air and Water Quality	2,747.8	2,957.9	4,239.4	9,945.1	3,214.8	3,809.0	3,289.5	10,313.3	3,617.3	5,521.9	2,533.4	11,672.6
Non-Pt Source Pollution Contrl	0.0	1,715.4	0.0	1,715.4	0.0	1,715.4	0.0	1,715.4	0.0	0.0	0.0	0.0
Spill Prevention and Response	0.0	0.0	7,001.9	7,001.9	0.0	8.5	7,628.6	7,637.1	0.0	3,162.7	12,593.9	15,756.6
Contaminated Sites Program	0.0	2,259.4	3,769.7	6,029.1	0.0	3,116.2	3,965.0	7,081.2	0.0	0.0	0.0	0.0
Local Emergency Planning Comm	0.0	0.0	543.4	543.4	0.0	0.0	401.7	401.7	0.0	0.0	0.0	0.0
Facility Constr. & Op.	1,085.7	1,033.6	2,419.5	4,538.8	1,031.1	1,258.4	2,920.3	5,209.8	1,032.9	1,658.5	3,095.0	5,786.4
Totals	11,236.6	11,759.2	23,877.3	46,873.1	12,328.8	15,253.3	21,578.9	49,161.0	13,360.2	15,669.8	21,470.8	50,500.8

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	11,759.2	15,253.3	15,669.8
1003 General Fund Match	3,123.4	2,896.7	2,788.5
1004 General Fund Receipts	5,597.3	6,154.6	7,537.4
1005 General Fund/Program Receipts	2,515.9	3,139.9	3,034.3
1007 Inter-Agency Receipts	6,025.6	905.6	1,096.2
1018 Exxon Valdez Oil Spill Settlement	109.5	632.0	632.8
1036 Commercial Fishing Loan Fund	175.0	175.0	175.0
1052 Oil/Hazardous Response Fund	11,958.8	12,684.3	13,107.0
1053 Investment Loss Trust Fund		137.6	
1061 Capital Improvement Project Receipts	1,962.2	2,261.6	2,245.9
1075 Alaska Clean Water Loan Fund	371.0	461.5	462.8
1079 Storage Tank Assistance Fund	1,019.7	955.4	957.5
1093 Clean Air Protection Fund	1,809.3	2,261.4	2,266.4
1100 Alaska Drinking Water Fund	407.4	525.5	527.2
1108 Statutory Designated Program Receipts	38.8	716.6	
Totals	46,873.1	49,161.0	50,500.8

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	468	480
Permanent Part Time	8	7
Non Permanent	5	4
Totals	481	491

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Village Safe Water Project Administration	0	1,400,000	561,100	1,961,100
Village Safe Water Feasibility Studies	0	2,868,300	956,700	3,825,000
Village Safe Water Projects	0	38,477,300	12,826,600	51,303,900
Municipal Water, Sewer and Solid Waste Matching Grant Projects	0	9,605,000	13,905,600	23,510,600
Environmental Health Food Safety Laboratory Construction	310,000	0	13,654,700	13,964,700
Statewide Contaminated Sites Cleanup	0	0	5,000,000	5,000,000
Small Drinking Water System Operator Certification Project	0	1,276,800	0	1,276,800
Fine Particulate Monitoring	0	477,200	0	477,200
Environmental Monitoring and Assessment Program	0	1,000,000	0	1,000,000
Hazardous Material Response Capabilities for Local Government	0	0	500,000	500,000
Grants and Loans for Cleanup of Underground Storage Tanks	0	0	1,000,000	1,000,000
Oil and Gas Transportation: Aging Infrastructure Issues	0	0	500,000	500,000
Amchitka Workers Health Assessment Project	0	2,340,000	0	2,340,000
Department Total	310,000	57,444,600	48,904,700	106,659,300

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

ADMINISTRATION

Administration sets department policy to protect public health and the environment while promoting economic development and jobs in Alaska. Administration facilitates changes and innovations in department operations by participation in state, federal, and departmental initiatives.

Contaminants, such as persistent organic pollutants (POPS) and heavy metals, are appearing in the arctic - in air, water, wildlife, and people. Much of the contamination appears to have moved into the arctic from other countries through air and water currents. Once in the arctic, the contaminants persist longer and concentrate in fatty tissues. A program coordinator will develop, lead and manage the state's efforts on arctic contaminants.

ENVIRONMENTAL HEALTH

Environmental Health promotes public health through safe water, safe food, and healthy communities. The division continues its focus on education and outreach on public health protection through good sanitary practices as well as the successful implementation of the mandatory hazard analysis critical control point program for seafood. Due to recent budget reductions, the frequency of inspections for high risk facilities has been reduced. The program is proposing to switch \$166,300 in uncollectible statutory designated program receipts to general funds, along with a general fund increment of \$53,700 to increase inspections of high-risk food operations performed once a year by 36%, without increasing fees.

STATEWIDE PUBLIC SERVICES

Statewide Public Services protects public health and the environment by assisting individuals, businesses, and communities to assess, solve and prevent their environmental problems. Statewide Public Services helps small communities and businesses which lack expertise and funds to address their environmental problems. The voluntary compliance services offered by this division build capability to tackle the environmental problems most serious to community health and environment.

No significant changes in budget are proposed.

AIR AND WATER QUALITY

Air and Water Quality protects public health and the environment by identification and prevention of pollution of the state's air and water. This includes monitoring programs, non point source protection programs, and permitting programs.

No significant changes in budget are proposed.

SPILL PREVENTION AND RESPONSE

Spill Prevention and Response protects public health and the environment through the reduction of unlawful oil and hazardous substance contamination. This includes preventing, preparing for, responding to and ensuring the cleanup of unauthorized discharges of oil and hazardous substances and ensuring that the best spill prevention technology is used in the production, storage and transportation of oil and hazardous substances.

Due to the BP/Phillips merger charter for development of the Alaskan North Slope, additional public - private efforts will be required to coordinate the assessment and cleanup of "orphaned" contaminated sites and the spill prevention and response portion of the Environmental Commitment associated with oil field development. Among the partners are British Petroleum, Phillips Alaska, Inc., and agencies at the state (Natural Resources, Transportation and Public Facilities, Fish and Game) and federal (Bureau of Land Management, Corps of Engineers, Fish and Wildlife Service) levels that may have a regulatory responsibilities associated with this matter. Costs will be reimbursed by British Petroleum based on the agreement in the charter for development of the Alaskan North Slope.

Commencing in FY 2001, contingency plans and proof of financial responsibility are required of all self-propelled nontank vessels exceeding 400 gross registered tonnage and for railroad tank cars. Over 1,000 additional vessels

and tank cars have applied under this requirement. The program is being expanded by \$77,500 to fund a permanent position to process and review financial responsibility documentation, maintain the associated database, and issue certificates of financial responsibility for newly regulated vessels and tank cars.

FACILITY CONSTRUCTION AND OPERATION

Facility Construction and Operation promotes public health and environmental protection through financial and technical assistance to communities for the construction and operation of water, wastewater, and solid waste management facilities.

The Remote Maintenance Worker program is being extended to the Aleutian and Pribilof Islands--the only portion of the State not currently covered by the program.

The operator training and certification program is being expanded to include the 650 small public drinking water system operators not currently participating in the program, as required by changes in the federal law.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	12,328.8	15,253.3	21,578.9	49,161.0
Adjustments which will continue current level of service:				
-Administration	-124.4	-74.7	-91.2	-290.3
-Environmental Health	323.6	54.4	-175.2	202.8
-Statewide Public Services	1.0	1.2	142.4	144.6
-Air and Water Quality	402.5	-2.5	-615.4	-215.4
-Spill Prevention and Response	0.0	38.0	203.0	241.0
-Facility Constr. & Op.	1.8	0.1	9.6	11.5
Proposed budget decreases:				
-Environmental Health	-2.0	0.0	-1.3	-3.3
-Air and Water Quality	0.0	0.0	-140.7	-140.7
-Spill Prevention and Response	0.0	0.0	-291.3	-291.3
Proposed budget increases:				
-Administration	300.0	0.0	0.0	300.0
-Environmental Health	128.9	0.0	0.0	128.9
-Spill Prevention and Response	0.0	0.0	686.9	686.9
-Facility Constr. & Op.	0.0	400.0	165.1	565.1
FY2002 Governor	13,360.2	15,669.8	21,470.8	50,500.8

Department of Fish and Game

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Department Mission

To protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle.

Department Goals and Strategies

1. PROVIDE OPPORTUNITIES FOR SUSTAINABLE USE AND ENJOYMENT OF ALASKA'S FISH AND WILDLIFE RESOURCES.
 - Provide and enhance sustainable opportunities for subsistence use of fish and game as the priority use.
 - Provide and enhance sustainable opportunities for economically viable commercial fisheries.
 - Provide and enhance sustainable opportunities for sport fishing, hunting and wildlife viewing.
2. MANAGE ALASKA'S FISH AND WILDLIFE RESOURCES BASED ON SOUND SCIENCE, GOOD MANAGEMENT PRINCIPLES, AND A FAIR AND OPEN PUBLIC PROCESS.
 - Manage Alaska's fish and game for sustained yield, following objectives established by department managers and the Boards of Fisheries and Game.
 - Engage in focused research and monitoring programs, using best available technology and information, to ensure well-informed, sustainable fisheries management.
 - Ensure efficient functioning of the Boards of Fisheries and Game to provide a fair and impartial, cost-effective public process for making allocation decisions.
 - Help the fishing industry respond to changing market conditions.
3. MAINTAIN, RESTORE, OR ENHANCE ALL HABITAT IMPORTANT TO ALASKA'S FISH AND WILDLIFE RESOURCES.
 - Encourage and support development that maintains healthy habitat, especially anadromous fish habitat, wetlands, and important uplands.
 - Work with municipalities as well as timber, tourism, oil and gas, and mining industries to ensure projects meet legal requirements and adequately protect fish and wildlife resources.
 - Improve coordination with the Departments of Natural Resources and Environmental Conservation, and with federal land managers to ensure resource sustainability and multiple uses when planning timber sales, oil and gas leases, mining, and tourism projects.
 - Protect traditional public access to fish and wildlife resources.

Key Department Issues for FY2001 – 2002

Commercial Fisheries

The recent decline in western Steller sea lion populations has led to the formation of a Steller Sea Lion Restoration Team by Governor Knowles. Division scientists will participate on the team to provide an assessment of the factors underlying the decline, the need for restrictions to commercial fisheries in order to protect and restore sea lion populations, and recommendations for research to test whether such restrictions are necessary.

Poor salmon returns to western Alaska in recent years have resulted in severe economic hardships. The department is working with local communities and other agencies to develop federally funded research plans that will assist in understanding changes in fish production both in freshwater and in the Bering Sea.

The complexity resulting from dual federal/state management of subsistence fisheries has greatly increased the department's workload and responsibilities in the area of management coordination, development of agency protocols, regulatory coordination, and cooperative research and monitoring.

Reduced salmon prices are causing severe economic impacts on coastal communities, local governments, and the state. The department has been working with industry and other state agencies to improve market conditions and quality of all salmon, and ensure full utilization of hatchery salmon. Some gains were experienced during the past season, especially in regard to chum salmon where, despite a record harvest, chum salmon prices improved.

Development of new fisheries continues to be a focus of the department. In cooperation with industry, the Board of Fisheries, and the Legislature, the division is developing policies that will guide the development of fisheries for such species as sea cucumbers, sea urchins, and clams. These policies will address sustainable harvest strategies, funding, markets, product quality, resident employment, and distribution of benefits.

Allocation of fish between various user groups continues to be one of the most significant issues facing fishery managers. In many cases, the department does not have adequate funding to gather and analyze the data needed by the policy makers to address these more complex issues, nor does it have the funds needed to implement allocative management decisions that require new or expanded programs.

The department and the board of fisheries are implementing the Sustainable Salmon Fisheries Policy, which was adopted by the board last year. This important implementation process is taking place in the course of the 2000-2001 board cycle, which is addressing depleted salmon stocks in Western Alaska.

During 1999, in the course of implementing the Aquatic Farm Act, the department received applications for the intertidal and sub-tidal farming of native species of shellfish. These applications also proposed harvesting wild stocks on the proposed farm site. Requests to harvest wild stocks were denied by the department and are being appealed by several applicants.

Sport Fisheries

The FY02 sport fish program will focus on fishery management, fish stock and habitat assessment, hatchery efficiency, public information services, development of public access and maintaining existing public access. Management of recreational chinook salmon fisheries in Southeast Alaska will be made more complex by the constraints of the new U.S./Canada Pacific Salmon Treaty, the Endangered Species Act, and increasing allocation conflicts among user groups. Dual federal/state management of subsistence fishing will complicate management of many fisheries and could result in a loss of sport fishing opportunity for trout, steelhead, and other resident species, as well as coho and sockeye salmon.

The North Pacific Fishery Management Council, created by Congress, adopted allocations of halibut for the guided angler component of the sport fishery in Southeast and Southcentral Alaska. This action will have direct and indirect effects on sport fishing opportunity. The division will continue to look for ways to increase satisfaction with sport fishing and provide economic opportunity in rural Alaska while maintaining quality fisheries.

Wildlife Conservation

Wildlife issues include finding effective and efficient methods to manage predation on moose and caribou populations that are acceptable to the public. The department continues to look for ways to meet the public demand for information about hunting, trapping and opportunities to observe wildlife. Collecting accurate and adequate data on all game populations remains a priority, so proper hunting seasons and harvest levels can be established. In the coming year the department will continue to participate in the development of automated processes for hunting permits and other authorizations issued by the division.

Federally funded research on endangered Steller sea lion populations will begin in FY 2001 and continue into 2002. The resulting information will be used in a sea lion recovery plan that addresses the needs of sea lions and specifies what if any restrictions on fisheries are warranted.

Congress recently passed the Conservation and Reinvestment Act (CARA), augmenting the Pittman-Robertson portion of the Fish and Wildlife Restoration Fund, and the division will be working on developing ways to incorporate the expected funding increases into existing and new programs. The intent of the legislation was to address unmet funding needs for management of species that are not hunted, wildlife education, and wildlife related outdoor recreation. The division is in the process of obtaining recommendations from staff and the public on what type of programs within these general areas they desire.

Subsistence

The dual federal/state subsistence fishery management program requires continued state management of subsistence fisheries in state waters, including tidelands. The Division of Subsistence coordinates the department's portion of an interagency working group to address issues and concerns that arise from dual management of subsistence fisheries, including development of a Memorandum of Agreement between the department and the federal subsistence program. The considerable resources made available for research on subsistence fisheries through the federal program have created both a challenge and an opportunity for the department. This requires additional coordination and work in developing research proposals as well as conducting the research. Department staff provide fisheries information to the dual program to establish a factual basis for fisheries management, and are called upon to comment on the actions and impacts of the new federal program on subsistence and other uses. Dual wildlife management has increasingly led to different state and federal hunting regulations and the same is expected for fisheries. Dual management requires tracking the federal board process to comment on proposals; filing requests for reconsideration when federal decisions are counter to factual analysis; identifying management problems to protect the state's wildlife uses and sustained yield; and providing departmental information throughout the process, including possible litigation.

Habitat and Restoration

Reauthorization of the trans-Alaska oil pipeline lease, design, permitting and construction of a gas pipeline from Prudhoe Bay, increased oil and gas leasing, exploration and development of the North Slope including NPRA, and escalating exploration and development of hardrock ore deposits in Interior Alaska all pose significant challenges for project review and permitting staff. Research conducted in Southeast and Southcentral Alaska on road culverts in salmon streams indicates that many are blocking fish passage to spawning and rearing areas. The department will continue its efforts to identify and prioritize problem culverts for replacement, and will begin a statewide assessment of Alaska highway system stream crossings during FY02 in cooperation with the Alaska Department of Transportation.

Protecting Alaskan's access to fish and wildlife resources on public lands remains an ongoing issue. The division will continue to review historic easements statewide to ensure the public's access to state lands is protected. The division will continue to address increasing pressures on the Kenai River watershed and habitat restoration along major salmon spawning and rearing areas. A region-wide salmon habitat assessment in Southeast Alaska will be initiated during the latter half of FY01 that will continue through FY02.

Boards

Dual federal/state subsistence management is a key issue for both the Boards of Fisheries and Game. As the federal agencies implement fisheries management, the section has already experienced an increased workload in responding to information requests from those agencies, from state advisory committees, and from the public. We anticipate an increase in activities of both boards during 2001 and 2002.

Administrative Services

A deferred maintenance backlog of over \$3 million on state-owned facilities continues to be a critical issue for the department. The department has numerous facilities throughout the state ranging from offices to warehouses to bunkhouses. Many of these facilities are old and in need of repair and/or modification to make them structurally safe, code compliant, and ADA accessible.

Major Department Accomplishments in 2000

Commercial Fisheries

The 2000 Alaska commercial salmon catch of 135.7 million fish was below the forecasted harvest of 153 million, but still ranks as the 12th highest harvest during the last 123 years. This equated to 702.8 million pounds of fish, with an exvessel value of over \$260 million. Overall salmon returns to the AYK region were poor for the third consecutive year.

Alaska's commercial salmon fisheries were certified as being in compliance with the Principles and Criteria for Sustainable Fishing, by the London-based Marine Stewardship Council. This independent certification provides the opportunity for seafood processors, retailers, or marketers to use a label on fish products that assures customers the salmon has been taken in a sustainable and well-managed fishery.

Commercial shellfish harvests remain at low levels, with reduced catches in both the Bering Sea and the Gulf of Alaska. Many important fisheries for Tanner and king crab remain closed. Harvests in commercial herring fisheries around the state were mixed and generally plagued by low prices.

Groundfish fisheries remain strong. In particular, the state-managed Pacific cod fishery enjoyed a good year. The department, in concert with local communities, the industry, and the Board of Fisheries, continues to look for opportunities to develop small, slower-paced fisheries that benefit Alaskan coastal communities.

The National Marine Fisheries Service (NMFS) is developing a comprehensive biological opinion on the endangered Steller sea lion. One of the major components of the biological opinion is the requirement to assess cumulative impacts from all fisheries. In order to help NMFS assess cumulative impacts in a comprehensive fashion, ADF&G developed a comprehensive description of all state managed fisheries and provided this document to NMFS in the fall 2000.

Sport Fisheries

The division represented the state nationally on technical matters before the Pacific Salmon Commission; the North Pacific Fishery Management Council; the National Survey of Fishing, Hunting, and Wildlife-Associated Recreation; and the International Association of Fish and Wildlife Agencies. The division administered fishing guide and guide business registration programs, utilizing charter vessel logbooks to better monitor participation and harvest of Pacific halibut and chinook salmon.

The division has continued to use data from stock assessment programs to further refine escapement goals in accordance with the Pacific Salmon Treaty for all major chinook salmon producing rivers of Southeast Alaska. The U.S./Canada Chinook Technical Committee (of the Pacific Salmon Commission) subsequently accepted these escapement goals. The division successfully implemented several new wild stock indicator coded wire tag projects to improve inseason management of coho salmon fisheries in Southeast Alaska. A cooperative agreement was negotiated that allowed the Southern Southeast Regional Aquaculture Association (SSRAA) to take over operation of Crystal Lake Hatchery.

A regulatory package to increase escapements of coho salmon to Cook Inlet drainages was developed by the Board of Fisheries in consultation with the department and implemented during the 2000 fishery. The division administered numerous personal use permitting systems and monitored participation and harvest in personal-use shellfish and dipnet fisheries. Coho salmon returns to much of the Gulf of Alaska were significantly better than those observed in the last four years.

The division also developed a strategic research plan for the Copper River chinook salmon fishery. Research results will allow Copper River chinook salmon stocks to be managed at high levels of sustained yield. We were successful in negotiating a one-year extension to the Chitina land use agreement with Chitina and Ahtna native corporations, and worked with the Legislature to address a fee increase in the Chitina access program through SB301.

An Information and Education Program was implemented for Interior Alaska focusing on improving services to the angling public and establishing outreach programs in rural areas. A new area management office was opened in Bethel that is responsible for management and research responsibilities for the Lower Kuskokwim River drainage.

Wildlife Conservation

The department provided opportunities for over 100,000 people to participate in hunting in Alaska and issued over 25,000 permits to hunters for special hunts, representing a slight decrease from the previous year. In an effort to maintain or increase hunter participation the division engaged in numerous public outreach programs.

The division trained 1,100 new hunters in our basic hunter education program, trained over 650 hunters in our advanced hunter education program, provided hunting clinics for more than 450 hunters to improve their skills, provided instructional programs to over 500 Alaskans in populations underrepresented in the hunting ranks, and over 4,200 people participated in activities associated with the Mobile Shooting Sports program. We responded to over 70,000 in-person inquiries at our various offices about hunting, trapping and opportunities to observe wildlife, responded to over 160,000 telephone inquiries at our various offices about hunting, trapping and opportunities to observe wildlife, and provided information packets to over 5,000 non-resident hunters who plan to hunt in Alaska.

Subsistence

In response to the demand for information on subsistence activities the division added fifteen reports to their technical paper series describing subsistence uses in Alaska by numerous communities. Periodic updates to the Community Profile Database, the Map Catalog Database, and the Historic Salmon Harvest Database were also completed. Positive customary and traditional use determinations for furbearers statewide, and brown and black bear in Southeast Alaska were completed during the 2000/2001 meeting cycle of the Board of Game.

The Board of Fisheries reviewed subsistence findings in the Arctic/Yukon/Kuskokwim and Bristol Bay regions as they focused on recovery plans for the salmon stocks of yield or management concern, particularly stocks within the disaster declaration area.

To evaluate potential health risks from contaminated sites and the remediation of those sites, the department established a contractual relationship with the Department of Environmental Conservation to elicit site-specific consumption and use information for identified locations around the state.

Habitat and Restoration

Several new projects were initiated during FY01, including an ecological assessment of log transfer facilities in Southeast Alaska, road culvert assessment for efficient fish passage in the Matanuska-Susitna Valley and in portions of the Kenai Peninsula, forest practices regulations for Interior Alaska, and an assessment of ATV impacts to spawning and rearing habitat in the upper Anchor River drainage.

The conversion of the Anadromous Waters Catalog atlas data into a Geographic Information System (GIS) format for the Southeast region was 95 percent completed. This completes the conversion for approximately 80 percent of the cataloged water bodies within the state. The GIS format will allow electronic distribution of this information to other agencies and to industries that require efficient access to accurate descriptions of anadromous waters.

The division continued to provide technical assistance to applicants to meet project objectives while avoiding or minimizing impacts to fish and wildlife resources within regulatory deadlines on 3,186 projects statewide, representing a 14% increase over the previous year. Numerous habitat restoration projects were completed in cooperation with other agencies, municipalities, and private organizations and individuals throughout Southcentral Alaska with a continued focus on the Kenai River.

The division successfully resolved numerous construction issues with the oil industry on the North Slope and coordinated department comments opposing the U.S. Fish and Wildlife Service's proposed 75 million acres of critical habitat for Steller's and spectacled eiders in Alaska. The division continued its work at Red Dog, Fort Knox and Green's Creek mines and received an award at the Alaska Miner's Association convention for habitat reclamation work in partnership with the Fort Knox mine.

Boards

In March 2000, the Board of Fisheries approved the statewide Sustainable Salmon Fisheries Policy, culminating a three-year effort to design a policy with the department on evaluating and rebuilding the state's salmon stocks. This is a significant policy that is now a regulation, and will shape salmon fisheries management in the future.

Administrative Services

The division has successfully completed an Internet application that allows the public to purchase sport and commercial fishing and hunting licenses online. First year results during 2000 included over 8,000 licenses, tags and stamps purchased. Registering for big game drawing permit hunt applications was also made available on the Internet this year with nearly 3,000 applicants registering for 11,400 hunts. We are continuing efforts to automate other processes such as personal use permits, Tier II permits, McNeil River permits, and Chitina Dipnet permits.

Deferred maintenance projects were completed in Dutch Harbor, Sand Point, Chignik, King Salmon, Delta Junction and Yakutat.

Key Performance Measures for FY2002

Measure: Assess the factors underlying the decline of the Steller sea lion and develop a science based recovery strategy.

(Not yet addressed by Legislature.)

Benchmark:

Progress will be evidenced by the department's ability to secure funding for and engage in research needed to understand the life history, habitat, and nutritional needs of the Steller sea lion. Progress will be further reflected by the extent to which this information is used by the federal agencies in a recovery plan for sea lions that minimally affects those activities, including fishing, that are unrelated to sea lion recovery.

Background and Strategies:

BACKGROUND: The Western Gulf of Alaska and Bering Sea population of the Steller sea lion is listed as an endangered species under the federal Endangered Species Act. By court order, trawl fisheries in the vicinity of sea lion haul outs have been closed.

STRATEGIES: The department has provided information to NMFS on all state-managed fisheries in the vicinity of sea lion concentrations. The department has applied for federal funds needed to engage in sea lion biological and ecological studies. The department will develop a research program designed to specify sea lion nutritional and habitat needs; the resulting information will be incorporated into the federal sea lion recovery plan.

Measure: Maintain, enhance and restore Pacific Northwest trans-boundary salmon stocks in accordance with the U.S./Canada Pacific Salmon Treaty.

(Not yet addressed by Legislature.)

Benchmark:

Progress on meeting this performance measure will be represented by the department's compliance with treaty requirements and by the development of research and economic development strategies and plans consistent with the goals of the treaty and subsequent funding initiatives.

Background and Strategies:

BACKGROUND: The Pacific Salmon Treaty was successfully renegotiated and amended in 1999. Since then, additional federal treaty implementation funds for scientific research and economic development have become available.

STRATEGIES: The department will focus on developing and implementing a procedure whereby state agency staff and stakeholders will identify salmon research and economic development projects and priorities. These projects will be included in research and economic development plans for the region. Among the new projects will be a Taku River fish stock assessment, region-wide fish habitat gap analysis, and development of an improved chinook abundance model.

Measure: Develop a program to regulate, manage, research and monitor the chronically depleted chum and chinook salmon stocks of Western Alaska.

(Not yet addressed by Legislature.)

Benchmark:

Progress toward meeting this measure will primarily be represented in the information compiled by the department and the actions of the Board of Fisheries in the course of the board's regulatory cycle.

Background and Strategies:

BACKGROUND: The Board of Fisheries and the department adopted the Sustainable Salmon Fisheries Policy for Alaska in March 2000, as a means to ensure sustainable salmon fishing and fisheries management. Implementation takes place primarily through the Board of Fisheries regulatory process, although the principles and criteria in the policy may apply more broadly to many department functions and initiatives.

STRATEGIES: The department prepares stock status reports on those salmon stocks being considered by the Board of Fisheries at each regular meeting. The department will identify stocks of concern, recommend new or modified management plans, and work with the board to develop action plans and research plans as needed. The department will consider the principles and criteria in the course of identifying research and other goals, apart from the board process.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Manage subsistence hunting and fishing on all lands and waters. • Assure continued fish and wildlife harvest opportunity and meet sustainable production and harvest goals set by department managers and the Boards of Fisheries and Game. • Protect, restore, or enhance habitat to ensure continued production of fish and wildlife resources for the use and enjoyment of Alaskans. • Provide greater public access to and acceptance of the department's fish and wildlife information base and regulatory and management programs by using improved communications tools. 		X	X		

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Commercial Fisheries	24,428.7	6,900.1	5,293.6	36,622.4	24,510.6	9,535.7	10,264.2	44,310.5	24,644.4	10,533.2	11,165.1	46,342.7
Sport Fisheries	0.0	12,140.1	11,393.5	23,533.6	20.0	11,811.3	12,229.3	24,060.6	20.0	13,577.4	12,934.0	26,531.4
Crystal Lake Hatchery	0.0	0.0	0.0	0.0	0.0	0.0	606.7	606.7	0.0	0.0	192.7	192.7
Wildlife Conservation	309.9	8,091.0	11,458.6	19,859.5	269.5	8,835.1	12,241.4	21,346.0	253.7	13,217.6	12,285.5	25,756.8
Administration and Support	2,053.6	765.2	4,302.4	7,121.2	2,013.1	1,568.6	3,272.2	6,853.9	2,142.7	1,567.4	3,270.9	6,981.0
State Facilities	0.0	0.0	894.0	894.0	169.6	0.0	1,008.8	1,178.4	169.6	0.0	1,090.4	1,260.0
Commissioner's Office	502.9	198.5	132.3	833.7	549.7	222.6	186.1	958.4	551.2	222.7	86.8	860.7
Subsistence	214.1	799.8	352.2	1,366.1	218.6	2,088.8	479.5	2,786.9	219.3	2,081.7	479.0	2,780.0
Subsistence Research & Monitoring	883.2	0.0	327.5	1,210.7	903.5	0.0	497.1	1,400.6	906.7	0.0	491.6	1,398.3
Habitat	1,731.2	479.9	7,160.4	9,371.5	1,845.2	1,036.4	8,133.8	11,015.4	2,086.4	1,175.0	8,557.7	11,819.1
Commercial Fisheries Entry Com	2,517.8	82.5	10.4	2,610.7	55.1	109.2	2,563.8	2,728.1	0.0	110.2	2,786.5	2,896.7
Totals	32,641.4	29,457.1	41,324.9	103,423.4	30,554.9	35,207.7	51,482.9	117,245.5	30,994.0	42,485.2	53,340.2	126,819.4

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	29,457.1	35,207.7	42,485.2
1003 General Fund Match	531.0	673.6	680.8
1004 General Fund Receipts	29,523.8	29,643.6	30,301.3
1005 General Fund/Program Receipts	2,586.6	29.8	11.9
1007 Inter-Agency Receipts	8,476.4	9,000.5	8,799.4
1018 Exxon Valdez Oil Spill Settlement	5,106.4	5,085.2	5,091.8
1024 Fish and Game Fund	22,128.5	24,692.0	24,799.7
1053 Investment Loss Trust Fund		207.9	
1055 Inter-agency/Oil & Hazardous Waste	53.1	68.1	67.7
1061 Capital Improvement Project Receipts	1,586.4	1,949.4	2,782.5
1108 Statutory Designated Program Receipts	1,848.2	3,306.1	3,236.1
1109 Test Fisheries Receipts	2,125.9	4,039.8	4,010.8
1114 Exxon Valdez Oil Spill Restoration Fund		100.0	
1156 Receipt Supported Services		3,241.8	4,552.2
Totals	103,423.4	117,245.5	126,819.4

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	823	856
Permanent Part Time	885	904
Non Permanent	128	139
Totals	1,836	1,899

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Statewide Facilities Repair, Maintenance, and Replacement	500,000	0	0	500,000
Vessel and Aircraft Repair, Maintenance and Replacement	600,000	0	0	600,000
Dock Repairs, Maintenance & Replacement Phase 2	300,000	0	0	300,000
Black River Sonar - Chignik Area, Upper Aleutian Peninsula	175,000	0	0	175,000
Sport Fishing and Recreational Boating Public Access and Facility Development	0	1,200,000	400,000	1,600,000
Norton Sound Salmon Research Initiative	0	5,000,000	0	5,000,000
Nearshore Fisheries Research and Assessment	0	1,798,100	0	1,798,100
Snow Crab Fishery Disaster Research	0	1,000,000	0	1,000,000
Log Transfer Facility Research and Remediation	0	700,000	0	700,000
Wildlife Habitat Management in Interior Alaska	0	0	100,000	100,000
Equipment Replacement for Wildlife Conservation Programs	0	0	100,000	100,000
Kachemak Bay Research Reserve Facilities Design and Construction	0	3,500,000	0	3,500,000
Commercial Fisheries Entry Commission Permit and Vessel Licensing	0	0	115,000	115,000
Department Total	1,575,000	13,198,100	715,000	15,488,100

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

The department's overall budget will increase by \$9,573.9 for FY2002, primarily in non-general fund sources. A summary of the changes by funding source is listed below.

Federal Funds increase	\$7,277.5	
Receipt Supported Services increase	\$1,310.4	
CIP Receipt increase	\$833.1	
General Fund increase	\$647.0	
Fish and Game Fund/Other increases	\$114.3	
Investment Loss Trust Fund decrease	-\$207.9	
I/A Receipt decrease	-\$201.1	
EVOS decrease	-\$100.0	
Other Miscellaneous decreases	-\$99.4	

Major federal fund increases are included in Wildlife Conservation (\$2.4 million for CARA; \$1.2 million for marine mammals; and federal aid increases of \$740.0), and for dual federal/state subsistence management in Sport Fisheries (\$2 million) and Commercial Fisheries (\$1 million). Habitat and Restoration is adding \$139.1 for operations of the new KBNERR facility.

Increases in receipt supported services funds are included in Commercial Fisheries (\$1 million for various fisheries projects), Commercial Fisheries Limited Entry Commission (\$155.2 to fully fund commission operations), and State Facilities Rent (\$81.6 for the Jordan Creek Office Lease in Juneau).

The department is also adding \$833.1 in CIP receipts in several components throughout the budget to reflect the cost of positions being charged to capital projects.

General fund increases totaling \$525.3 are included to fund a portion of employee labor contracts (\$300.3), two projects in Habitat and Restoration (\$125.0 for operational costs of the Kenai River Center, and \$100.0 for an Oil and Gas permitting project), and \$121.7 for the Boards of Fisheries and Game to fully fund the public regulatory process.

There are also a number of other smaller funding source adjustments in fish and game funds, I/A receipts and EVOS funds. The detail for all of the changes listed above is included in the component detail sections of the budget.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	30,554.9	35,207.7	51,482.9	117,245.5
Adjustments which will continue current level of service:				
-Commercial Fisheries	133.8	-2.5	-99.1	32.2
-Sport Fisheries	0.0	-233.9	274.5	40.6
-Crystal Lake Hatchery	0.0	0.0	-21.3	-21.3
-Wildlife Conservation	-15.8	17.5	19.1	20.8
-Administration and Support	7.9	-1.2	-1.3	5.4
-Commissioner's Office	1.5	0.1	-99.3	-97.7
-Subsistence	0.7	-7.1	-0.5	-6.9
-Subsistence Research & Monitori	3.2	0.0	-5.5	-2.3
-Habitat	16.2	-0.5	21.4	37.1
-Commercial Fisheries Entry Com	-55.1	1.0	67.5	13.4
Proposed budget decreases:				
-Crystal Lake Hatchery	0.0	0.0	-392.7	-392.7
-Wildlife Conservation	0.0	0.0	-175.0	-175.0
Proposed budget increases:				
-Commercial Fisheries	0.0	1,000.0	1,000.0	2,000.0
-Sport Fisheries	0.0	2,000.0	430.2	2,430.2
-Wildlife Conservation	0.0	4,365.0	200.0	4,565.0
-Administration and Support	121.7	0.0	0.0	121.7
-State Facilities	0.0	0.0	81.6	81.6
-Habitat	225.0	139.1	402.5	766.6
-Commercial Fisheries Entry Com	0.0	0.0	155.2	155.2
FY2002 Governor	30,994.0	42,485.2	53,340.2	126,819.4

Office of the Governor

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Department Mission

Ensure that state government is responsive to the needs of the citizens of Alaska, and that compelling needs within the state are recognized and addressed appropriately by providing support to the Governor and Lieutenant Governor in the policy issues and management of the Executive Branch of state government.

Department Goals and Strategies

The overall goals and strategies of the Knowles/Ulmer administration are outlined in the Governor's Priorities section of the Executive Budget Summary.

This departmental summary focuses on the agencies which are administratively located in the Governor's Office. Each agency's goals are listed below. For strategies to implement these goals, see the agency's detail budget.

ALASKA STATE COMMISSION FOR HUMAN RIGHTS

- Enforce the Human Rights Law prohibiting discrimination through impartial investigation of complaints, conciliation, administrative hearings and public education.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

- Ensure full compliance with federal and state laws relating to equal employment opportunity and affirmative action.
- Increase awareness of fair employment practices in the executive branch of Alaska state government by reaching out to key constituencies, including minority and women's groups, community organizations and state agencies.

OFFICE OF MANAGEMENT AND BUDGET

- Work toward a long-term plan to balance the budget.
- Improve public understanding of the state budget.
- Continue to make the state budget process more effective and efficient.

DIVISION OF GOVERNMENTAL COORDINATION

- Streamline, coordinate and expedite permit reviews for development projects.
- Upgrade community-based coastal planning and development programs with Coastal Policy Council (CPC) oversight.
- Provide liaison to federal land and resource agencies to ensure that state interests are protected in federal decision making under the Coastal Management Program, the Alaska National Interest Lands Conservation Act, National Forest management, federal oil and gas development, and other federal programs.
- Enhance technical expertise to address emerging coastal issues.

DIVISION OF ELECTIONS

- Increase the efficiency and convenience of the electoral process.
- Improve accuracy of the voter registration list.
- Plan and prepare for the 2002 Primary and General elections.
- Encourage higher voter participation.

Key Department Issues for FY2001 – 2002

ALASKA STATE COMMISSION FOR HUMAN RIGHTS

- During fiscal year 2000, over 4200 Alaskans contacted the agency to inquire about their rights and responsibilities. In recent years an increased demand for services and corresponding rise in complaint inventory caused delays in processing cases. To reduce the delay the Commission revised its procedures, amended its regulations, and with the assistance of the Governor and Legislature, secured additional resources. These efforts resulted in the elimination of the agency's backlog of unassigned cases. The Commission continues to focus its resources on reducing the time to complete investigations and, when necessary, present cases at public hearing.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

- Researching and evaluating Affirmative Action Plan software; generating statewide Affirmative Action Plan; and devising guidelines to assist departments in preparing their Affirmative Action Plans.

OFFICE OF MANAGEMENT AND BUDGET

- Regardless of the price of oil, the state needs a long-range fiscal plan which balances the budget while maintaining stability for the Alaska economy and reliable services for Alaskans.
- The growing backlogs of school construction and deferred maintenance for schools and state facilities must be addressed with a plan that provides long-term financing.
- A consistent total funds perspective in publications and public discussion is needed to foster a more comprehensive understanding of the state's fiscal status. A better understanding of what does and does not require "general purpose revenues" (such as oil revenues or the Constitutional Budget Reserve Fund) will help ensure that self-supporting services are not unnecessarily constrained.
- Further work is needed to implement more effective results-based budgeting and decision making.

DIVISION OF GOVERNMENTAL COORDINATION

- A bill pending before Congress, when it re-convenes, appropriates \$150M for Coastal Impact Assistance to oil producing states, including Alaska. Alaska's portion is estimated to be approximately \$12.9M with an additional small amount based on qualifying OCS production. The bill includes language that defines the distribution of these funds within the state and the qualified uses of the funds. The Federal Department of Commerce will give 35% of Alaska's share directly to county-equivalent coastal political subdivisions (i.e., boroughs) based on a formula contained in the bill.
- Project consistency review regulations were promulgated in 1984 and, with minor exceptions, have remained substantially unchanged since that time. Although forward thinking for their time, they could not anticipate the array of project review issues that have emerged over the past 16 years. Revisions are under development that will address a number of issues that include: 30-day and 50-day reviews; Day 1 requirements; public notice requirements; relationship between agency permit reviews and the consistency review process, including coordinating timelines and processes; phasing projects; review timelines for federal activities; clock stops; renewals and modifications; expedited review by categorical approval and general concurrence determinations; public need determinations; elevation procedures; local knowledge; local permits; and definitions.
- Like the current consistency review regulations, over half of the more than 30 coastal district plans are outdated. These coastal plans do not provide districts with adequate tools for managing the coastal issues of today. District program regulations, which govern plan development and approval, were revised and streamlined in early FY2000. In FY2001 federal dollars were provided to five districts for update of their coastal district plans. In FY2002 another five will be funded for update.
- Criteria used during consistency reviews to evaluate projects proposed within Alaska's coastal zone were promulgated in 1978. Project applicants and state resource agencies have asked the Coastal Policy Council to review and propose amendments to these criteria, which are called standards at 6 AAC 80. Revisions are being considered for standards addressing coastal uses, activities, habitats and resources.

DIVISION OF ELECTIONS

- The division is faced with the ongoing difficulty of managing and maintaining our current voter registration system (VREMS) to assure that the 14-year-old system will be able to handle the year 2001 reapportionment of voters, the processing of initiative petition signatures, and increasing voter registration demands. The division will research options for upgrading the VREMS database to a more user and programming friendly system.
- The recruitment of election workers becomes increasingly difficult each year. During the primary and general elections, an estimated 2500 workers will be recruited. The level of compensation, the need to take time off work to be trained and to serve, and the nature of the tasks make voters less willing to serve. The division strives to make the training worthwhile, the materials interesting and easy to read, and to make the election workers feel appreciated. In spite of this, there are precincts in which election workers can not be found. When this happens,

the division can close the polling place and provide an absentee voting official in the community. Rather than continue this practice, the division will research how other jurisdictions recruit and keep election workers.

- The number of absentee and questioned ballots continues to increase dramatically with each election. With the 2000 General election, there was a substantial increase in absentee and questioned ballots. In order to provide sufficient time for the election supervisors and the review boards to log and review each ballot, the division changed the schedule for counting ballots. The division increased the number of public members on the review boards and revised procedures to make the process more efficient. However, absentee and questioned ballots continue to be received in overwhelming numbers, and the division must review these procedures to make counting and accountability more efficient.
- The division will seek legislative approval to conduct all annual regional educational attendance area (REAA) and coastal resource service area (CRSA) elections as By-Mail elections. By-Mail elections are beneficial because all registered voters in the impacted regions are mailed ballots, encouraging higher participation. It is difficult to recruit election boards for the REAA and CRSA elections, and with By-Mail voting, local election boards are not required. In October, five REAA elections were entirely and successfully conducted as By-Mail elections.

Major Department Accomplishments in 2000

ALASKA STATE COMMISSION FOR HUMAN RIGHTS:

- Since eliminating the backlog of unassigned cases the Commission continues to reduce the time to process a complaint of discrimination.
- Alaskans give the Commission's new mediation program high marks. Seventy percent of those who take advantage of the opportunities afforded through the program settle their complaints. Even those who participate yet do not reach resolution evaluate the program positively.
- Launched a fair housing education and outreach program throughout Alaska with funds received from the U. S. Department of Housing and Urban Development (HUD) specifically for this project.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

- Increased visibility and impact of outreach to employees and community groups by hosting informal receptions honoring Elizabeth Peratrovich; Women's History Month; and Asian Pacific Heritage Month.
- Initiated software upgrade (from Cobol) intended to extract more accurate workforce figures from the payroll data maintained by the Department of Administration.

OFFICE OF MANAGEMENT AND BUDGET:

- Expanded information on the OMB web site (www.gov.state.ak.us/omb/akomb.htm) to include detailed narrative and financial information about department budgets at the division (budget request unit) and program (component) levels.
- Coordinated development and implementation of the Governor's FY2001 "Children's Budget" which emphasized child protection, children's health, and quality education.
- Expanded use of performance measures in department budgets and developed key indicators in major interdepartmental program areas.
- Incorporated a rental rate methodology for eight state office buildings into the FY2001 budget to improve facility maintenance and make space costs part of agency budgets.

DIVISION OF GOVERNMENTAL COORDINATION:

- Coordinated approximately 315 multi-permit coastal project reviews.
- Secured \$2,765,000 in federal funds for FY2001 coastal management
- Obtained federal approval for two coastal community programs.
- Provided state response to all Outer Continental Shelf Lands Act and Alaska National Interest Lands Conservation Act Conservation System Unit activities.
- Provided Internet access to Alaska Coastal Management Program and permitting review information.
- Worked with the Alaska Coastal Management Program Working Group and the Department of Law to develop draft 6 AAC 50 regulations to present to the resource agencies and coastal districts for further refinement before presentation to the Coastal Policy Council.

DIVISION OF ELECTIONS

- The primary and general elections allowed the division to expand the use of precinct tabulators into four new communities, increasing the total number using that technology to 281.
- The division successfully conducted two statewide elections in 2000: the primary in August and the general in November. Within the first hour after the polls closed, election results were received from 245 of 451 precincts.
- The mainframe-based voter registration and election management system, (VREMS) was thoroughly reviewed and numerous modifications were made to streamline, stabilize and enhance the 14-year-old system.
- In cooperation with the Department of Labor, the division assisted with the preparation work needed to incorporate current precincts into the Department of Labor's mapping system. This completed the Phase 2 mapping portion of reapportionment.
- The division conducted the second thorough voter list maintenance efforts since passage of the National Voter Registration Act in 1995. As a result of the effort, 10,641 voters were moved to inactive status.
- The division successfully conducted and certified 18 REAA elections, four CRSA elections and one special election.
- Advances in technology allowed our division to add a new service to our website to help voters check the status of their absentee by mail application. By using this new service, the voter was able to check the mailing address of where the ballot was being sent, receive instructions to contact our office because of an incomplete application, or verify that the division had received their application.

Key Performance Measures for FY2002

Measure: Well presented performance measures are added in three to five areas of each department's FY2003 budget which will be released in December 2001.

(Not yet addressed by Legislature.)

Current Status:

Each department has at least four performance measures in the Governor's FY2002 budget.

Benchmark:

Other states vary in the number of key performance measures they track. Several that started with hundreds of measures eventually reduced the number to focus on the most important areas. We are gradually increasing the number of areas with performance measures so we do it carefully and well.

Background and Strategies:

The governor's Executive Budget Summary (EBS) for FY1997 included a few key performance measures for each department. Each year since, departments have reported on their progress in the following year's EBS. One of the FY97 measures was for OMB to design a new statewide budget system. Performance measures are now an integral part of the budget system. Two years ago, the legislature began working on identifying missions and performance measures with departments.

Other states have learned that the process develops best when the executive and legislative branches work together to identify areas needing measures, agree on data needs and constraints, set targets for improvement that are aggressive but achievable, and adjust targets if necessary to meet the funding levels which are ultimately appropriated. The Knowles/Ulmer Administration is committed to working with the legislature to continue establishing viable performance measures and using the results to help evaluate budget needs and program effectiveness.

Measure: DGC will bring affected local coastal districts and state and federal agencies together within 50 days to resolve issues for coastal projects requiring multi-agency permits.

(Revised from Legislature's FY2001 version.)

Current Status:

In FY2000, the average project review time for completed project reviews was 47 days, which is less than the required 50 days under regulation 6 AAC 50.

Background and Strategies:

A coordinated consistency review involves a review of multiple permits and the bringing together of a number of stakeholders to resolve any conflicts and issues. As the coordinator of this process, the Division identifies any systemic bottlenecks and seeks long term solutions that will improve the total time to complete a consistency review.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> OMB will expand performance measures to five additional areas in each department's FY2002 budget which will be released in December 2000. DGC will bring affected local coastal districts and state and federal agencies together within 50 days to resolve issues for coastal projects requiring multi-agency permits. 	X	X			

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Commissions/Special Offices	1,307.4	191.8	500.5	1,999.7	1,331.5	212.1	0.0	1,543.6	1,338.4	188.7	0.0	1,527.1
Executive Operations	7,837.5	110.0	29.2	7,976.7	9,410.7	110.0	0.0	9,520.7	8,483.2	110.0	0.0	8,593.2
Gov State Facilities Rent	0.0	0.0	0.0	0.0	429.5	0.0	0.0	429.5	416.0	0.0	0.0	416.0
Office of Management & Budget	3,052.9	2,700.3	21.5	5,774.7	1,880.7	0.0	25.9	1,906.6	1,761.5	0.0	0.0	1,761.5
Governmental Coordination	0.0	0.0	0.0	0.0	1,455.9	3,108.1	0.0	4,564.0	1,480.9	11,463.9	0.0	12,944.8
Elective Operations	2,768.5	0.0	35.0	2,803.5	3,673.4	0.0	0.0	3,673.4	2,056.8	0.0	0.0	2,056.8
Agencywide Reductions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Office of International Trade	0.0	0.0	0.0	0.0	387.4	0.0	615.7	1,003.1	0.0	0.0	0.0	0.0
Totals	14,966.3	3,002.1	586.2	18,554.6	18,569.1	3,430.2	641.6	22,640.9	15,536.8	11,762.6	0.0	27,299.4

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	3,002.1	3,430.2	11,762.6
1003 General Fund Match	1,254.4	1,273.7	1,304.0
1004 General Fund Receipts	13,711.9	17,040.6	14,227.9
1005 General Fund/Program Receipts		17.8	4.9
1007 Inter-Agency Receipts	586.2	113.5	
1053 Investment Loss Trust Fund		237.0	
1103 Alaska Housing Finance Corporation Receipts		0.1	
1108 Statutory Designated Program Receipts		25.8	
1115 International Trade and Business Endowment Income		502.2	
Totals	18,554.6	22,640.9	27,299.4

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	175	175
Permanent Part Time	4	3
Non Permanent	38	23
Totals	217	201

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
AccuVote System - Payment 4 of 6	387,789	0	0	387,789
Americans with Disabilities Act Compliance Projects	500,000	0	0	500,000
Pacific Salmon Treaty	0	10,000,000	0	10,000,000
Department Total	887,789	10,000,000	0	10,887,789

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

- Authorize the Division of Governmental Coordination to receive \$8350.0 in Federal Coastal Impact Assistance Program funds

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	18,569.1	3,430.2	641.6	22,640.9
Adjustments which will continue current level of service:				
-Commissions/Special Offices	6.9	1.0	0.0	7.9
-Executive Operations	-927.5	0.0	0.0	-927.5
-Gov State Facilities Rent	-13.5	0.0	0.0	-13.5
-Office of Management & Budget	-119.2	0.0	-25.9	-145.1
-Governmental Coordination	25.0	5.8	0.0	30.8
-Elective Operations	-1,616.6	0.0	0.0	-1,616.6
-Office of International Trade	-387.4	0.0	-615.7	-1,003.1
Proposed budget decreases:				
-Commissions/Special Offices	0.0	-24.4	0.0	-24.4
Proposed budget increases:				
-Governmental Coordination	0.0	8,350.0	0.0	8,350.0
FY2002 Governor	15,536.8	11,762.6	0.0	27,299.4

Department of Health and Social Services

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Department Mission

To promote and protect the health and well being of Alaskans.

Department Goals and Strategies

HELP CHILDREN STAY HEALTHY AND SAFE

- Improve the state's response to child abuse and neglect by responding to more reports of harm, ensuring that children in state care are placed in safe, quality homes, and moving children in foster care to permanent homes more quickly through continuation of the Balloon Project.
- Develop a system to improve surveillance, treatment and prevention of alcohol-related birth defects.
- Improve the system of sanctions and treatment for underage drinkers.
- Implement strategies to reach the statewide immunization target of 90 percent of all 2-year-old children.
- Improve juvenile justice systems using restorative justice principles.

HELP ALASKANS LIVE HEALTHIER LIVES AND HAVE ACCESS TO BASIC HEALTH CARE TO REDUCE CHRONIC AND PREVENTABLE DISEASE

- Improve access to primary health care for Alaskans in rural areas.
- Develop a State Health Plan.
- Expand capacity to address emerging public health disease issues and the effects of environmental contaminants.
- Ensure the Medicaid program operates humanely and efficiently while providing health care to approximately 100,000 eligible Alaskans.

ASSIST ALASKANS WHO EXPERIENCE DEVELOPMENTAL DISABILITIES, SUBSTANCE ABUSE AND/OR MENTAL ILLNESS TO LIVE INDEPENDENTLY AND REMAIN ECONOMICALLY SECURE

- Refine the Comprehensive Integrated Mental Health Plan in conjunction with consumers, policy boards and the Alaska Mental Health Trust Authority.
- Promote self-sufficiency for adults with disabilities through work incentives.
- Replace the aging Alaska Psychiatric Institute (API) facility, provide improved treatment services at a new API facility, and prevent inappropriate hospitalization by strengthening community-based services for clients.
- Develop and implement a plan for improving services for special needs children.
- Continue mental health program improvements.
- Eliminate the waiting list for infants needing diagnosis and treatment of developmental disabilities.
- Expand treatment options for Alaskans in need of substance abuse treatment.

INCREASE INCENTIVES AND OPPORTUNITIES FOR COMMUNITIES TO COLLABORATE WITH THE DEPARTMENT TO IMPROVE RESULTS FOR CHILDREN AND FAMILIES

- Promote self-sufficiency for families on public assistance, with specific emphasis on families whose 60-month time limit is approaching.
- Continue collaboration with communities and private organizations on service integration projects.
- Improve the regulatory framework and processes for awarding, monitoring and implementing grants for services to assist Alaskans.

ESTABLISH AN INTEGRATED STATEWIDE SYSTEM FOR DATA COLLECTION, ANALYSIS AND REPORTING THAT IMPROVES SERVICES TO ALASKANS

- Continue to link and integrate data from a variety of existing systems, including state and grantee client and management information systems.

- Implement new data systems to improve Juvenile Justice, Developmental Disabilities, Child Protection and Medicaid Services.

PROMOTE EFFICIENT STREAMLINED SYSTEMS IN WHICH EMPLOYEES VALUE THEIR WORK AND MEET CUSTOMER NEEDS

- Continue effort to integrate systematic performance measurement into the department's program planning, budgeting and ongoing operations.
- Improve processes for internal and external communications.

Key Department Issues for FY2001 – 2002

The Federal Medicaid Authorized Percentage (FMAP) statutory formula match rate for Alaska is in flux which could mean the loss of millions in federal dollars and in turn increase state general fund expenditures for Medicaid services to needy Alaskans.

A Prescription Drug program for the elderly through the Medicare program will impact 8,000 Alaskans and could influence funding in the Medicaid program.

Sustaining and building on the successes of Alaska's welfare reform efforts is a pivotal issue. Meeting the demands of federal and state welfare reform mandates and providing opportunities for families to achieve lasting self-sufficiency while maintaining basic safety net services will remain a challenge in fiscal years 2001 and 2002. The 5-year limit on Temporary Assistance is a key element of Welfare Reform and July 2002 marks the first month families in Alaska will face the 60-month limit. Alaska must be prepared and have programs in place to transition these families during this critical period.

The Food Stamp Program quality control payment error rate requires improvement. Nationwide, increased error rates in food stamp payments have been blamed partly on the rapid changes brought about by welfare reform. In Alaska, public assistance agencies have placed greater attention on putting people to work which has resulted in more than forty percent of food stamp recipients reporting some amount of earned income. However, while succeeding in putting people to work, the agencies have had less time to focus on food stamp casework and payment accuracy.

Many Alaskans are needy because diabetes or chronic illnesses keep them from working and many others are elderly and have low incomes. These Alaskans deserve to live with dignity and adequate food, shelter and medical care. Adequate "basic supports" are necessary to avoid dependency, hospitalization or institutionalization. If reductions are made to these "basic supports," there will be an increased demand or dependence on other, more costly services.

Low-income working families need help in finding and paying for affordable, quality childcare. Currently, thousands of Alaska families are on waiting lists for childcare assistance. Without help, many of these families are in danger of losing jobs and reverting to welfare to support their families.

Increased disease investigation by public health professionals to identify contacts and improve follow-up diagnosis, treatment, and education for tuberculosis, HIV, and STDs, as well as improved response to major TB outbreaks are necessary to prevent epidemics and the spread of disease. Due to a major tuberculosis outbreak involving many villages in SouthWest Alaska during FY2000, public health nurses had to find, test and manage treatment for 2,965 exposed, infected or ill individuals. This number compares to 645 people requiring the same services in this area during FY1999. The required diversion of nursing staff and other resources to deal with this outbreak meant immunizations, well-child care and other preventive health services were not as readily available. Also, in Alaska in FY1997, 388 original patients were identified with sexually transmitted diseases with approximately one partner each identified. Based on first quarter numbers for FY2000, it is estimated the number will increase by about 300% to nearly 1,200 original patients with nearly 2,200 partners.

As part of an aggressive immunization campaign at the state and local level, a new vaccine schedule will be implemented to assure that Alaska's children are immunized against preventable childhood diseases. For instance, in 1980, every Alaskan child birth through 19 years of age needed 8 doses of vaccine to be fully immunized and in 2000 every child in the same age group will need 21 doses of vaccine to be fully immunized. This schedule will increase the demands on the public health nursing system and will require an increased level of effort over time to maintain full immunization.

Environmental contaminants in subsistence foods has emerged as a major issue for Alaska subsistence consumers. Because the science base that underlies risk assessment methodology is controversial and unsettled, considerable public health expertise is required to answer the question, "Is this food safe to eat?"

The level and extent of substance abuse - which contributes to child abuse, adult and juvenile crime, health problems and dependence - fuels the need for maintaining or increasing substance abuse prevention, intervention and treatment services. Substance abuse is a factor in more than 75 percent of all cases of child abuse and neglect and more than 80 percent of all adult crimes. Increased opportunities for alcohol treatment are necessary to reduce the level of abuse and to protect the public.

As custodian to more than 2,700 Alaskan children, the state must take every reasonable action to assure the safety of these children. Increased resources for Foster Care and Subsidized Adoption are required to provide sufficient safe placements for these children.

Improvements in both the level and quality of child protection workers' response to reports of child abuse and neglect has inevitably increased the number of children placed in foster or residential care for protection. The number of children in state custody increased by more than 300 in the past year and more than 500 in the past two years. As the response to child abuse continues to improve, there is an increased need to provide safe care for children in custody through foster and residential care placements. Additionally, services to safely re-unite children with their families must also increase to prevent unnecessary out-of-home care. An adequate number of child protection workers is needed to monitor the safety of children in custody.

Aggressive efforts are needed to address the backlog of children in state care. Additional adoptive homes or other permanent placements are needed for children who cannot be safely returned to their own homes. Under the state's new child protection law, the state has reduced timeframes for moving children into permanent placements. Continuation of special project resources, i.e. Balloon Project and Project SUCCEED, targeted toward achieving speedy legal resolution of child protection cases, increasing the number of adoptive homes available, and implementing permanent placements for the children who have been in foster care the longest are crucial.

An insufficient number of juvenile probation officers delays and reduces effective response to juvenile crime and efforts to increase offender accountability. The lack of available staff to provide early intervention is particularly felt in rural areas where the rate and severity of offenses has increased. Caseloads are more than twice the nationally recommended level, 31 vs. 12.

The Division of Juvenile Justice has recently published a report documenting the extent of the problem of underage drinking. The department seeks to expand outpatient and inpatient treatment for youth so that treatment is available when recommended.

In providing for sustained community-based, individualized services for developmentally disabled consumers, it is necessary to insure that payment for Medicaid services is accurate and timely so that quality services are provided to all eligible consumers. The Waiver Task Force is currently addressing this issue by working more closely with service providers and claims processors.

The State of Alaska needs to resolve the API 2000 project to find a replacement facility solution for the old facility. Full implementation of the community based services plan will provide for enhanced services in Anchorage. Adequate funding is necessary for the overall API plan to be carried out.

The state has been found to be non-compliant with federal law relating to the sale of tobacco to minors. Funding is requested to replace the anticipated loss of federal substance abuse treatment block grant funds that will be withheld as a result of non-compliance. In order to minimize the likelihood of the loss of additional federal funds, the department will work to streamline and make more effective the state law prohibiting the sale of tobacco to minors.

Major Department Accomplishments in 2000

- Implementation of Medicaid Pro-Share in which states like Alaska are allowed to receive intergovernmental transfers of funds to use within the Medicaid program. These funds can be used as match for federal funds, thus

reducing the need for state general fund match. This funding mechanism enabled the department to continue to provide Medicaid services to an average of 76,664 clients each month during FY2000. There are an estimated 2,400 providers participating in the medical assistance program out of approximately 8,000 enrolled in the program.

- The Denali KidCare program has expanded health care coverage to approximately 15,000 children since inception. Alaska is one of the most successful states in signing up uninsured children according to national rankings.
- Reduced Temporary Assistance total caseload to 7,987 families, the lowest point since 1991, when two-parent families were added to the old AFDC program, 40% below the historical peak in 1994.
- Reduced expenditures for Temporary Assistance payments from \$75.0 million in FY1999 to \$63.9 million in FY2000. This 15% savings contributes to a 44% savings over the past two years. These savings are from reduced payments due to client earnings and case closures.
- Improved social worker response to reports of child abuse and neglect. In FY1995 77% of legitimate reports of harm were assigned to social workers. By FY2000, 89% of these reports were assigned.
- Foster Care caseload growth had averaged an annual growth rate of 16.6% for FY1998 and FY1999. In FY2000 the growth rate was 5.8%, a significant decline. This reduction is, in part, a reflection of the success of State permanency planning initiatives like the Balloon Project and Project SUCCEED. Children that have been in custody the longest are moving from the Foster Care system into permanent homes. From FY1992 to FY2000 the number of children removed from the foster care system and placed in permanent homes increased from 338 to 1332.
- New facilities to meet critical program needs (a new public health laboratory and youth detention facilities in Anchorage and Mat-Su) are on schedule and within budget and will require operating support to become functional.
- Provided services to 304 additional consumers who had been on the developmental disabilities waitlist, increasing the total number of clients served to 2,460 persons.
- Public Health managed and responded to major tuberculosis (TB) outbreaks in several areas of the state. These increased efforts came at the expense of reducing other public health services.
- Implemented an aggressive immunization campaign at the state and local level. This significantly increased the immunization levels for young children against Hepatitis A and B; ensured that all Alaskan school age children are adequately immunized against measles to prevent another measles outbreak; and simultaneously increased the number of two year olds who are adequately immunized.
- Continued state's response to fetal alcohol syndrome (FAS) by conducting more than 200 medical chart reviews as part of the FAS Surveillance Project and by establishing and training FAS Multidisciplinary Community Teams in Bethel, Dillingham and Copper Center.
- On a department-wide level, completed a successful program that assured that all "mission-critical" systems were Y2K compliant.
- Initiated Grant Reform process to streamline services to grantees and clients.

Key Performance Measures for FY2002

Measure: The percent of ordered restitution and community work service that is paid or performed by the Juvenile Offender.

(Developed jointly with Legislature in FY2001.)

Current Status:

Development of the community work service component is on track. The DJJ hopes to have FY2000 data by December 2000.

Benchmark:

For the restitution measure the benchmark is 79%

For the community work service measure the benchmark is 83%

Background and Strategies:

This performance measure consists of two aspects that provide a gauge of DJJ's effectiveness in assisting delinquent youth in being accountable to their victim and communities for their delinquent behavior, and in encouraging youth providing restoration to victims and communities for the damage resulting from their delinquent behavior.

Definition: This measure consists of:

- The percentage of restitution paid for cases where there was a restitution order (either by the court or the Probation Officer). This measure is determined at case closure.
- The percentage of community work service performed for cases where there was a community work service order (either by the court or the Probation Officer). This measure is determined at case closure.

Case closures occur when a court order has been given to close a case, a court order has expired, or informal adjustment has been made by the Probation Officer.

Measure: The percentage of child protective services legitimate reports of harm assigned for an investigation will increase to 90% for FY2001.

(Developed jointly with Legislature in FY2001.)

Current Status:

Preliminary information for the first quarter of FY2001 shows the total number of legitimate reports of harm assigned for investigation was 92%. Historically, first quarter caseloads are lower than the last three quarters of a fiscal year and the percent of assigned cases is expected to go down slightly.

Note: Due to the seasonality involved in Reports of Harm, data for a full fiscal year will be used for comparison purposes.

Benchmark:

In FY1997, 73.6% of legitimate reports of harm were assigned for investigation in Alaska.

Background and Strategies:

Increased number of child protection workers to respond to more reports; better training and less turnover among these workers.

Percent of legitimate reports of harm assigned for investigation:

FY1997: 73.6%

FY1998: 77.3%

FY1999: 78.1%

FY2000: 88.8%

FY2001 Preliminary: 92%

Measure: Child Health Improvements - Increase the number of 2-year olds fully immunized to 90% by the year 2001.

(Developed jointly with Legislature in FY2001.)

Current Status:

The percentage of fully immunized 2-year-olds for calendar year 1999 was 80.1%.

Benchmark:

69% were immunized by the end of 1996.

Background and Strategies:

In 1997, the Department launched a major initiative to increase the rate of fully immunized two-year-olds. In three years, we have jumped up 20 positions, going from 48th to 28th in national rankings. Now, over 80% of our two-year-old children have received their recommended vaccines. Alaska's comprehensive public-private initiative to increase childhood immunization rates will be extended through 2002 to achieve the highest possible immunization rates and to assure that Alaska children in school and daycare will have all required immunizations by the fall of 2001.

Measure: Child Health Improvements - Decrease rates of smoking by middle school students.

(Not yet addressed by Legislature.)

Current Status:

The Youth Risk Behavior Survey (YRBS) is a survey tool given in schools to a random sample of students in various grades. In 1999, according to the YRBS data, 21% of middle school students reported smoking within the last 30 days. (Sample did not include Anchorage students.)

Benchmark:

In 1995, according to the YRBS data, 25% of middle school students reported smoking within the last 30 days. (Statewide sample.)

Background and Strategies:

According to information gleaned from the YRBS, between early 1995 and early 1999 there was a 7% decrease in overall current smoking for high school youth in Alaska. During this same period of time there was a 1% decrease in smokeless tobacco use. Plans are underway for the YRBS to be administered statewide in the spring of 2001. The new parental consent law for surveys has significantly increased the burden on local school districts. The value of the YRBS data may be compromised as a result of the constraints that the new law imposes on districts.

During the 1999 survey, the Anchorage School district did not participate, so the state 1995 to state 1999 comparisons listed above do not include Anchorage for 1999. We are continuing to do analysis to determine changes for the various age groups and will have additional data within the next six months. However, preliminary analysis indicates much larger increases for the younger children (i.e. 9th grade vs. 12th grade). Utilizing tobacco settlement dollars and other funds in an on-going public-private partnership, the Department intends to intensify the effort to decrease smoking and use of smokeless tobacco by youth for the next several years. These efforts will include counter-marketing efforts, enforcement of laws prohibiting sales to minors, etc. An increased focus will be related to the use of smokeless tobacco since the decline in that area has been so minimal.

Measure: API 2000 Community Implementation Plan - Decrease the average number of publicly funded psychiatric hospital days used per hospitalized person. (SB 281, modified)

(Developed jointly with Legislature in FY2001.)

Current Status:

In FY00 the average was 10 days.

Benchmark:

In FY98 the average stay was 14 days. (excludes data on consumers in residence at API longer than 6 months)

Background and Strategies:

The purpose of the Community Mental Health/API 2000 Project (CMHP) is to replace the aging API with a new facility, make it possible to safely operate with reduced inpatient capacity by increasing and enhancing community-based

mental health and substance abuse services in Anchorage, and further improve inpatient hospital care provided within API.

The new and enhanced services that are a part of the CMHP were designed to specifically impact the number of admissions to API from the Anchorage area and reduce the number of patient days. These new and enhanced Anchorage community services either are -- or are coming -- on line at this time. The first new service started in October of 1999, providing intensive, extended care services for 6 long-term API patients. Enhanced and expanded crisis respite care started in September of 2000, and enhanced detoxification and residential dual diagnosis services began in October of 2000.

Measure: Reduce the annual per capita alcohol consumption by people aged 14 and over from 2.55 to 2.25 gallons by FY2001.

(Not yet addressed by Legislature.)

Current Status:

There was a small increase to 2.67 gallons per capita for FY99.

Benchmark:

The benchmark for this measure is 3.46 gallons in FY85. Per capita consumption was 2.51 in FY98.

Background and Strategies:

We know that the prevalence and severity of alcohol-related problems among Alaskans is directly related to the amount of alcohol consumed. The data, as collected, are based on total alcohol purchased at the wholesale level and the number of Alaskans who are 14 years of age and older but does not acknowledge the state's significant (and increasing) visitor population.

The strategies that impact this indicator most readily are those that address public policy issues such as the number of licensed outlets and their hours of operation. In relation to this strategy the Division advocates for positive change through legal and regulatory initiatives. Other strategies used by the Division include but are not limited to: encourage activities and initiatives that will change community standards and emphasize healthy lifestyles; encourage traditional and alternative social activities that are alcohol and drug free. The twenty year old excise tax has not recently been adjusted for inflation and cost may no longer be a deterrent.

The data indicates Alaska's consumption rate may not continue the decrease experienced in prior years. (From FY90 to FY98 Alaska experienced an overall decline). The rate (gallons per capita) decreased from 2.64 in FY97 to 2.51 in FY98.

Measure: Percent of ATAP families meeting Federal Work Participation rates.

(Added by Legislature in FY2001 version.)

Current Status:

In March 2000, 38% of all Temporary Assistance families were in countable work activities and had sufficient hours to meet the federal participation rate requirements. At that time, almost 55% of Temporary Assistance families were in countable work activities but not all had enough hours of participation to count in the federal participation rate calculation.

According to the U.S. DHHS Third Annual Report to congress on the TANF program, Alaska ranked 8th in the nation for the percentage of adults in unsubsidized employment and in the average number of hours for adults in unsubsidized employment. Only one state ranked higher in both of these critical measures of success.

Benchmark:

Federal law requires that states meet work participation requirements:

FFY 1997 25% of all families

FFY 1998 30%

FFY 1999 35%

FFY 2000 40%

FFY 2001 45%

FFY 2002 50%

However, every state's federal work participation rate is adjusted by a caseload reduction credit that reflects the state's success in moving families off of assistance and into employment. In FFY 2000, Alaska caseload reduction credit was 29%. Based on the caseload reduction credit, Alaska's work participation target was 11%. Thus Alaska more than met the adjusted federal participation requirement.

Background and Strategies:

The Temporary Assistance program is a work-focused program to help Alaskans plan for self-sufficiency and to make a successful transition from welfare-to-work. Federal law requires the state to meet work participation requirements. Failure to meet federal participation rates results in fiscal penalties.

Measure: Percentage of Alaskan providers participating in the Medical Assistance program.
(Developed jointly with Legislature in FY2001.)

Current Status:

	Enrolled	Participating	Percent Participating
Physicians	3,806	802	21.07
Physicians(group)	115	96	83.48
Dentists	490	192	39.18
Dentists(group)	21	15	71.43
Pharmacies	198	115	58.08
Hospitals	25	25	100.00
Nursing Homes	15	15	100.00

Enrolled: 8,040
 Participating: 2,358
 All Other*: 5,682
 % Participating: 29.33%

* The all other category includes all enrolled providers who are not participating. A participating provider is defined as a provider that has billed Medicaid for services one or more times in the past calendar year. Please see benchmark narrative.

Benchmark:

The Division has measured participation by physicians, pharmacies, dentists, inpatient hospitals, and nursing homes during FY2000. Participation rates compare licensed Alaskan providers with Medicaid enrolled and participating providers (i.e. those providers reimbursed for services).

Background and Strategies:

This is a measure of Alaska's medical assistance clients' access to medical services through the same network of medical providers available to the balance of the State's population.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> The Percent of Ordered Restitution and Community Work Service That is Paid or Performed by the Juvenile Offender. The percentage of child protective services legitimate reports of harm assigned for an investigation will increase to 90% for FY2001. Child Health Improvements - Increase the number of 2-year olds fully immunized to 90% by the year 2001. Child Health Improvements - Decrease Rates of smoking by middle school students. 		X	X		

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • API 2000 Community Implementation Plan - Decrease the number of psychiatric hospital days used per person that are publicly funded. • Reduce the annual per capita alcohol consumption by people aged 14 and over from 2.55 to 2.25 gallons by FY2001. • Percent of ATAP families meeting Federal Work Participation rates. • Percentage of Alaskan providers participating in the Medical Assistance program. 	X			X	
		X			
			X		

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
Public Assistance	88,745.9	18,979.5	25,844.1	133,569.5	91,055.1	23,309.3	27,572.2	141,936.6	87,449.9	18,870.7	25,015.1	131,335.7
Medical Assistance	145,514.7	307,508.4	17,685.9	470,709.0	143,688.7	318,028.4	24,295.2	486,012.3	161,506.1	368,479.3	23,022.2	553,007.6
Catastrophic & Chronic Illness	3,653.5	0.0	0.0	3,653.5	4,304.4	0.0	0.0	4,304.4	0.0	0.0	0.0	0.0
Public Assistance Admin	6,102.1	33,051.9	0.0	39,154.0	3,000.0	28,852.0	0.0	31,852.0	3,000.0	30,102.0	0.0	33,102.0
Medical Assistance Admin	2,234.0	12,352.1	0.0	14,586.1	2,545.5	13,554.6	0.0	16,100.1	4,026.1	16,502.2	405.0	20,933.3
Purchased Services	20,313.7	5,734.2	443.9	26,491.8	20,733.5	7,010.9	2,619.8	30,364.2	24,415.6	8,025.1	1,129.4	33,570.1
Non-Formula Expenditures												
Public Assistance	0.0	6,638.2	0.0	6,638.2	0.0	5,516.1	0.0	5,516.1	0.0	6,931.8	0.0	6,931.8
Public Assistance Admin	19,078.7	25,201.3	3,243.1	47,523.1	19,644.1	29,667.4	2,223.4	51,534.9	19,741.3	32,659.3	2,619.2	55,019.8
Medical Assistance Admin	6,970.6	13,640.3	418.5	21,029.4	7,544.9	14,971.3	405.0	22,921.2	6,601.2	13,573.9	101.4	20,276.5
Children's Trust Programs	0.0	0.0	312.8	312.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchased Services	11,952.6	4,839.9	2,358.6	19,151.1	13,513.4	3,466.2	400.0	17,379.6	13,513.4	4,066.2	1,625.0	19,204.6
Front Line Social Workers	8,775.0	9,546.2	1,000.9	19,322.1	9,580.1	9,603.0	882.7	20,065.8	13,474.3	8,853.8	1,605.1	23,933.2
Family and Youth Services Mngmt	1,732.7	2,431.3	232.2	4,396.2	1,445.5	2,467.3	457.0	4,369.8	1,443.7	2,459.4	455.6	4,358.7
Family and Youth Services Staff	419.7	617.0	0.0	1,036.7	436.5	717.0	0.0	1,153.5	436.5	717.0	0.0	1,153.5
Child Protection	440.0	0.0	0.0	440.0	440.0	0.0	0.0	440.0	440.0	0.0	0.0	440.0

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Legal Assist.												
Juvenile Justice	24,193.8	311.1	943.4	25,448.3	27,858.2	3,782.9	692.4	32,333.5	30,558.9	3,782.8	899.7	35,241.4
Human Svcs	410.9	0.0	1,306.0	1,716.9	410.9	0.0	1,306.0	1,716.9	410.9	0.0	1,306.0	1,716.9
Comm Matching Grant												
Maniilaq	3,045.3	0.0	33.0	3,078.3	3,045.3	0.0	0.0	3,045.3	3,045.3	0.0	83.0	3,128.3
Norton Sound	2,453.5	0.0	17.6	2,471.1	2,453.5	0.0	0.0	2,453.5	2,453.5	0.0	67.6	2,521.1
SEARHC	565.7	0.0	11.0	576.7	565.7	0.0	0.0	565.7	565.7	0.0	11.0	576.7
Kawerak Social Services	372.7	0.0	0.0	372.7	372.7	0.0	0.0	372.7	372.7	0.0	0.0	372.7
Tanana Chiefs Conference	1,255.1	0.0	16.5	1,271.6	1,255.1	0.0	0.0	1,255.1	1,255.1	0.0	16.5	1,271.6
Tlingit-Haida	198.4	0.0	0.0	198.4	198.5	0.0	0.0	198.5	198.5	0.0	0.0	198.5
Yukon-Kuskokwim Health Corp	2,742.2	0.0	31.9	2,774.1	2,742.2	0.0	0.0	2,742.2	2,742.2	0.0	81.9	2,824.1
State Health Services	26,707.0	32,637.6	15,474.8	74,819.4	26,548.6	39,121.2	19,858.1	85,527.9	30,549.9	50,702.7	20,010.6	101,263.2
Alcohol & Drug Abuse Svcs	17,256.4	7,784.5	1,748.3	26,789.2	17,446.9	16,254.1	2,344.7	36,045.7	25,585.4	15,380.7	1,872.8	42,838.9
Community Mental Health Grants	24,586.7	1,215.6	1,814.7	27,617.0	24,758.7	3,228.7	3,124.3	31,111.7	26,990.0	4,373.9	3,551.8	34,915.7
Community DD Grants	19,058.0	0.0	1,235.0	20,293.0	18,506.7	0.0	1,492.4	19,999.1	18,626.7	185.1	1,222.4	20,034.2
Institutions & Administration	4,593.4	1,875.2	16,058.1	22,526.7	7,163.8	3,230.2	14,018.0	24,412.0	9,036.2	1,612.4	12,700.4	23,349.0
Mental Health Trust Boards	621.4	863.9	734.0	2,219.3	649.0	1,085.8	871.3	2,606.1	705.1	1,635.3	789.2	3,129.6
Administrative Services	3,242.5	1,668.8	1,682.2	6,593.5	3,369.4	1,862.7	1,715.7	6,947.8	3,363.1	2,031.4	1,838.7	7,233.2
Facilities Maintenance	0.0	0.0	0.0	0.0	449.3	175.7	2,584.9	3,209.9	452.2	237.2	2,584.9	3,274.3
Y2K approp	600.0	1,800.0	38.7	2,438.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	447,836.2	488,697.0	92,685.2	1,029,218.4	455,726.2	525,904.8	106,863.1	1,088,494.1	492,959.5	591,182.2	103,014.5	1,187,156.2

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1001 Constitutional Budget Reserve Fund	600.0		
1002 Federal Receipts	484,599.1	521,428.3	591,180.2
1003 General Fund Match	167,726.0	160,276.8	180,555.6
1004 General Fund Receipts	142,393.2	164,774.7	186,046.7
1005 General Fund/Program Receipts	4,314.8	2,012.0	2,021.7
1007 Inter-Agency Receipts	53,377.4	50,438.6	49,912.6
1013 Alcoholism & Drug Abuse Revolving Loan	2.0	2.0	2.0
1037 General Fund / Mental Health	103,472.5	107,035.8	113,465.5
1047 Title XX	4,095.9	4,474.5	
1050 Permanent Fund Dividend Fund	17,222.0	17,518.1	16,147.3
1053 Investment Loss Trust Fund		703.8	
1061 Capital Improvement Project Receipts	598.3	986.3	1,079.5
1092 Mental Health Trust Authority Authorized Receipts	3,665.9	8,102.1	6,026.1
1098 Children's Trust Fund Earnings	312.8		
1108 Statutory Designated Program Receipts	17,508.8	28,892.9	28,763.9
1119 Tobacco Settlement	29,329.7	20,923.1	10,870.0
1156 Receipt Supported Services		925.1	1,085.1
Totals	1,029,218.4	1,088,494.1	1,187,156.2

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	2,243	2,381
Permanent Part Time	60	59
Non Permanent	13	26
Totals	2,316	2,466

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Deferred Maintenance, Renewal, Replacement, and Equipment	1,000,000	352,000	0	1,352,000
Public Health Nurse, Probation Officer, Social Worker Safety and Support Equipment	500,000	2,331,000	0	2,831,000
Juneau Public Health Center Heating and Ventilation Upgrades	480,000	105,400	0	585,400
Residential Child Care Facility Capital Needs Assessment and Grant Program	150,200	0	349,800	500,000
Emergency Communications: Emergency Medical Services	341,600	0	0	341,600
Emergency Medical Services Equipment Grants - Match for Code Blue Project	533,400	0	0	533,400
Alaska Psychiatric Institute Stop-Gap Repairs	379,500	0	0	379,500
Housing Modifications for Trust Beneficiaries and People with Disabilities	0	0	250,000	250,000
Substance Abuse Treatment for Rural Women with Children	250,000	0	250,000	500,000
Deferred Maintenance, Americans with Disabilities Improvements to Service Providers for Beneficiaries, People with Disabilities	400,000	0	500,000	900,000
Program Equipment Grants to Service Providers for Trust Beneficiaries and People with Disabilities	0	0	250,000	250,000
Recovery Camps	0	0	100,000	100,000
Hearing Screening Assistive Technology	0	0	100,000	100,000
Consumer Designed and Managed Projects	0	0	175,000	175,000
Micro Enterprise Funds	0	0	150,000	150,000
Provider Resource Sharing and Coordination	0	0	150,000	150,000
Department Total	4,034,700	2,788,400	2,274,800	9,097,900

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

The FY2002 Operating Budget for the Department of Health and Social Services is based on the following themes:

First, Finish what the Knowles' Administration Started; second, Protect the Public; and third, Maintain the Safety Net. These themes are consistent with the department's goals and strategies for the FY2002 budget.

The first theme, to finish what we have started, continues efforts currently underway or completes projects begun during the Knowles' Administration. While many efforts fall into this category the following summarizes the key areas.

- Continue SMART START efforts, particularly in Child Protection. The FY2002 budget for the Division of Family and Youth Services (DFYS) will increase by \$7.6 million GF in the Governor's budget proposal. Foster Care increases are supported at a 6% growth rate, which is the lowest rate in five years. The Department believes that efforts like the Balloon project have been instrumental in reducing the Foster Care rate and recommends continuation of the Balloon Project as an on-going activity with a transfer of savings from Welfare Reform. Subsidized Adoption and Guardianships are funded and expected to increase by 14% in FY2002. Due to changes at the federal level, federal TANF funds are capped and can no longer be used for many programs within DFYS, so \$2.5 million in general funds must be used to replace the loss of federal resources. Finally, the budget proposal continues to fund innovative ideas such as case note transcription services, implementation of new risk and safety tool techniques, and continuation of the Psychiatric Nurse Program, to assist in streamlining functions to assist social workers in performing their difficult job.
- Annualize funding (\$1.8 million GF) for projects partially funded in the FY2001 budget. Projects which require additional funding are: the 30 detention beds at McLaughlin Youth Center, the 15 beds at Mat-Su Youth Facility, the 10 beds at Ketchikan Youth Facility, the Kenai Public Health Nursing Center, and the State Medical Examiner and Public Health Laboratory.
- In 1995 Governor Knowles initiated a Conference on Youth and Justice. The conference recommended a number of improvements to the Juvenile Justice system. The FY2002 budget continues the effort started years earlier by recommending funding in the Youth Probation system to reduce caseloads of Juvenile Probation Officers. Currently Youth Probation has caseloads that are two and half times the national recommended caseload (31 Alaska vs. 12). The FY2002 effort would add 9 Juvenile Probation Officers (Anchorage, Bethel, Dillingham, Kenai, Ketchikan, Kodiak, and Valdez) and reduce the per worker overall caseload from 31 to 28.
- One project that has a long history and that the Department is committed to finishing is API 2000. The proposed budget includes funds for community mental health services and API to make progress toward completion.

The second theme is to Protect the Public. The Department of Health and Social Services routinely provides basic public protection functions in a variety of programs. In particular, the Division of Public Health has a responsibility to ensure the Alaskan public is protected from infectious diseases and environmental concerns that could impact the public health. The initiative contained in the FY2002 budget would provide \$2.7 million GF to focus on these five efforts:

- Improve efforts to fight the re-emergence of Tuberculosis (TB) in Alaska. Active TB outbreaks have recently occurred in Anchorage and Western Alaska and resources are needed to improve response, testing, direct observed therapy, laboratory analysis, and epidemiological follow-up.
- Increase the capacity to manage increased caseload for sexually transmitted diseases (STD).
- A new vaccine schedule for children and demands for service will greatly affect the public health system throughout Alaska and will require an increased level of effort.
- Bacterial and viral outbreaks continue to occur in Alaska. The frequency and complexity of cases have affected the public health system in Alaska beyond its capacity.
- Environmental contaminants are causing increasing concern in Alaska. In particular the Division of Public Health must have the capability to assess the effect on subsistence foods.

In addition, the FY2002 budget contains significant resources to combat the disease of Alcoholism, to protect the public and provide resources for treatment.

- In response to recommendations from the Criminal Justice Assessment Commission and the Anchorage Driving Under the Influence Prevention Task Force, the FY2002 budget includes increased funding to stabilize and restore Alcohol Safety Action Program (ASAP) services.
- Expand the rural human services program to provide assessment and referral services at the local level for alcohol and mental health services.
- Continues alcohol treatment for women with children.
- Provides funding for grants to provide transitional housing in smaller communities for individuals leaving out-of-town treatment programs.
- Expands the rural family recovery camps program which have proven to be particularly effective for the Alaskan Native population.
- Increases alcohol treatment capacity for both adult and juvenile clients.

The third theme is to maintain the safety net. The Department of Health and Social Services is required to provide safety net services to the poor and disadvantaged. Services and supports are provided through a variety of statutory programs.

- Use savings from reduced ATAP payments due to Welfare Reform to fund other department priorities as well as decreasing general funds in the budget.
- Fund Adult Public Assistance at expected 4.7% increased need.
- Continue Medicaid program which funds health care for low-income adults, children, elderly and disabled individuals. The current request for Medicaid is based on a low-case scenario.
- Increase funding for Mental Health beneficiary programs including the Infant Learning programs, developmental disabilities, community mental health programs, and API.

Many of the Alaska Mental Health Trust Authority recommendations are included in this section of the FY2002 budget.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	455,726.2	525,904.8	106,863.1	1,088,494.1
Adjustments which will continue current level of service:				
-Public Assistance	-4,171.7	-4,237.9	0.0	-8,409.6
-Medical Assistance	-24.5	0.0	-1,273.0	-1,297.5
-Public Assistance Admin	-2.8	4,241.9	6.1	4,245.2
-Medical Assistance Admin	-2.1	-6.2	1.0	-7.3
-Purchased Services	1,000.0	0.0	0.0	1,000.0
-Front Line Social Workers	3,244.2	34.1	-127.6	3,150.7
-Family and Youth Services Mngmt	-1.8	-7.9	-1.4	-11.1
-Juvenile Justice	20.8	-0.1	0.2	20.9
-State Health Services	987.3	-170.5	-818.9	-2.1
-Alcohol & Drug Abuse Svcs	2,165.4	-1,453.4	-711.9	0.1
-Community Mental Health Grants	1,159.5	1,145.2	0.0	2,304.7
-Community DD Grants	120.0	185.1	-120.0	185.1
-Institutions & Administration	554.2	-1,728.0	-18.9	-1,192.7
-Mental Health Trust Boards	56.1	-0.5	-57.1	-1.5
-Administrative Services	-6.3	-3.5	-1.9	-11.7
-Facilities Maintenance	2.9	0.0	0.0	2.9
Proposed budget decreases:				
-Public Assistance	-1,028.3	-200.0	-2,642.1	-3,870.4
-Public Assistance Admin	0.0	0.0	-62.0	-62.0
-Purchased Services	0.0	0.0	-1,590.4	-1,590.4
-Front Line Social Workers	0.0	-943.3	0.0	-943.3
-Community Mental Health Grants	0.0	0.0	-200.0	-200.0
-Community DD Grants	0.0	0.0	-150.0	-150.0
-Institutions & Administration	0.0	0.0	-767.8	-767.8
-Mental Health Trust Boards	0.0	0.0	-40.0	-40.0
Proposed budget increases:				
-Public Assistance	1,594.8	1,415.0	85.0	3,094.8
-Medical Assistance	13,537.5	50,450.9	0.0	63,988.4
-Public Assistance Admin	100.0	0.0	451.7	551.7
-Medical Assistance Admin	539.0	1,556.4	100.4	2,195.8
-Purchased Services	2,682.1	1,614.2	1,325.0	5,621.3
-Front Line Social Workers	650.0	160.0	850.0	1,660.0
-Juvenile Justice	2,679.9	0.0	207.1	2,887.0
-Manilaq	0.0	0.0	83.0	83.0
-Norton Sound	0.0	0.0	67.6	67.6
-SEARHC	0.0	0.0	11.0	11.0
-Tanana Chiefs Conference	0.0	0.0	16.5	16.5
-Yukon-Kuskokwim Health Corp	0.0	0.0	81.9	81.9
-State Health Services	3,014.0	11,752.0	971.4	15,737.4
-Alcohol & Drug Abuse Svcs	5,973.1	580.0	240.0	6,793.1
-Community Mental Health Grants	1,071.8	0.0	627.5	1,699.3
-Institutions & Administration	1,318.2	110.2	-530.9	897.5
-Mental Health Trust Boards	0.0	550.0	15.0	565.0
-Administrative Services	0.0	172.2	124.9	297.1

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
-Facilities Maintenance	0.0	61.5	0.0	61.5
FY2002 Governor	492,959.5	591,182.2	103,014.5	1,187,156.2

Department of Labor and Workforce Development

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Department Mission

The mission of the Department of Labor and Workforce Development is to promote safe and fair working conditions and to advance opportunities for employment.

Department Goals and Strategies

- 1) PUT ALASKANS TO WORK.
 - Increase marketing of employment services to Alaska employers including the opportunity for them to post their job orders directly to Alaska's Job Bank through use of the Internet.
 - Provide partial income replacement to insured workers during periods of temporary unemployment through an efficient and convenient application process.
 - Provide Adult Basic Educational Services to assist Alaskans' transition into higher education, vocational education, and ultimately into employment.
 - Reduce jobless rate among Alaskans with disabilities.
- 2) ENSURE THAT ALASKAN WORKERS ARE: PROVIDED SAFE AND HEALTHY WORKPLACES AND COMMUNITIES; PROTECTED FROM ECONOMIC HARDSHIP WHEN INJURED ON THE JOB; RECEIVE WAGES AND OVERTIME PAY IN ACCORDANCE WITH THE ALASKA WAGE AND HOUR ACT.
 - Maintain the FY 00 levels of health and safety consultations at 328 visits per year, and training of employers and workers at 1,905 students per year.
 - Prioritize both assistance and compliance activities for high-hazard industries.
 - Increase utilization of the Fishermen's Fund through outreach to fishermen and providers.
 - Increase efforts to educate employers about child labor laws and prioritize child labor law enforcement to prevent employment of minors in hazardous occupations.
- 3) UTILIZE TECHNOLOGY TO IMPROVE SERVICE TO THE PUBLIC.
 - The Unemployment Insurance Appeals Tribunal provides due process hearings in contested unemployment insurance benefit and tax cases. We intend to implement Internet access to Commissioner and Lower Tribunal decisions to improve the quality and accessibility of Appeal Tribunal services.
 - Continue to increase the amount of demographic and labor market information available through the department's website.

Key Department Issues for FY2001 – 2002

The Workers' Compensation Division must address the backlog of hearings for workers' compensation claims and hearing Decisions and Orders, and the increased lag time between requests for hearings and scheduling of hearings.

The Alaska Occupational Safety and Health program will continue progress toward meeting objectives set out in the Annual Performance Plan and Five Year Strategic Plan approved by the Federal Occupational and Safety Health Administration.

Federal funding from the Bureau of Labor Statistics for basic labor market information is not anticipated to increase although the complexity and resulting workload of these statistical programs has grown significantly in recent years. Resources (funding, staff) available for specific research on Alaska's labor market are not sufficient to meet the continuing increase in requests for information.

The Denali Commission currently funds five major grants administered by the Division of Employment Security. These competitive grants provide a means for rural Alaskan communities and organizations to employ and train residents for infrastructure and economic development projects. For example, a grant may provide an apprenticeship program for asbestos workers, bricklayers, carpenters, cement masons, electricians, ironworkers and/or laborers. Approximately \$904.7 of FY 01 funding is available for appropriation in FY 02, and another \$2 million of new federal funds is anticipated to become available for FY 02 for grants and administrative costs.

Recognizing the lack of employment opportunities and jobs in rural Alaska we are using distance-spanning technology to make the state a smaller place for those seeking work and/or training, particularly rural Alaskans.

The department must continue providing employment services to an expanded customer base while federal Wagner-Peyser funding remains flat or decreases.

We will enhance the DOL Intranet site to create a comprehensive resource library for tools and references to increase the effectiveness of UI program staff.

There will be an approximate 25% increase in demand for Adult Basic Education (ABE) services due to the Alaska High School exit exam going into effect in 2002.

The new workers' safety and compensation administration account must be monitored to assure that there will be sufficient funding for the Division of Workers' Compensation and the Alaska Occupational Safety and Health agency during the transition period from general funds to the general program receipts funds provided by this account.

Recruitment and retention of boiler and pressure vessel inspectors continues to be a problem due to inequities in pay between plumbing inspectors and boiler and pressure vessel inspectors. Vacancies coupled with reduced funding have contributed to the significant backlog in boiler and pressure vessel inspections throughout the state.

Recruitment and retention of data processing staff continues as a critical problem. Projects will continue as prioritized but overall progress will be limited by available staff and their level of training and experience.

The department will utilize technology to maximize access to information and services provided for people with disabilities and to increase the efficiency of service delivery.

Major Department Accomplishments in 2000

Workers' Compensation investigations resulted in greater compliance by employers of insurance requirements, and consequently affected a 36% reduction of uninsured workplace injuries from 59 in FY1999 to 38 in FY2000.

Increased productivity has maintained consultation safety and health visits at nearly 340 visits for the year.

Compliance inspections performed by the Occupational Safety and Health component were maintained at near prior-year levels (482 in FY1999, 443 in FY2000), even though one safety enforcement position was deleted.

Over one million dollars was recovered for workers by the Wage and Hour component staff.

Through the Alaska Job Center Network, 8,496 job seekers entered employment (not including self-service clients), 2,833 clients received vocational counseling services, and 37,949 job openings were listed for Alaska employers.

The Labor Market Information (LMI) component's Internet site was ranked 2nd in the nation by the National Association of State Workforce Agencies. NASWA is a national organization of state administrators of unemployment insurance, employment and training services, and labor market information programs.

The Unemployment Insurance program has conducted customer surveys since the Fall of 1997. In FY2000, we've initiated an annual customer survey of Alaska's employers and we expanded another biannual customer survey to include interstate claimants.

Over 1,200 Alaskans earned a GED in full-time student status, and 984 ABE enrollees gained or advanced in employment. The 1999 statistics cannot be compared as the Workforce Investment Act has set new, different requirements.

The Vocational Rehabilitation program provided services that enabled 522 Alaskans with disabilities to obtain employment and earn an average of \$20,084 per year.

The annual review of monthly employment estimates compared to actual counts collected through the Unemployment Insurance program resulted in a revision of less than 0.1%.

The major data processing accomplishment of FY2000 was the successful resolution of Y2K problems and the final installation of the new Workers' Compensation system, a five-year project.

The department initiated an in-house program of staff training to take entry level data processing employees and train them to meet our data processing support needs. Employees are placed in flexibly classed positions and promoted as skills are mastered.

Key Performance Measures for FY2002

Measure: The number of work-related injuries in high-hazard industries, including seafood processing, logging and construction.

(Developed jointly with Legislature in FY2000.)

Current Status:

According to the most recent information available, in 1998 there were 10.8 lost-work-day (LWD) incidents per 100 full-time workers in logging (reduced from 16.4 in 1997), 6.1 per 100 in construction (5.7 in 1997), 19.1 per 100 in seafood processing (23.3 in 1997). LWD information for 1999 will be available December 12, 2000.

Benchmark:

Being developed.

Background and Strategies:

Inherently unsafe working conditions and settings, inclement weather and seasonal workers all contribute to high injury rates in these industries.

The department will increase routine enforcement inspections, give priority to requests by these industries for consultations, and increase safety and health training to employers and employees to reduce the injury rate.

Measure: Increase to 33% the number of registered clients who enter employment after receiving service through an Alaskan Job Center.

(Revised from Legislature's FY2002 version.)

Current Status:

For FY2000, 28.5 percent of served clients have entered employment.

Benchmark:

The benchmark was established at 29.4 % by averaging the last two completed fiscal years (1999 and 2000). This measure is economy driven which partly explains the drop in numbers in FY2000. The percentage was lower in

FY2000 (28.5%) than in FY1999 (30.3%), but making this a performance measure will result in our adopting new, additional strategies and applying further resources to the goal.

Background and Strategies:

Staff-assisted service is demonstrated to greatly increase the probability of a registered client entering employment. Emphasis will be placed on the following strategies:

- Staff-assisted job search support, such as referrals, resume writing, case management, interviewing techniques and other workshops and activities that will help clients enter employment;
- Record services provided in the statewide management information system;
- Outreach to employers; and
- Marketing services to communities.

Measure: The increase in wages of clients who are served by the Vocational Rehabilitation Division.

(Developed jointly with Legislature in FY2002.)

Current Status:

In FY2000, 522 Alaskans with disabilities were placed in jobs earning an average of \$20,084.

Benchmark:

The four-year average (FY95-FY98) earnings for individuals with disabilities who had successful vocational outcomes were \$17,700 per year.

Background and Strategies:

Individuals with disabilities continually encounter substantial barriers to employment. These barriers include the lack of accessible housing, accessible transportation, education and training opportunities, communication options e.g. reader services for blind individuals or sign language interpreters for deaf individuals, health services, assistive technology and devices, and others.

The employability of individuals must be increased through services that enable them to live independently, enjoy self-determination, make meaningful choices, contribute to society, pursue meaningful careers, and to be fully included in all aspects of society.

Strategies planned to increase the average wage will include:

- Training individuals with disabilities to pursue career opportunities rather than just entry level employment;
- Working with businesses and employers to create good jobs with good benefits for people with disabilities by supporting targeted local economic development projects; and
- Benefits counseling to people with disabilities on Social Security to get them into the workforce without losing health care benefits.

Measure: Increase the number of adults, impacted by the Western Alaska Fisheries disaster, who receive job training assistance.

(Not yet addressed by Legislature.)

Current Status:

In FY 2000, 250 participants in disaster areas were enrolled in dislocated worker services.

Benchmark:

The Balance of State Workforce Investment Board has negotiated a 65% entered employment rate for dislocated workers.

Background and Strategies:

A three-year cycle of disastrously low returns of salmon to the Western Alaska area has contributed to a significant downturn in the economy and widespread job loss in an area with some of the state's highest unemployment.

- The Alaska Human Resource Investment Council will pursue a policy in support of rural services through allocation of Workforce Investment Act statewide project funds.
- The Alaska Human Resource Investment Council will evaluate the Workforce Investment Act formula allocation for possible increases in financial resources for adults and dislocated workers in rural Alaska.
- The Balance of State Workforce Investment Board will allocate a greater portion of Workforce Investment Act resources to regions serving communities affected by the Western Alaska Fisheries Disaster.
- The Alaska Workforce Investment Office will seek appropriate financial and performance waivers from the U.S. Department of Labor to allow easier access to Workforce Investment Act resource in rural Alaska.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • The percentage of employers who place orders with the Alaska Job Centers. • The numbers of work related injuries in high hazard industries, including seafood processing, logging and construction. • The increase in wages of clients who are served by the Vocational Rehabilitation Division. • Ensure demographic and economic data accuracy and availability. 			X		X

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Employment Security	2,381.3	45,278.3	10,070.0	57,729.6	2,408.3	51,169.5	11,844.9	65,422.7	2,410.0	53,932.0	10,820.4	67,162.4
Administrative Services	1,056.0	6,288.3	2,927.0	10,271.3	1,295.4	7,455.1	3,528.4	12,278.9	1,315.5	7,674.1	3,849.1	12,838.7
Office of the Commissioner	705.7	9.7	107.9	823.3	723.4	80.9	498.8	1,303.1	725.6	80.5	500.0	1,306.1
Workers' Compensation	2,395.8	0.0	3,598.2	5,994.0	1,405.9	0.0	5,215.4	6,621.3	827.1	0.0	6,217.3	7,044.4
Labor Standards and Safety	3,758.8	1,732.2	426.4	5,917.4	3,312.6	1,815.7	972.7	6,101.0	3,038.8	1,852.3	1,273.0	6,164.1
Vocational Rehabilitation	3,977.4	13,609.9	1,086.9	18,674.2	4,016.2	17,414.9	921.6	22,352.7	4,020.3	18,716.9	1,186.7	23,923.9
Totals	14,275.0	66,918.4	18,216.4	99,409.8	13,161.8	77,936.1	22,981.8	114,079.7	12,337.3	82,255.8	23,846.5	118,439.6

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	66,918.4	77,936.1	82,255.8
1003 General Fund Match	3,748.1	3,262.4	3,155.4
1004 General Fund Receipts	9,674.3	8,867.5	8,227.2
1005 General Fund/Program Receipts	852.6	941.1	954.7
1007 Inter-Agency Receipts	9,726.7	11,313.1	10,643.7
1031 Second Injury Fund Reserve Account	2,852.8	2,857.8	3,173.8
1032 Disabled Fishermans Reserve Account	702.3	1,306.7	1,307.8
1049 Training and Building Fund	570.0	581.7	582.6
1053 Investment Loss Trust Fund		90.8	
1054 State Employment & Training Program	4,002.1	4,553.8	4,560.1
1061 Capital Improvement Project Receipts			75.0
1108 Statutory Designated Program Receipts	190.6	653.7	638.5
1117 Vocational Rehabilitation Small Business Enterprise Fund	171.9	215.0	365.0
1157 Workers Safety and Compensation Administration Account		1,500.0	2,500.0
Totals	99,409.8	114,079.7	118,439.6

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	748	793
Permanent Part Time	93	70
Non Permanent	45	10
Totals	886	873

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Home Modifications for Individuals with Disabilities	0	0	150,000	150,000
Assistive Technology Loan Fund	100,000	0	0	100,000
Department Total	100,000	0	150,000	250,000

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

EMPLOYMENT SECURITY

This BRU assesses and collects Unemployment Insurance (UI) tax, pays UI benefits, provides labor exchange services and provides access to state and employer sponsored training.

Services Changes:

The Employment Service Component will implement an online client self-registration and self-referral service.

The Job Training Programs Component will implement a management information system for increased oversight and monitoring of performance standards.

The Adult Basic Education Component will implement and focus on the new GED test beginning January 2002.

The Unemployment Insurance Component will expand regularly scheduled surveys of employers and conduct surveys of internal customers to enhance technical services.

ADMINISTRATIVE SERVICES

The BRU provides fiscal and personnel management; fund accounting; administrative services; employment, wage, population, demographic and economic information; and data processing support.

Service Changes:

Begin developing monthly seafood harvesting employment estimates, as well as researching methodologies to produce actual counts of seafood harvesting employment and earnings.

Develop a program for the annual creation of community level economic indicators. The indicators will be used to develop two products.

1. Funding allocation models for communities in economic distress
2. Analysis of each community potentially targeted for economic distress assistance

OFFICE OF THE COMMISSIONER

This BRU provides direction in the administration of the department's programs and facilitates the resolution of disputes between organized labor and public employers.

WORKERS' COMPENSATION

The BRU administers the state's Workers' Compensation Act, the Fishermen's Fund and the Second Injury Fund to aid Alaskans with employment related injuries and illnesses.

Service Changes:

This BRU intends to increase overall effectiveness, industry awareness and the level of services, and number of hearings, as well as the number of uninsured employer investigations.

LABOR STANDARDS AND SAFETY

This BRU provides assistance and oversight relating to the laws governing employment practices and occupational safety and health; training, licensing or certification, and enforcement of various construction contractors, electrical and mechanical administrators, electricians, plumbers, blasters and individuals who work with toxic or hazardous substances.

Service Changes:

The Occupational Safety and Health section will expand the consultative special intervention program for high incident rate employers to reduce the risk of injury to employees.

VOCATIONAL REHABILITATION

The BRU assists individuals with disabilities to overcome barriers to employment and encourage independence and integration into their community.

Service Changes:

Changes in funding/service levels include additional federal funds for two projects:

- 1) Alaska Work Incentives Project to enhance the employment and career advancement opportunities of people with disabilities through expanded service delivery in the One-stop System; and
- 2) Access to Alaska Project designed to ensure that Alaska's tourism industry focuses on the requirements of the Americans with Disabilities Act.

An increase in the authority for the Business Enterprise Program funds is budgeted in anticipation of a contract with Ft. Wainwright to operate the food services on the base.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	13,161.8	77,936.1	22,981.8	114,079.7
Adjustments which will continue current level of service:				
-Employment Security	1.7	-4.2	-2.9	-5.4
-Administrative Services	20.1	0.4	5.8	26.3
-Office of the Commissioner	2.2	-0.4	1.2	3.0
-Workers' Compensation	-678.8	0.0	683.3	4.5
-Labor Standards and Safety	-301.5	-4.9	300.3	-6.1
-Vocational Rehabilitation	5.0	-6.4	-1.3	-2.7
Proposed budget decreases:				
-Employment Security	0.0	-198.7	-1,021.6	-1,220.3
-Administrative Services	0.0	-89.2	-31.2	-120.4
-Vocational Rehabilitation	-0.9	0.0	0.1	-0.8
Proposed budget increases:				
-Employment Security	0.0	2,965.4	0.0	2,965.4
-Administrative Services	0.0	307.8	346.1	653.9
-Workers' Compensation	100.0	0.0	318.6	418.6
-Labor Standards and Safety	27.7	41.5	0.0	69.2
-Vocational Rehabilitation	0.0	1,308.4	266.3	1,574.7
FY2002 Governor	12,337.3	82,255.8	23,846.5	118,439.6

Department of Law

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Department Mission

The mission of the Department of Law is to provide legal services to state government and to prosecute crime.

Department Goals and Strategies

CRIMINAL DIVISION:

PROTECT THE PUBLIC THROUGH EFFECTIVE PROSECUTION SERVICES.

- Assist law enforcement agencies with criminal investigations by providing legal and tactical advice.
- Serve as legal advisor to grand juries and represent the state in all phases of criminal trial and appellate proceedings.
- Effectively prosecute domestic violence and crimes against children.
- Effectively prosecute those who drive while under the influence of alcohol or drugs.
- Reduce the number of alcohol-related offenses through the prosecution of those who import alcohol into dry communities.
- Reduce fraud in benefit programs.

CIVIL DIVISION:

PROVIDE EFFECTIVE LEGAL ADVICE AND REPRESENTATION OF THE STATE.

- Protect Alaska's children and youth by handling child abuse, neglect, and delinquency cases expeditiously.
- Ensure the state receives its correct share of oil and gas taxes and royalties; clarify and improve the rules governing taxpayers to reduce disputes and litigation.
- Resolve questions of state versus federal control and management of natural resources, lands, and waters.
- Increase collections of money owed the state by businesses and individuals for child support, fines, loans, and other unpaid obligations.
- Collect judgments for victim restitution and make payments to victims of crimes.
- Ensure that the department's legal review of regulations projects continues to be efficient, timely, and responsive to the needs of agencies and the public.

Key Department Issues for FY2001 – 2002

CRIMINAL DIVISION:

Maintain Focus on Prosecution of Family Violence:

The Knowles Administration has changed the way domestic violence and child abuse are handled by the police, the courts, and the agencies that are responsible for the welfare of children. Studies and experience have shown that children in homes where there is domestic violence by an adult are often victims of abuse and neglect. Studies have also shown that the children suffer emotionally by witnessing the domestic violence. These cases are often difficult to prosecute because pressure is brought to bear on victims to recant. Moreover, testifying in court can be traumatic for child victims of abuse and neglect. Because prosecution of these offenses is important for the safety of victims, the Criminal Division policy is to prosecute if there is sufficient evidence to convict, even when the victim is unable to testify or does not want the offender prosecuted.

Address Alcohol-related Offenses:

Alcohol is at the root of a number of problems in Alaska. The correlation between alcohol and crime is significant, and alcohol is related to a number of accidental deaths and injuries. In addition, many children are born with FAS or FAE because their mothers consumed alcohol during pregnancy. While the statistics are dismal, experience has shown that the rate of crime can be decreased if alcohol availability is decreased. State law gives municipalities the option of banning or limiting alcohol in their communities, and many villages have voted for that local option. In areas that have gone completely dry (by banning possession of alcohol), the level of crime falls immediately and significantly, until bootleggers start to return alcohol to the region. The Criminal Division plans to reduce violent crime, accidental deaths, and the incidence of FAS and FAE by cutting off the easy availability of alcohol through increased prosecution of bootlegging offenses.

Participate in Drug Court Project:

The Criminal Division participated in a drug court planning project with the court system, law enforcement, the Public Defender Agency, and the Department of Corrections. A drug court is designed to supervise non-violent felony offenders who commit drug offenses or drug-related offenses (such as theft to support a drug addiction). A half-time prosecutor will be assigned to a drug court that is being established in Anchorage in early 2001 with federal funds. The goals of drug court include: reducing criminal offenses committed by drug- and alcohol-addicted persons, reducing costs associated with re-arrest and confinement, introducing offenders to an ongoing process of recovery designed to achieve abstinence from intoxicants, and improving conditions for the children of addicted offenders.

CIVIL DIVISION:

Child Protection:

Child protection workloads continue to be of concern to the department. The rate of increase in the number of new cases appears to be slowing; however, existing caseloads remain high, particularly in Anchorage and Bethel. In addition, statutory changes at the state and federal level have necessitated important changes in how long children can remain in the child protection legal system, and when certain actions must occur, and they define parental responsibility more concretely. These changes move cases to conclusion faster to ensure that when reunification with the family is not in the child's best interest, the child can be made legally eligible for placement in a permanent home more quickly. The new accelerated schedules severely impact attorney workloads. Maintenance of our existing resources is necessary in order to manage this critical responsibility.

Juvenile Delinquency:

A second key issue is the juvenile delinquency workload in the Anchorage Human Services section. While the number of cases has remained relatively constant over the past three years, workload has increased 53 percent since FY 1998. Cases are more complex, often involve multiple defendants and multiple defense attorneys, and are more often going to jury trial. Most of this increase has fallen on the one position in the Anchorage section devoted to juvenile delinquency. The Anchorage juvenile delinquency caseload has been of concern for some time. In FY1999, the department requested, but did not receive, funding for an additional juvenile delinquency position. The situation has only worsened, and it is unrealistic to expect one person to be willing and able to continue to carry this heavy workload.

Cruise Ship Environmental Compliance:

Continue work with ADEC and federal authorities to improve cruiseship environmental performance and compliance.

Submerged Lands:

Continue litigation now pending in the United States Supreme Court against the United States to quiet title to submerged lands underlying the marine waters within the boundaries of the Tongass National Forest and Glacier Bay National Park.

Subsistence:

Defend the state's regulatory authority with respect to subsistence uses of fish and game in light of the federal government's takeover of management of subsistence fishing on federal lands and waters.

Pacific Salmon Treaty:

Work to protect the state's interests in connection with the implementation of the 1999 amendments to the Pacific Salmon Treaty and related issues concerning the application of the Endangered Species Act and the treaty fishing rights of certain Northwest Indian tribes to Alaska fisheries.

Access Issues:

Continue work to clarify and protect public rights of access and use on land and water, including RS 2477 and navigability issues.

Endangered Species Act Issues:

Work to protect the state's interests concerning the efforts of the National Marine Fisheries Service to protect Columbia River fall chinook by restricting chinook salmon harvest in Alaska. Work to protect the state's interests in connection with proposals to list Cook Inlet beluga whales under both the federal and state Endangered Species Acts. Work to protect the state's interests concerning the impact of pollock and herring fisheries on endangered Steller sea lions.

Consumer Protection and Antitrust Enforcement:

Alaska is a target state for many types of consumer fraud, among them telemarketing, prizes and sweepstakes, deceptive home business opportunity sales, automobile sales and service, and a variety of retail sales and services. Under the terms of the Alaska Consumer Protection Act, the Attorney General's office is authorized to investigate and bring enforcement action against businesses that engage in unfair or deceptive trade practices. Given the current resources and the large areas of enforcement the office is responsible for, we are still forced to turn away many legitimate cases of consumer fraud. Enforcement activities are directed to situations affecting a large number of consumers or involving large dollar amounts, and often there are not enough resources for those cases. However, we have been able to increase enforcement activity because of additional statutory designated program receipt resources appropriated to the Civil Division in FY2000. Using existing resources, the department also has furthered current consumer protection activities by updating and refining the consumer complaint packet and the consumer complaint database and by establishing a consumer protection web page. The department will continue to take appropriate steps to ensure receipt of SDPR on a regular basis in FY2002 to help fund the consumer protection program.

Oil and Gas Law and Policy:

Continue to work with the Departments of Revenue and Natural Resources to enforce laws involving oil and gas matters and resolve litigation over oil and gas issues. Monitor oil and gas pipeline tariffs and insure that the tariffs reflect proper ratemaking methodologies. Decrease the amount of new litigation and increase the incentives for new resource development in the state by becoming involved in the audit process earlier and by clarifying the interpretation of existing oil and gas leasing, development, tax, and royalty obligations.

Special Litigation:

Defend the state against claims for significant damages in a variety of cases. Continue work on appeals of decisions favoring the state in cases involving the constitutional challenge to the 1997 tort reform statutory changes and the Miller's Reach fire. Prepare the state's appeal in the case alleging a negligent search and rescue response by Alaska State Troopers.

Public Safety Funding Challenge:

Defend the state against a lawsuit brought by several villages and residents that asserts public safety in rural Alaska is inadequate and violates the state and federal constitutions.

Kasayulie School Facilities Funding Case:

Continue work to resolve the lawsuit brought by rural school districts and parents concerning state funding of school construction and major maintenance projects in rural Alaska, and provide legal assistance on development and implementation of funding mechanisms.

Major Department Accomplishments in 2000

CRIMINAL DIVISION:

- Prosecuted Medicaid Provider Fraud: Obtained restitution and civil and criminal fines totaling over \$1 million.
- Defended Statutes: Successfully defended the constitutionality of the sex offender registration law in the federal district court; successfully defended the manslaughter statute against a claim by advocates of physician-assisted suicide.
- Training for Prosecutors and Paralegals: Prosecutors and paralegals attended a 3-day training focusing on domestic violence and sexual assault.
- Volunteer Program: Volunteers devoted more than 3500 hours notifying victims of court proceedings and their rights.

CIVIL DIVISION:

- Participated in interagency effort on the Balloon Project to reduce backlog of children in foster care longer than new state and federal laws permit. As of October 15, 2000, 81 percent of these children were in a permanent placement, and in another 13 percent of the cases, the legal work to free these children for adoption is complete.
- Achieved settlement with Royal Caribbean Cruise Lines relating to illegal discharges of oil and hazardous substances. Under the settlement, the state oil and hazardous substance response fund received \$725,000. In addition, \$2.1 million in spill response materials were made available to the state, a \$250,000, five-year cruise ship opacity monitoring program was initiated, and a \$250,000 geographical response strategy will be developed. The opacity monitoring program resulted in over 20 notices of violation being issued by ADEC for the 2000 cruise ship season.
URL: www.law.state.ak.us/naturalresources/settlement.html
- Successfully negotiated the final decree in the Dinkum Sands (Beaufort Sea) case and secured court approval of the decree. As a result, Alaska received its share of escrowed funds and Alaska's title to disputed lands was quieted.
- Continued efforts to develop the law as it relates to Alaska Natives and the relationship between Alaska Natives and the state. We worked to resolve the law on tribal recognition and tribal authority post-Venetie through our briefing and presentation to the Alaska Supreme Court in the landmark John v. Baker case. The court issued its decision in September 1999.
- Began discussions, as part of the State-Tribal Relations Team, with Alaska's federally recognized tribes to define the nature of a government-to-government relationship between the state and the tribes.
URL: www.gov.state.ak.us/STRT/index.html
- Continued our work on litigation involving oil and gas, bringing into the state treasury nearly \$450 million in tax and royalty settlements.
- Protected the state's revenue, resource development, environmental, and societal interests in antitrust matters involving oil and gas companies in Alaska.
URL: www.gov.state.ak.us/bparco/merger.html
- Developed a comprehensive new consumer protection and antitrust web page which serves as a resource for Alaskans on a wide variety of consumer protection and antitrust issues, from dealing with mail order companies to buying used cars to protecting against telephone fraud to filing consumer complaints. We also updated and refined the consumer complaint packet and our consumer complaint database. The complaint packet and database assist in our work to resolve complaints, identify repeat problem areas, take enforcement action when warranted, and educate Alaska consumers.
URL: www.law.state.ak.us/consumer/index.html

· Successfully participated in a number of multistate consumer protection and antitrust cases, including cases involving Toys R Us, Nine West, Wade Cook financial seminars, TIME, Inc., Publishers Clearing House, and generic drug manufacturers and vitamin manufacturers. More information on these cases is available in press announcements about their conclusion.

URL: www.gov.state.ak.us/press/00217.html

URL: www.gov.state.ak.us/press/00182.html

URL: www.gov.state.ak.us/press/00221.html

· Filed an original action in the United States Supreme Court to quiet title to all lands underlying marine waters in Southeast Alaska, including those within Glacier Bay National Park and the Tongass National Forest, and were successful in getting the Court to accept the case.

URL: www.gov.state.ak.us/PRESS/00166.html

· Appealed to the Ninth Circuit Court of Appeals the final judgment of Federal District Court in the Katie John case, finding federal authority to manage most navigable waters in Alaska for subsistence hunting and fishing, and were successful in convincing the Ninth Circuit to hear the case as a full court.

URL: www.gov.state.ak.us/PRESS/00023.html

Key Performance Measures

OFFICE OF THE ATTORNEY GENERAL

Measure: The success of the Office of the Attorney General in achieving its missions will be measured by considering (1) the cost of legal services to each state agency; and (2) whether the divisions and offices in the department meet the performance measures described hereafter.

Benchmark: The following are the costs, rounded to the nearest hundred dollars, to each state agency for legal services rendered by the Civil Division on behalf of those agencies during FY 2000. These amounts include the cost of contract legal counsel and other costs external to the Department of Law as well as Law's internal costs:

Office of the Governor	\$248,000
Department of Administration	\$2,027,600
Department of Revenue (Including AHFC, and the Permanent Fund Corporation)	\$2,908,600
Department of Education (including Postsecondary Education)	\$492,700
Department of Health and Social Services	\$1,390,500
Department of Labor and Workforce Development	\$288,900
Department of Community and Economic Development (Including AIDEA)	\$1,114,300
Department of Military and Veterans Affairs	\$184,200
Department of Natural Resources	\$141,700
Department of Fish and Game	\$160,200
Department of Public Safety	\$70,200
Department of Environmental Conservation	\$1,207,900
Department of Transportation	\$3,238,900
Legislative Branch	\$0
Court System	\$10,900

DIVISION OF ADMINISTRATIVE SERVICES

Measure: Administrative Services: (1) the cost of the division compared to personnel costs for the department; (2) the number of late penalties incurred for payroll or vendor payments; (3) the number of audit exceptions.

Benchmark:

FY 2000 Total actual cost of the Administrative Services Division \$1,096,300

FY 2000 Total Personal Services Costs for the Department of Law \$30,684,000

Ratio: 3.6%

No late penalties were incurred for payroll or vendor payments. The FY 1999 statewide single audit does not contain any audit exceptions for the Department of Law.

Background:

The Administrative Services Division of the Department of Law is highly centralized encompassing those positions associated with fiscal functions, personnel and payroll, acquisition of equipment and supplies and procurement of contractual services, mailroom services, budgeting, computer network and desktop support, and administrative management. Each individual Civil and Criminal Division office employs one to two positions, depending on the size of the office, in part to assist with administrative functions such as small procurements of office supplies, disbursements of field warrants, and completing some personnel and travel forms. Those positions are not part of the Administrative Services Division.

CIVIL DIVISION***Collections and Support***

Measure: The monetary value of the criminal and civil judgments collected, including indigent defense costs, costs of incarceration for offenders convicted of driving while intoxicated, and other fines and costs owed to the state.

Benchmark and Current Status:

	Amount Collected	Judgments Satisfied
FY 1997	\$2,278,500	Not Available
FY 1998	\$2,469,900	8,569
FY 1999	\$3,111,000	10,125
FY 2000	\$2,769,600	8,569

In the FY 2001 Governor's budget, it was anticipated that FY 2000 collections would remain at the FY 1999 level. However, the FY 1999 collections were unusually high because the IRS did not attach PFD's that year as they have in all other years, including FY 2000. Staffing vacancy was a secondary cause, creating a backlog of uncollected matters. A catch up of the backlog will be experienced in FY 2001 as evidenced by the more than \$2.5 million already collected year-to-date. Thus, FY 2001 is likely to show high collections while FY 2002 may once again drop closer to the levels of fiscal years FY 1997, 1998, and 2000. The unit oversees 76,000 unpaid judgments at this time.

Background and Strategies:

The function of the collections unit is to collect money owed to the state in criminal, civil, and some administrative cases. The criminal cases include the cost of imprisonment in driving while intoxicated or refusal cases, cost of appointed counsel in cases where a public defender or public advocate appointment is made to represent a defendant, and outstanding fines and bond forfeitures. While the courts can collect on fines and bond forfeitures (these cases are only transferred to the collections unit if they are overdue to the court) the cost of appointed counsel cases are automatically transferred to the unit. Civil case collections must have a judgment in excess of \$250 entered with the court and the money collected must be free for deposit into the general fund.

There are a number of factors that affect the amount collected. The most important factor is the amount and number of judgments transferred by the courts. If a judgment is not transferred, it is unlikely the unit will receive voluntary payments and cannot seize money from a permanent fund dividend. The second factor is the number and dollar value of voluntary payments made by defendants. The only recourse the department has for nonpayment is the potential to seize the obligor's permanent fund dividend. Additional factors include the actual amount of the permanent fund dividend, the number of defendants applying for dividends; the number of defendants determined to be eligible for dividends; and other agencies or cases with statutory priority to seize dividends before our seizures are possible.

Measure: Increase completion of child support enforcement cases by 15%.

(Not yet addressed by Legislature.)

Benchmark:

In FY 1999 the Child Support Enforcement staff closed 688 files.

Current Status: In FY 2000 the Child Support Enforcement staff closed 1,425 files, an increase of more than 200%. This remarkable increase stems from two factors: first, beginning in February 1998, CSED migrated to a new computer system and the ensuing year was a transition period that resulted in far fewer files transferred to Law's child

support unit; second, an attorney was added to the unit in November of 1999. The end of the computer system transition period at CSED and the attorney added during FY 2000 resulted in a renewed focus on processing these cases. So far in FY 2001, staff have closed 368 files. The projected total for FY 2001 is 1,472 files.

Background and Strategies:

The child support unit represents the Child Support Enforcement Division (CSED) in court, including paternity establishment and disestablishment, modification of child support orders, employer non-compliance actions, criminal non-support prosecutions, licensing appeals, and miscellaneous other activities related to enforcement of child support orders. In addition, the unit provides legal support in matters relating to administrative child support enforcement actions, drafts legislation and regulations, and provides general legal advice to CSED.

Human Services

Measure: The number of new cases opened relating to protecting children in the state against abuse and neglect and the caseload per attorney.

Benchmark/Current Status:

In FY 2000, 695 child protection cases representing more than 1,100 Alaskan children were opened statewide.

Measure: (1) the percentage of child abuse and neglect cases completed in the permanency placement backlog; and (2) the percentage of other child abuse and neglect cases that are resolved within the statutory deadline of no more than 21 months of out-of-home placement.

(1) 662 children were identified for the Balloon Project as having been in out-of-home care 15 of the prior 22 months as of November 19, 1997. As of 10/15/00, 535 of these children were in permanent placements, and another 84 were legally free for adoption, completing the Department of Law's role in their placement. These children represent 94% of the original cases. New phases (Phases II and Phase III) involving additional children in out-of-home care were added on 2/15/00. We will provide statistics on those cases in subsequent updates of performance measures. (2) New statutory deadlines for legal action in child abuse and neglect cases became effective on September 14, 1998; thus the department looked at 164 children's cases opened in October and November of that year as the benchmark. Of 164, 91% had the required legal action taken in their cases within 21 months, and in 2 %, the required legal action took between 21 and 23 months to complete. Seven percent are still pending.

The success in meeting statutory deadlines is largely driven by Law's attorney workload. According to the American Bar Association, Center for Children and the Law, a reasonable caseload for child protection attorneys is between 40 and 50 active cases. Caseload statistical data has been developed over the course of the last three years. The following average statewide child protection caseloads of Law's Human Services section are "snapshots in time" and reflect that the success of our efforts in permanency placement for Alaskan children is largely driven by additional staff added resulting in much more reasonable caseloads per attorney. At last count, average statewide levels are approaching those suggested by the American Bar Association:

October 1, 1997	95.2
September 25, 2000	57.6

Background and Strategies:

With the passage of Ch. 99, SLA 98, the new state child protection law and the new federal Adoption and Safe Families Act, important changes were made as to how long children may remain in the child protection legal system, and when certain actions must occur. These new statutory changes at the state and federal level more concretely define parental responsibility and the changes move cases to conclusion faster to ensure that when reunification with the family is not in the child's best interest, the child can be made legally eligible for placement in a permanent home more quickly. The large number of cases placed on the accelerated schedules when the legislation became effective severely impacted attorney workloads.

The legislation defines the timelines for permanency hearings and termination of parental rights. As previously discussed, to achieve those timelines, and to eliminate the permanency placement backlog and provide the assistance outlined above, the per attorney caseload must be manageable. As a result, Law's FY 2002 budget for the Civil Division's Human Services section includes a request for interagency receipts from H&SS in the amount of \$297,800 to maintain current staff levels after the Balloon Project funding ends.

Oil & Gas & Mining

Measure: The monetary value of disputed oil and gas taxes and royalties received by the state through court judgment or settlement.

Benchmark:

FY 1999 Receipts - \$63,532,574:

Royalty Settlements - \$1,500,000 (collectable in 24 installments through 3/01)
 Tax Settlements - \$62,032,574

FY 2000 Receipts - \$447,579,583:

Royalty Settlements - \$14,500,000
 Tax Settlements - \$433,079,583

Background and Strategies:

These amounts will vary from year to year depending on a number of factors including the length of audit cycles, which sometimes cover more than one year, and the number and value of disputed payments.

Timekeeping and Support

Measure: Civil Division - the number of new case files opened, categorized by type of case, for each year for the past five years.

Benchmark:

File Type	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Oral Advice/Aid to agency	1842	1548	1122	948	899
General Litigation	1559	1610	1770	1523	1360
Executions	98	63	68	40	41
Torts	130	134	132	127	135
Child Support Proceedings	1650	1848	918	998	1184
Children's Proceedings	1007	1063	1405	1434	1350
Legislative Drafting	79	111	61	74	86
Legislative Review	166	120	148	103	144
Regulations Review	134	139	168	145	171
TOTALS	6665	6636	5792	5392	5370

CRIMINAL DIVISION

Measure: Establish a baseline for the number of (1) violent felony prosecutions; (2) felony drug case prosecutions; and (3) misdemeanor domestic violence assault prosecutions.

Benchmark:

FY 2000

Violent Felonies Prosecuted – 1,115
 Felony Drug Prosecutions – 667
 Misdemeanor domestic violence prosecutions – 2,007

Note: The Criminal Division case tracking system tracks people, rather than cases.

Background and Strategies:

The workload for the Criminal Division is driven by factors largely beyond its control, such as the staffing levels and policies of local police agencies, staffing levels of defense attorneys, whether municipalities control alcohol, and the

policies and practices of local courts and local defense attorneys. As such, the division is able to exercise very little control over attorney caseload ratios and no control whatsoever over the volume of work coming in at any given time. Thus available quantitative information often does not show the effectiveness and competency of the work. For example, it is very difficult to draw meaningful conclusions based on conviction rates. More convictions don't necessarily mean that attorneys are doing a better job. Instead it may mean any or a combination of the following: (1) crime is up, (2) the police are conducting better investigations, (3) new laws are more effective, (4) the division is understaffed and therefore plea-bargaining more, (5) the public defender agency is understaffed and they are pleading out more of their clients.

For this reason, knowing the number of cases handled is the best measure of the division's performance.

Because Alaska is one of a very few states that handles all types of criminal offenses at the state level, useful comparative data of attorney caseload is impossible to attain. Even within Alaska, there are remarkable differences between caseloads in the urban centers and rural communities. Caseloads in rural Alaska per attorney tend to be much higher because defendants are more likely to plead out, or the district attorney is more likely to come to an agreement with the public defender.

Office of Special Prosecution and Appeals

Measure: Criminal Division (1) the number of new criminal cases reviewed for prosecution; (2) the number of criminal cases resolved; (3) the number of new appeals and petitions opened; (4) the number of appeals and petitions resolved; (5) the average cost per criminal case reviewed; and, (6) the average cost per appeal or petition opened.

Benchmark:

- (1) New criminal cases reviewed – 357
- (2) Criminal Cases resolved (as of 10/5/2000) – 231
- (3) New appeals and petitions opened – 335
- (4) Appeals and petitions resolved – 149
- (5) Avg. cost per criminal case reviewed - \$3,200
- (6) Avg. cost per appeal/petition opened - \$3,185

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
ADMINISTRATION AND SUPPORT					
<ul style="list-style-type: none"> • The success of the Office of the Attorney General in achieving its mission will be measured by considering <ul style="list-style-type: none"> (1) the cost of legal services to each state agency; and (2) whether the divisions and offices in the department meet the performance measures described hereafter. • Administrative Services baselines to establish: <ul style="list-style-type: none"> (1) the cost of the division compared to personnel costs for the department; (2) the number of late penalties incurred for payroll or vendor payments; (3) the number of audit exceptions. 					
	X				
	X				
	X				
CIVIL DIVISION					

<ul style="list-style-type: none"> • Establish baselines for the monetary value of: <ul style="list-style-type: none"> (1) disputed oil and gas taxes received by the state; and (2) disputed oil and gas royalties received, whether obtained through court judgment or settlement. • Maintain collections of criminal and civil judgments including indigent defense costs, costs of incarceration for DWI offenders, and other fines owed the state at the level of \$3.1 million. • Increase completion of child support enforcement cases by 15%. • Establish a baseline by determining the number of new case files opened, categorized by type of case, for each year for the past five years. • Establish a baseline for: <ul style="list-style-type: none"> (1) the number of new cases opened relating to protecting children in the state against abuse and neglect; (2) the percentage of child abuse and neglect cases completed in the permanency placement backlog; and (3) the percentage of other child abuse and neglect cases that are resolved within the statutory deadline of no more than 21 months of out-of-home placement. • Review 50% of all adopted regulations with 120 days of a request for final review and 75% completed within 180 days of a request. 	<p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p>	<p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p> <p style="text-align: center;">X</p>			
<p>CRIMINAL DIVISION</p>	<p style="text-align: center;">X</p>				
<ul style="list-style-type: none"> • Establish a baseline for the number of <ul style="list-style-type: none"> (1) violent felony prosecutions; (2) felony drug case prosecutions; and (3) misdemeanor domestic violence assault prosecutions. • Establish a baseline for the number of <ul style="list-style-type: none"> (1) new criminal cases reviewed for prosecution; (2) criminal cases resolved; (3) new appeals and petitions opened; (4) appeals and petitions resolved; (5) the average cost per criminal case reviewed. 	<p style="text-align: center;">X</p> <p style="text-align: center;">X</p>				

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Criminal Division	12,556.4	345.8	1,226.2	14,128.4	13,211.3	483.6	1,129.7	14,824.6	13,127.5	480.4	1,139.9	14,747.8
Civil Division	8,436.5	0.0	14,764.1	23,200.6	7,385.0	0.0	15,347.9	22,732.9	7,530.9	0.0	15,675.1	23,206.0
Statehood Defense	925.8	0.0	13.5	939.3	1,098.6	0.0	1.8	1,100.4	1,095.4	0.0	0.0	1,095.4
Oil and Gas Litigation & Legal	4,279.2	0.0	1,477.0	5,756.2	3,505.4	0.0	1,477.0	4,982.4	3,255.4	0.0	1,477.0	4,732.4
Administration and Support	871.7	0.0	551.1	1,422.8	899.0	0.0	643.3	1,542.3	896.0	0.0	679.8	1,575.8
Totals	27,069.6	345.8	18,031.9	45,447.3	26,099.3	483.6	18,599.7	45,182.6	25,905.2	480.4	18,971.8	45,357.4

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	345.8	483.6	480.4
1003 General Fund Match	115.6	158.0	158.6
1004 General Fund Receipts	26,417.4	25,290.2	25,203.4
1005 General Fund/Program Receipts	339.6	468.4	479.4
1007 Inter-Agency Receipts	15,871.4	15,648.0	16,389.2
1024 Fish and Game Fund		1.6	
1029 Public Employees Retirement Fund	11.5		
1037 General Fund / Mental Health	63.0	64.0	63.8
1050 Permanent Fund Dividend Fund	4.4		
1053 Investment Loss Trust Fund		118.7	
1055 Inter-agency/Oil & Hazardous Waste	420.7	473.1	470.8
1105 Alaska Permanent Fund Corporation Receipts	1,477.0	1,477.0	1,477.0
1108 Statutory Designated Program Receipts	121.6	874.2	507.8
1119 Tobacco Settlement	134.0		
1134 Fish & Game Duplicated Expenditures	125.3	125.8	127.0
Totals	45,447.3	45,182.6	45,357.4

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	450	459
Permanent Part Time	16	17
Non Permanent	0	1
Totals	466	477

Overview of Departmental Budget Changes

Criminal Division:

Victim Witness Notification and Support

Victims' rights laws and the Victims' Rights Constitutional Amendment require the prosecutor's office to notify victims of numerous court proceedings and other matters. In addition, mandatory arrest laws and aggressive prosecution of domestic violence cases have increased the domestic violence caseload across the state. Nine out of thirteen prosecutors' offices have one or more victim-witness coordinators who have a broad range of responsibility to victims and to witnesses. However, the sheer volume is beyond the capacity of the victim-witness coordinators to handle. Through federal funds granted to the Department of Public Safety, a portion of which are transferred by Reimbursable Services Agreement (RSA) to the Criminal Division, a volunteer coordinator was hired to initiate volunteer programs in District Attorney Offices. The coordinator recruits local coordinators who are paid a stipend to recruit volunteers. The coordinator trains volunteers to assist victim-witness coordinators in providing notification to victims and assisting with documentation for restitution. Local volunteer coordinators and volunteers are provided training through the program. Public Safety's federal funding for this effort will be discontinued on 9/30/2001. In order to continue the volunteer program, the Criminal Division is requesting a combination of interagency funding to provide for the RSA relationship through 9/30/2001, and general funds to continue the program for the remainder of 2002 and beyond. Additional funding in the amount of \$117,500 general funds and \$39,200 interagency receipts are requested for the Criminal Division's Criminal Justice Litigation component.

Civil Division:

Child Protection: Focus on Permanency

The department is requesting authority to expend \$297,800 in interagency receipts from the Department of Health and Social services to make permanent two temporary attorney positions now funded through the Balloon Project. While more work remains to be done on this important project during FY 2001, the oldest cases are almost all resolved, and a picture of what on-going caseloads will be like absent other significant changes in law or policy is beginning to appear.

The rate of increase in new child-in-need-of-aid (CINA) cases has slowed significantly since the upsurge in 1998. The Human Services section in Anchorage saw a 65 percent increase in new CINA cases between 1997 and 1998. In 1999, the number of new cases increased another 13.9 percent, and in 2000, 2.6 percent. During the first three months of FY 2001, the number of new CINA cases coming into the Anchorage office is already 5 percent more than in FY 2000. While the rate of increase is less, more new cases are still coming in each year. The Balloon Project has been very successful in clearing the backlog of cases involving children in out-of-home care for far too long, and overall, per attorney caseloads are down compared to prior years. However, caseloads are still high, particularly in Anchorage and Bethel, where per attorney caseloads are in excess of 60 cases. National standards suggest a responsible caseload is no more than 40 to 50 active cases.

With the number of new cases continuing to increase, the loss of two positions that focus on permanency for the most difficult children's cases will be costly. These positions allow the remaining attorneys in the section to handle the day-to-day crises associated with new children just entering the system, who have not moved to the point that termination of parental rights is mandated, and meet the statutory deadlines the child protection laws require. An analysis of cases opened in October and November 1998 indicates that the deadlines are being met in over 90 percent of the cases. If two attorney positions are lost, it will be impossible to maintain this success rate without caseloads increasing again, to the detriment of the children the deadlines were written to help.

Juvenile Delinquency

The Anchorage juvenile delinquency caseload has been of concern for some time. In FY1999, the department requested, but did not receive, funding for a second juvenile delinquency position. The situation has only worsened since then. A request for \$137,000 in general funds is included in the Human Services component for an additional attorney to handle juvenile delinquency cases.

Victim Restitution

The Collections section in the Civil Division will participate in a new Victim Restitution project by tracking court judgments ordering the payment of restitution to crime victims. Currently, the section collects criminal fines and related costs and certain civil judgments and administrative penalties. The primary means of collecting these judgments is through annual automated attachment of permanent fund dividends. For civil judgments, additional collection actions may be taken, including attachment of bank accounts, garnishment of wages, and judgment debtor exams. A total of \$250,000 in general funds is requested for additional staff to handle the increased workload plus funds to upgrade the Collections computer system.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	26,099.3	483.6	18,599.7	45,182.6
Adjustments which will continue current level of service:				
-Criminal Division	-201.3	-3.2	-29.0	-233.5
-Civil Division	-331.1	0.0	-413.2	-744.3
-Statehood Defense	-3.2	0.0	-1.8	-5.0
-Oil and Gas Litigation & Legal	-250.0	0.0	0.0	-250.0
-Administration and Support	-3.0	0.0	-7.0	-10.0
Proposed budget increases:				
-Criminal Division	117.5	0.0	39.2	156.7
-Civil Division	477.0	0.0	740.4	1,217.4
-Administration and Support	0.0	0.0	43.5	43.5
FY2002 Governor	25,905.2	480.4	18,971.8	45,357.4

Department of Military and Veterans Affairs

Commissioner: Phil Oates

Tel: (907) 428-6003 **Fax:** (907) 428-6019 **E-mail:** phillip_oates@ak-prepared.com

Administrative Services Director: Carol Carroll

Tel: (907) 465-4730 **Fax:** (907) 465-3886 **E-mail:** carol_carroll@dnr.state.ak.us

Department Mission

Provide strategically positioned, relevant, and ready military forces capable of homeland defense, rapid deployment, joint operations, and mission accomplishment in the state or throughout the world; and provide organizations capable of performing emergency services, training at-risk juveniles, coordinating veterans' programs, and assisting other state and federal agencies in suppressing the use of illegal drugs. (Revised from Legislature's version.)

Department Goals and Strategies

1. Provide a National Guard force that fulfills state and federal military missions, and continues to educate leaders and help build communities.

Increase the current capability and structure of the Army and Air National Guard by acquiring the new missions of space surveillance and security at Clear Air Station; a role in the Alaska North American Aerospace Defense Command (NORAD) operations center; strategic airlift; national missile defense; and domestic preparedness against weapons of mass destruction.

Build new and maintain existing facilities and reduce the deferred maintenance backlog (by 5% a year) in order to support the state and federal missions of the Alaska Guard.

Improve recruitment, retention, and education levels through a partnership with the University of Alaska and full use of military education tools and distance learning capabilities.

Expand the Army guard presence in rural Alaska to increase Native Alaskans' opportunities to learn marketable skills and strengthen leadership abilities.

2. Develop a statewide-integrated emergency management system to protect the lives and property of Alaskans in time of emergencies and disasters.

Expand the State Emergency Coordination Center capability to a 24 hour, 7 days a week, 365 days a year operation to improve the State's rapid response to emergency situations.

Continue to provide communities with a mechanism to assist one another through the State Emergency Coordination Center.

Update current emergency protocols in a new State of Alaska Emergency Management System (AEMS) that defines the organizational structures for and between state, borough, and local offices for response to emergency and disaster incidents; and coordinate the management of these response resources.

Maintain state capability to form and deploy interagency incident management teams to manage all types of incidents.

Develop a statewide and interagency resource database to improve timely response during emergencies.

Develop a standard multi-agency/multi-incident logistics system to track all requests for resources.

3. Help Alaska's "at-risk" youth gain an education and learn self-discipline.

Encourage "at-risk" youth to complete high school and establish career goals through attendance at the Alaska Military Youth Academy.

Maintain education and prevention efforts of the Drug Demand Reduction Program.

Aggressively recruit Military Youth Academy graduates into the Army and Air Guard.

4. Advocate for veterans' benefits to recognize the sacrifices and achievements of Alaska's veterans and their families

Develop solutions that will help meet the long-term care needs of Alaska's veterans, including providing more housing for senior veterans in the Pioneer Homes.

Provide an interface and advocacy for veterans and veterans' organizations to identify and resolve problems related to veterans' affairs.

Monitor the outreach and assistance services provided by the Veterans Service Organizations.

Provide a contact point for access to veterans' benefits and programs.

Expand efforts for veterans to Alaska's rural communities.

Allow use of Army Guard armories statewide as places for veterans to access veterans' program information.

Key Department Issues for FY2001 – 2002

Facilities

The age of DMVA facilities and the resultant growth of maintenance, renewal and replacement costs are high on the list of issues for the department. The deferred maintenance backlog of all Army Guard Facilities is \$19.0 million. Each year resources are applied to this backlog. However, the current funding levels are insufficient to reduce the backlog by our goal of 5% each year.

This year the increasing cost of fuel is an additional concern. Diesel fuel oil is the main heating source in many areas of the Bush where the Guard is located. Other energy costs such as natural gas and electricity are also on the rise. Any increase in the cost of these operational items reduces the amount available for preventative maintenance thus deferring replacement and adding to the backlog.

The Youth Academy facilities need extensive renovation and remodeling in order to bring them to a condition that would present an orderly, functional atmosphere for the young adults. Presently, renovation and remodeling requirements at the Camp Carroll facility include insulation and siding, new heating and air ventilation systems, a secure meeting place for mentors and a refurbished dining hall.

Division of Emergency Services

The need to expand to a 24 hour State Emergency Coordination Center to coordinate all State response requests and activities is a high priority as we improve the statewide-integrated emergency management system to protect lives and property. This Multi-agency State Emergency Coordination Center would provide a focal point for statewide emergency contact and could improve the overall efficiency of State emergency services.

Local Emergency Planning Committees (LEPC) are responsible for all-hazards planning and response. To date, little money has been available specifically for all-hazards planning. In the FY 2002 budget, new resources have been allocated to the LEPCs to replace diminishing revenues from the Oil and Hazardous Substance Response Fund. This will provide LEPCs the resources to accomplish all-hazard planning as envisioned in statute.

The Division continues to respond to the needs of residents in the Yukon Kuskokwim Norton Sound (YKN) fish disaster area. This is the third year in a row that fishing has been poor in the YKN increasing the detrimental effects on the citizens in this area. The State is focusing on coordinating assistance to this area from federal sources.

The Federal Emergency Management Agency's Emergency Performance Grant provides the Division's major funding. Our cost share for SY2002 will be 52% federal and 48% state match. This cost sharing can currently be covered by our base funding provided from the Disaster Relief Fund and from our allocation of the Oil and Hazardous Response Fund. A reduction in federal funds would occur if the state share declines.

Army National Guard

The United States is pursuing a National Missile Defense system to protect the United States from an accidental or limited ballistic missile launch. The NMD system that is in the process of being developed for possible fielding is a major factor in the Homeland Defense initiative. If the NMD system is fielded in Alaska, the Alaska Army National Guard will staff a significant number of positions and will operate the system. Current Alaska Army National Guard personnel are scoping the programmatic aspects of the NMD program, particularly in the areas of staffing, force structure, quality of life issues and stationing.

A presidential decision is expected in 2001 regarding the fielding of NMD. Considerable technological challenges remain which must be met to begin fielding a NMD system. Initial construction of some portion of the system could begin as early as FY02 with initial operational capability in FY06.

One 22 position fully equipped civil support Weapons of Mass Destruction team has been fielded in Alaska. The team is being trained to respond to chemical, biological, radiological, nuclear and high explosive events (CBRNE). The Army National Guard is in the process of hiring this team. Full operational capability will be reached in late 2001.

Air National Guard

Transfer of the 611 Air Defense Battle Control Center is proceeding on course. Department of Defense final approval is imminent. Upon program approval, the Air Guard will begin a four-year transition process to replace almost 150 Active Component personnel with Air Guard members. After completion of the transfer, America's air defense sectors will be completely managed by the Air National Guard. This mission is still planned to encompass personnel only. All facilities and maintenance will be the responsibility of the US Air Force. This arrangement provides real growth for the Alaska Air National Guard with no associated expense for the State of Alaska budget.

Integration of the Clear Air Force Station Ballistic Missile Early Warning System is proceeding on track. U.S. Space Command and National Guard Bureau have validated operations concepts and phased personnel transition plans. This mission is vital to the future continued incorporation of the Alaska Air Guard into space operations. This initiative is currently under final review. We expect a decision for employment late in CY 2000. As with the 611th, the ANG will be responsible only for personnel. The US Air Force will perform all facilities and maintenance. As with the 611th, this arrangement provides real growth for the Alaska Air National Guard with no associated expense for the State of Alaska budget.

The Alaska Air National Guard is continuing to track the federal initiative to purchase new C-17 aircraft and locate them in Alaska under the control of the Air National Guard. Federal monies have been provided to Headquarters, Pacific Air Forces, to perform a feasibility study for basing options. The Air Guard is participating with the Hawaii and Mississippi Air National Guards to identify issues and concerns with a potential deployment of C-17's to Alaska.

Military Youth Academy

The most pressing issue for the Youth Academy is the inability to adequately address the growing demand and backlog of "at-risk" youths that are ready to attend the Academy. In order to enroll more cadets, additional space and resources are necessary. The cadets are located in small dorms that require 24-hour supervision. If a larger facility were available, fewer staff would be needed on a 24-hour basis and more cadets could be enrolled.

One of the reasons the Youth Academy is successful is the timing of enrollment in the program. If we are not capable of reacting when these young men and women decide it is time to change their lives, we have lost the opportunity to

help these youths help themselves. Unfortunately, the result of this failure is usually a return to their previous activities and a higher cost to society in crime and drug abuse.

This fall, 254 young men and women applied to enter the Youth Academy and 157, the facility limit, were accepted. DMVA expects the demand to grow to 300 by March of 2001. The program does not have the resources to react timely to this most vulnerable period in their lives. For some, this will be the last chance they have to be a successful, responsible member of society.

Veterans Services

The Federal Veterans Administration meets far fewer of the long-term care needs of Alaska's veterans in comparison to the rest of the nation. Part of the gap comes from the fact that Alaska does not have a veterans' nursing home and is one of only three states without a State Veterans' Home.

In FY2000, DMVA in conjunction with veteran groups contracted for a study to identify a long-term strategy for the state to meet the needs of our aging or disabled veterans. In August 1999, a report from Health Dimensions Consulting Group identified gaps in available information and recommended a survey to provide data on which to determine a course of action.

As a result, DMVA is requesting capital project funds to initiate a survey of veterans' needs. In addition to the basic data required and analysis of various federal funding methodologies, the survey will address the availability of federal funding to improve or expand the State Pioneer Homes and establish regional clinics. Furthermore, the survey will test new possibilities in long-term care programs, cost sharing and flexibility in the use of veterans' medical benefits.

Major Department Accomplishments in 2000

- During 2000, the Facilities Management Division awarded five Federal Scout Readiness Centers for construction (Kongiganak, Klawock, Petersburg, Tuntutuliak and Eek). Construction was started for the new Anchorage Combined Support and Maintenance Shop. With the receipt of additional Energy Funds from the National Guard Bureau, various energy-saving projects throughout the State were implemented.
- The Alaska Military Youth Academy graduated 91 cadets from Class 99-2, 84 cadets from Class 99-3, and 91 from Class 00-1. Also, the Alaska Military Youth Academy partnership with Alyeska Central School is evidence of a significant step in the growth and recognition of this program.
- The Alaska National Guard conducted over 403 search and rescue missions flying 1576 hours and saving 126 lives and performing 64 assists in FY00.
- Provided acute medical and dental health care services to over 16,000 rural Alaskans through the Arctic Care program, which brings health care professionals to under-served communities in western Alaska.
- Since July 1999, Division of Emergency Services monitored or responded to a total of 67 emergency events as part of the Alaska Emergency Management System.
- Responded with DES teams to the Hoonah Land Slide and the Cordova Avalanche. The Cordova Avalanche on January 26th was an event that precipitated a much larger scale State and Federal Disaster, the Central Gulf Storm. The Division is assisting the communities to move homes out of the avalanche area and replace public infrastructure that was damaged during the event. Public Assistance activities are continuing.
- Coordinated a Statewide preparedness and mitigation effort for a major cold snap that was predicted in January 2000. As a result communities were prepared and no significant emergencies resulted.
- Supported the Dept of Environmental Conservation with an incident management team during the initial phases of the Alaska Railroad Derailment and jet fuel spill on Dec 22, 1999.

- Continued with the final stages of the Y2K preparation and outreach. Completed all eight community outreach conferences throughout the state in partnership with the Dept of Administration, Dept of Military & Veterans Affairs and the Alaska National Guard. Private/business organizations also participated in the conferences where applicable. Scheduled and conducted a Y2K training exercise during the 9999 date rollover with the team players forecasted to be involved in the actual Y2K rollover on Dec 31st. Conducted several days of Y2K preparation training with the Alaska State Defense Force, State agencies, Federal agencies and private/volunteer organizations just before the Y2K rollover. DES and its partners were in place during the rollover on New Year's Eve and were able to contact 249 out of 250 communities early New Years Day. No community had a Y2K related problem and the Governor and Disaster Policy Cabinet were briefed early New Years Day on the status throughout the State.
- Managed recovery programs in response to the 1998 Western Alaska Fisheries Disaster. The Federal Emergency Disaster Assistance program continued to be administered in SFY2000 and has provided \$5.6 million to 4000 applicants to date. This program is in the final stages of completion.
- Ammonia Chlorine Training was provided by DES. This training exercised the Anchorage and Fairbanks HazMat Response Teams. It was the first time the two teams had an opportunity to train together. This training was coordinated with DEC. Co-sponsoring this event maximized use of training funds.
- Counter Narcotics Tactical Operations Medical Support (CONTOMS). DES sponsored various community EMT personnel to attend this course. The training addressed response to an incident with multiple hazardous materials.
- Assisted the Municipality of Anchorage with a full scale Weapons of Mass Destruction exercise.
- Expanded the State's Tsunami Sign Program designed to improve tsunami preparedness and mitigation efforts in Alaska's tsunami-prone coastal communities. DES promoted tsunami awareness and planning measures by visiting Sitka, Sand Point, Homer, Seward, Unalaska, Valdez, and Cordova to encourage each community to develop a tsunami evacuation plan and post tsunami warning and evacuation route signs. Subsequently, Sitka, Sand Point, Kodiak, and Homer have each completed the process and have received their signs. Sitka and Sand Point have aggressively pursued the tsunami awareness program in their communities, completing all phases of the projects. Sitka was the first community in Alaska to complete their sign placement and begin a tsunami education process.
- Continued the tsunami inundation mapping program by prioritizing nine communities to be mapped in the next three years. The program will provide valuable tsunami run-up data necessary for communities to prepare for and mitigate against potential tsunamis. Partners in the program are the University of Alaska's Geophysical Institute, the National Oceanographic and Atmospheric Administration, and the State's Division of Geological and Geophysical Surveys.
- Purchased a "Quake Cottage" earthquake simulator and employed it at fairs and trade shows to increase public awareness and improve the State's earthquake preparedness and mitigation program. This was in addition to municipal earthquake preparedness meetings, outreach activities, and/or training conducted in Kenai Peninsula Borough, Fairbanks North Star Borough, Matanuska-Susitna Borough, Unalaska, Sitka, Juneau, Seward, Sand Point, Valdez, and Anchorage and Wasilla High, Middle, and Grade Schools. Audiences included a combination of community leaders, emergency managers, school administrators, and students.
- Continued expanding Project Impact with the selection of Valdez as the 2001 Project Impact community. Valdez joins Anchorage, Kenai-Peninsula Borough, and Matanuska-Susitna Borough in this successful program designed to promote disaster resistant communities by building local jurisdiction/private partnerships. Because of their noteworthy success, the Kenai-Peninsula Borough was selected by FEMA Region 10 as the region's star Project Impact Community.
- Completed a comprehensive risk analysis, which was used to develop a Draft State Hazard Mitigation Plan. Efforts are ongoing to further refine and complete the plan.
- Promoted and supported an active Post-Disaster Damage Assessment training program led by the Municipality of Anchorage's Building Safety Division. The team trained more than 172 personnel at four sessions in Anchorage and the Kenai Peninsula Borough. Additionally, they completed structural and non-structural evaluations of public buildings in Mat-Su Borough as well as conducting Critical Building and Shelter Survey training in the Kenai Peninsula Borough.

· DES continues to support the Microzonation Project administered by the University of Alaska's Geophysical Institute. The project goal is to determine site specific ground shaking characteristics from potential earthquakes. When the project is completed in 2001, the results will be used to implement more effective engineering design and construction standards in the Municipality of Anchorage.

During this past year, \$27.5 million (\$50 for every \$1 spent on the program) was secured for Alaskan veterans improving veterans' access to health care, housing and other services vital to their quality of life. The DMVA Veterans' program provided \$520,000 to Veterans Service Officers in the state to use to advocate for veterans' federal benefits. Without these Veteran Service Officers, it would be much more difficult for individual Alaskan veterans to obtain the benefits due to them.

The Department of Military and Veterans Affairs and the Department of Natural Resources continue to share the services of certain administrative and human resource positions. This Shared Services agreement between the Divisions of Administrative Services saves over \$100,000 a year. This agreement has been in place since 1995.

· The National Guard Counterdrug Support Program assisted in 236 operations during 2000. These operations resulted in the seizure of 13,981 marijuana plants; 102 pounds of processed marijuana; 94.3 pounds of cocaine; 33.5 pounds of methamphetamine; 72 weapons; 246 gallons of illegal alcohol; \$167,123 in currency and 68 arrests. The total value of drugs removed from the marketplace as a result of these operations was \$47,193,252.

Key Performance Measures for FY2002

Measure: Increase Guard members' educational level

(Not yet addressed by Legislature.)

Current Status:

In FY2001 the \$100,000 of University tuition wavers was fully obligated for the fall semester. The success rate of this training will be known once the semester is completed in early January 2001.

Benchmark:

Members of the Guard will complete mandatory educational requirements for promotion and retention. 100% of authorized positions filled due to success in recruitment and retention.

Background and Strategies:

Guard members received \$28,500 in state tuition assistance and \$100,000 in University of Alaska tuition waivers to assist Guard members in improving their educational levels. \$100,000 was obligated for the fall semester of 2000 demonstrating the need for this important program. However, demand outweighs the resources available to reach all members desiring to upgrade their educational levels. Only 126 soldiers in the Air and Army Guard received tuition waivers for the 2000 fall semester. During FY 2000, 51 Guard members received tuition assistance from the state. Most were enlisted members pursuing a degree program.

The strategies to reach our goal of increased educational levels within the Guard are to:

- Work with the University of Alaska to establish a partnership focused on enhancing Guard members' education levels.
- Make information pertaining to military and civilian education opportunities available to Guard members through a variety of communication channels in order to encourage Guard members to pursue their educational goals.
- Seek to establish Distance Learning sites at National Guard Readiness Centers to facilitate training/education.
- Facilitate expansion of Junior ROTC programs into rural schools to instill awareness and a desire for education skills.
- Target Rural Areas - such as the Yukon, Kuskokwim, Norton Sound Areas (Project Renew Hope).

Measure: The percentage reduction in accrued deferred maintenance projects

(Developed jointly with Legislature in FY2000.)

Current Status:

The Deferred Maintenance backlog is \$26.1 million (\$19 million Army Guard and \$7.1 million Air Guard) as of July 2000. With available resources, it is unlikely DMVA will achieve a 5% reduction in the backlog.

Benchmark:

Warranty and manufacturer's guides are used for replacement and renewal of building components. The building replacement benchmark is 50 years for NGB facilities, based upon the Federal contract agreement. The benchmark for retro-fitting buildings for energy conservation is 25 years.

Background and Strategies:

The average age of the buildings for the Alaska Army National Guard is 27 years old as of FY99. The oldest buildings are Training Sites averaging 34 years and State Armories at 31 years.

Scheduled Renewal category items will assist in determining current requirements for buildings, whether for accommodating additional personnel or complying with new codes. Examples would be, more electrical outlets for current computer needs, energy upgrades, enlarge a building for expansion, code compliance i.e., ADA & fuel tank upgrades, GFI circuit breakers; and even insulation for a building.

Scheduled Replacement deals with the life expectancy of a part or building. Included are the following: roofs - life expectancy 20 years, boiler - life 25 years, carpets - life 7 years. Many of these items also involve preventative maintenance to reach that specific life expectancy.

NGB regulations inform us that if a project exceeds 50% of the building's replacement value, NGB will no longer provide federal funds for the building.

Strategies include:

Performing Preventive Maintenance in accordance with manufacturer recommendations to extend the life expectancy of various buildings, components and machinery. Preventive Maintenance also decreases the likelihood of costly emergency replacements.

Review the National Guard Bureau, Project Inventory Report (PIER) and address the projects on the maintenance, renewal or replacement list, which if not addressed, are likely to result in the most facility damage. With the Alaska terrain and weather, the most costly of the maintenance projects are usually foundations, roofs, and insulation. With the age of the buildings, more of these items need attention each year.

At the time it becomes more expensive to replace or renew facility components, the facility is removed from the PIER and placed on the major construction list for replacement of the total facility.

Measure: Successfully apply Alaska Emergency Management System to 2 actual or simulated incidents involving state and borough offices including the activation of state interagency incident management teams.

(Revised from Legislature's FY2000 version.)

Current Status:

In FY2001 the Alaska Emergency Management System has not yet been applied. We will schedule simulations later in the fiscal year.

Benchmark:

The draft National Emergency Management Association recommendation for exercising state emergency management systems is twice yearly.

Background and Strategies:

Responded to two real incidents in SFY00 and exercised the system during the Y2K Millennium Turnover. From these events DES identified areas for improvement based on after action reviews.

Measure: Maintain the rate of success at 85% for Military Youth Academy graduates in school, or at work one year after graduation from the program

(Revised from Legislature's FY2000 version.)

Current Status:

Classes 99-1 and 99-2 have completed their 12-month post residential after care program phase and have a 90.5% and 91.2% success rate respectively. Class 99-3 graduated the residential phase March 24, 2000, and Class 00-1 graduated the residential phase September 15, 2000. Both classes are in their post residential after care program phase and success rate statistics are not yet available.

Benchmark:

Nation-wide average is 83% as reported in the National Guard Youth Challenge Program Annual Report 1999.

Background and Strategies:

Stressing the eight core components during the 22 week residential phase, using interactive computer teaming tools; continuing the partnership with Alyeska Central School; and introducing the Workforce Investment and the Step-up Initiative apprentice-training programs all provide excellent tools and means to improve the graduates' ability to maintain their initial success level well beyond the post residential phase. These programs are critical to the placement of cadets into meaningful careers or employment.

Measure: No loss of life associated with AKANG SAR tasked missions

(Not yet addressed by Legislature.)

Current Status:

As of November no loss of life associated with AKANG SAR missions in FY01. In FY00 1576 hours were flown supporting 923 sorties, 126 lives were saved and 64 assists were performed, no lives were lost during these rescues.

Benchmark:

Maintain mission readiness in search and rescue (SAR) operations that results in increased responsiveness and zero loss of life in rescue operations.

Background and Strategies:

The Alaska Air National Guard (AKANG) operates the 11th Air Force Rescue Coordination Center (RCC) and the 210th Rescue Squadron. These two entities provide the highest level of SAR coordination and response in the United States. Because of the vast area and ruggedness of Alaska, activities of the AKANG operations are high. Both the RCC and 210th are designated as federal units assigned against federal military missions. However, the majority of operational missions are conducted in support of state SAR requirements.

Alaska is a rugged state with a significantly higher than average percentage of population that is involved in civil aviation. Additionally, Alaska is a popular tourist destination for visitors that seek a wilderness experience. Because of this, Alaska has a much higher rate of incidents that require SAR than any other state in the nation. The AKANG RCC and 210th Rescue Squadron serve a valuable purpose in providing an essential safety factor.

Air Guard strategy to reach our goal is to build upon the successes of the past year, to include developing a closer relationship with both federal and state agencies which rely on AKANG services for SAR. The AKANG plans to enhance the effectiveness of SAR in Alaska by realigning the RCC with the 176th Wing to provide greater efficiencies between that unit and the 210th Rescue Squadron. Increased interaction with Alaska Division of Emergency Services and the Alaska State Troopers will provide an ability to harness a more rapid response for state contingencies. In addition, as the United States Coast Guard (USCG) further reduces SAR operations in Alaska, the AKANG will be prepared to undertake those missions formerly handled by the USCG. Finally, increasing international activities that provide economic benefit to the state will be pursued, such as was accomplished with the SAR exercise operation in Seward between US, Canadian, and Russian SAR experts.

Status of FY2001 Performance Measures

<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
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	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Increase Guard members's educational level • Reduce deferred maintenance backlog by 5% • Successfully apply Alaska Emergency Management System to 2 actual or simulated incidents involving state and borough offices including the activation of state interagency incident management teams. • Maintain the rate of success at 85% for Military Youth Academy graduates in school, or at work one year after graduation from the program • No loss of life associated with AKANG SAR tasked missions. 		X		X	
		X			
		X			
		X			

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
Alaska National Guard Benefits	1,104.5	0.0	0.0	1,104.5	879.8	0.0	0.0	879.8	879.8	0.0	0.0	879.8
Non-Formula Expenditures												
Disaster Planning & Control	469.4	1,552.7	1,800.0	3,822.1	476.3	2,035.4	1,858.3	4,370.0	772.7	2,484.2	1,675.5	4,932.4
Alaska National Guard	5,685.3	12,857.8	2,036.7	20,579.8	5,866.3	13,966.3	2,022.0	21,854.6	6,478.8	14,168.8	2,852.7	23,500.3
Alaska National Guard Benefits	28.5	0.0	0.0	28.5	28.5	0.0	0.0	28.5	128.5	0.0	0.0	128.5
Veterans' Affairs	619.8	0.0	5.0	624.8	627.0	0.0	0.0	627.0	623.7	0.0	0.0	623.7
Disaster Relief Fund	2,947.8	10,164.3	0.0	13,112.1	0.0	9,000.0	0.0	9,000.0	0.0	9,000.0	0.0	9,000.0
Totals	10,855.3	24,574.8	3,841.7	39,271.8	7,877.9	25,001.7	3,880.3	36,759.9	8,883.5	25,653.0	4,528.2	39,064.7

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	24,574.8	25,001.7	25,653.0
1003 General Fund Match	3,094.7	2,043.6	3,704.4
1004 General Fund Receipts	7,732.2	5,683.7	5,150.7
1005 General Fund/Program Receipts	28.4	28.4	28.4
1007 Inter-Agency Receipts	2,191.0	2,221.4	2,561.4
1053 Investment Loss Trust Fund		122.2	
1055 Inter-agency/Oil & Hazardous Waste	1,110.2	939.2	810.3
1061 Capital Improvement Project Receipts	259.9	322.6	320.3
1108 Statutory Designated Program Receipts	280.6	397.1	836.2
Totals	39,271.8	36,759.9	39,064.7

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	234	248
Permanent Part Time	1	5
Non Permanent	10	8
Totals	245	261

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Army Guard Facilities Deferred Maintenance	200,000	600,000	0	800,000
Air Guard Facility Deferred Maintenance	150,000	450,000	0	600,000
Facilities Spill Prevention and Countermeasures	15,600	104,400	0	120,000
Federal Scout Readiness Centers Energy Projects	0	300,000	0	300,000
Federal Scout Readiness Centers Construction	0	1,700,000	0	1,700,000
Emergency Communications: Rescue Coordination Equipment Replacement	106,700	0	0	106,700
Alaska National Guard Counterdrug Support Program	0	100,000	0	100,000
Alaska Veterans' Housing and Health Needs Survey	200,000	0	0	200,000
Department Total	672,300	3,254,400	0	3,926,700

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

1. Added funding for new Air Guard facilities that will come on-line in FY2002 these funds are for the additional operation and maintenance (\$76.6 in GFM and \$229.8 Fed).
2. Added funding for the new Army Guard facilities operation and maintenance (\$68.9 in GFM and \$206.7 Fed).
3. The Alaska Military Youth Academy will receive \$301.5 additional GF to pay for increased cost of switching from exempt to classified service and to add additional food service staff.

In addition there are other changes in the funding of the AMYA as a result of the program soliciting additional funding sources for their programs. These changes are explained in the AMYA budget in more detail:

Department of Education - School Food Program reduction (\$25.0) I/A funding.

US Department of Justice - Justice Grant did not materialize (\$290.0) Fed funding

Department of Health & Social Services - Alcohol and Drug Prevention - \$25.0 I/A funding

Alyeska Central School funding increase \$188.9 I/A funding

Deptment of Labor & Workforce Development - Step-Up program - \$125.0 I/A funding

Department of Education - Migrant Education Program \$70.0 I/A funding

Cook Inlet Tribal Council - Youth Opportunity Grant - \$50.0 SDPR (net increase)

Municipality of Anchorage - Workforce Investment Act - \$189.5 SDPR (net increase)

4. A reduction of \$69.8 to the Local Emergency Response Committees (LEPC) from the Oil & Hazardous Response Fund is replaced by general funds. There is an additional \$21.0 increment to the LEPCs to specifically address all hazards planning. This maintains the level of funding of the current year while providing an appropriate funding source for hazards other than oil and other substances (earthquake, floods etc.).
5. DES core funding will be reduced by \$58.1 in Oil Hazardous Response funding.
6. Increased tuition assistance for National Guard Members by \$100.0 to partially meet demand.
7. The Department will pay \$107.0 in GF for a Rural Affairs Coordinator Program to increase recruitment for the Army Guard in rural areas of the state. Added the \$205.0 SDPR in order to collect for Medevac billings for the Army National Guard.
8. Added \$60.0 in funding for a Retirement Record position to deal with the retirement service records of both the Army and Air Guard. The federal positions will no longer manage this program.
9. Expanded the State Emergency Coordination Center to be a 24 hour a day, seven days a week, 365 days a year operation by adding \$200.0 in GF in order to significantly reduce response time for all levels of emergency and disaster events.
10. Allowed for the purchase of Remote Satellite Imaging through a pilot funding arrangement with the Disaster Relief Fund for \$50.0. If there is an emergency situation within the State that can be mitigated by the intelligence provided through the satellite imaging products. Satellite images are purchased from private vendors who can provide digital images of a site within hours, thus providing an opportunity to save time and money in search and rescue or disaster response missions.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	7,877.9	25,001.7	3,880.3	36,759.9
Adjustments which will continue current level of service:				
-Disaster Planning & Control	75.4	-1.2	-70.9	3.3
-Alaska National Guard	-1.5	-21.2	2.3	-20.4
-Veterans' Affairs	-3.3	0.0	0.0	-3.3
Proposed budget decreases:				
-Disaster Planning & Control	0.0	0.0	-161.9	-161.9
-Alaska National Guard	0.0	-290.0	-25.0	-315.0
Proposed budget increases:				
-Disaster Planning & Control	221.0	450.0	50.0	721.0
-Alaska National Guard	614.0	513.7	853.4	1,981.1
-Alaska National Guard Benefits	100.0	0.0	0.0	100.0
FY2002 Governor	8,883.5	25,653.0	4,528.2	39,064.7

Department of Natural Resources

Commissioner: Pat Pourchot

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Department Mission

Develop, conserve, and enhance natural resources for present and future Alaskans.
(Revised from Legislature's version)

Department Goals and Strategies

1. Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the state.
 - Convey oil and gas rights by conducting five competitive oil & gas lease sales and issuing oil and gas exploration licenses and shallow gas leases.
 - Sustain Alaska's mineral industry investments by completing geophysical/geological mineral inventory survey of 1,000 square miles of Alaska lands and publish the associated maps.
 - Identify new areas capable of hosting major oil and gas discoveries.
 - Substantially complete the Northern Southeast Area plan of ~ 1,000,000 acres for timber and other resources development as well as for recreational, habitat and settlement purposes.
 - Facilitate special project reviews through an interagency project team process for such projects as: Pogo Mine, Green's Creek, True North, and Red Dog expansions.
 - Facilitate and administer the issuance of 8,000 new mining claim permits.
 - Process, adjudicate and enter into Land Administration System 8,000 new mining claims, 10 new mining leases and 1,000 new mining prospecting sites.
 - Increase Alaska's market share of world exploration dollars and increase mining employment, by continued encouragement and facilitation of the mining industry.
 - Complete 20 trail projects associated with federally funded TRAAK.
 - Utilize local construction contractors to complete 15 park construction projects valued at \$5 million
 - Convey up to 12,000 acres of land to qualifying municipalities.
 - Generate revenues by offering up to 40.3 million board feet of timber with emphasis on value added products.
 - Increase revenues generated from Alaska Mental Health Trust Lands from \$3.7 million to \$4.9 million in a manner consistent with trust management principles.
 - Provide an expanded agriculture base by preparing 20 land disposal parcels with 3,620 acres, and 17 lease opportunities on grassland areas.
 - Process 331 permit applications, which include land use permits for commercial guides, access to mining claims and logging areas, cross-country travel, trapping cabin permits, and tideland permits.
 - Process 197 applications for material sales, shore fishery, upland and tideland leases, lease renewals, rights-of-way, and interagency land management assignments.
 - Respond to all native allotment and ANCSA conveyance decisions by the federal government to reserve access to state land.
2. "Doing it Right": Ensure resource development planning, management and new project approvals are based on 1) sound science, 2) prudent management, and 3) responsive, meaningful public involvement.
 - Oversee the construction of 3 new, and operation of 10 existing common carrier petroleum pipelines on the North Slope, and report on the oversight.
 - Collect data and information for land status, hydrology, and geological hazards along the most probable route of a gas pipeline.
 - Coordinate our oversight of TAPS with the U.S. Bureau of Land Management, so that TAPS remains available to bring North Slope crude to market.
 - Supervise the safety inspection of approximately 15 dams and test emergency action plans for 3 high-risk dams.

- Evaluate areas subject to major hazards like floods, earthquakes, volcanic eruptions, and landslides to help predict likelihood and severity of future major events.
 - Conduct 1400 produce inspections, including local field inspections, military and commercial; seed certification, and issue certificates for export products.
 - Maintain inventory of historic and archaeological sites for use by developers, land managers and planners.
 - Implement recommendations from the Spruce Bark Beetle Strategy Task Force with other landowners on the Kenai.
 - Coordinate, through the Natural Resource Conservation and Development Board, programs to obtain federal funding for agriculture related conservation and erosion control in Alaska.
3. Ensure resource sustainability and multiple use, including recreational enjoyment of the resource base.
 - Operate 120 state park units and maintain park access for 3.8 million visits.
 - Revise park user fee program to cover increasing maintenance and operation costs and recent facility upgrades.
 - Provide 10 snowmobile trail grants and 5 safety and education grants to local snowmobile clubs and agencies.
 - Manage 500-600 wildfires of varying sizes.
 - Reforest 1,000 acres of forestland, survey 500 acres for regeneration, and conduct 125 of inspections of private land for compliance with Forest Resources and Practices Act reforestation requirements.
 - Adjudicate 500 water right applications.
 - Review and issue 580 permits for commercial activities on parklands.
 - Provide management oversight to 2.6 million acres of legislatively designated public use, recreation areas, trails, and 15 special use areas; and provide co-management oversight of 5.4 million acres of legislatively designated game refuges, critical habitat areas, sanctuaries, and wildlife ranges.
 - Secure maximum federal funding to implement a recreational boating safety program through the Office of Boating Safety.
 4. Streamline natural resource leasing, sales, and permitting processes.
 - Identify information, requirements and time frames necessary for a right-of-way and permits for a gasline from the North Slope to market.
 - Streamline and improve the Recorder's Office operations to better meet the workload and user demand by incorporating current technology, such as imaging documents.
 - Integrate appropriate modern location and communication technology, such as GPS and Internet communications, into the mining location staking, maintenance, and permit process.
 - Maintain the state's land database through the notation of 10,000 state resource transactions affecting 12,000 townships; reduce notation cycle time. Make the information available to the public.
 - Continue efforts to utilize on-line application, notice and receipt of comment for permit applications.
 - Offer business transaction service over the Internet (payments, cabin rentals, etc.).
 - Continue automation of graphic land records of remaining townships.

Key Department Issues for FY2001 – 2002

- Implementation of the negotiated agreement reached in the BP-Amoco-Arco Merger.
- Implementation of the new Shallow Gas and Exploration Licensing of Oil & Gas.
- Potential for implementation of the University lands package in response to legislation.
- Pre-planning for a Natural Gas Pipeline application.
- Implementation of SB175 Mining Law, SB283 Land Sale, and HB239 Uniform Commercial Code legislation.
- Keeping current in technology - rewrite legacy database systems such as the Land Administration System
- Keeping up with demand for wood products in a market with weak pricing
- Administration and recordation of RS2477 rights-of-way.
- Parks deferred maintenance and operation.
- Renewal of the rights-of-way for TAPS and a number of North Slope common carrier pipelines.
- Strengthen our Water rights administration through proposed legislation, updating of the regulations, and adjusting staffing to workload.
- Settlement of the School Trust Lands valuation issue to determine the appropriate amount to be deposited into the School Trust Fund annually.
- Workforce development to deal with our difficulties in recruiting and retention of qualified staff.

- Erosion of the Agricultural Revolving Loan Fund through funding of non-ARLF functions in the state budget.
- Management, review, and termination of Sec. 17(b) of ANCSA easements to Alaska Native corporations.
- Expansion of Plant Material Center programs and mission with the increased federal funding provided for the Seed Lab, Post Entry Plant Quarantine Facility, and Cold Regions test sites.
- Union Contracts implementation and the corresponding budget, payroll administration workload, and management training requirements.

Major Department Accomplishments in 2000

- Collected and accounted for \$1.0 billion in O&G royalty, settlement, rental, federal share and bonus revenues.
- Provided technical and policy support to the BP/Arco merger discussions.
- Space planning and occupancy of Anchorage Atwood Office Building.
- Y2K compliance of all DNR Mission Critical Systems.
- Issued right-of-way leases of Nuiqsut, Alpine, and Northstar pipelines.
- Sold 155 parcels of land for a total of 1,500 acres.
- Disposed of 2,467 acres of ARLF parcels.
- Passed Uniform Commercial Code Legislation in HB239
- Passed updated Mining Law - SB175
- Reduced Mining Claim backlog
- Passed a new Land Sale Law - SB283
- Made the state status plats and surveys available on-line, eliminating the need for aperture card distribution
- Collected \$2 million in park user fees and provided recreational opportunities for 3.6 million park visits.
- Generated \$323.1 from sale of forest products, offered ~53.7 million board feet of timber, offered 82 timber sales and reforested 1,274 acres.
- Managed and responded to a total of 324 wildland fire occurrences on 134 million acres.
- Increased revenues generated from Alaska Mental Health Trust Lands from \$3.5 million to \$3.7million.
- Completed a detailed airborne geophysical survey of 1,032 square miles in the Salcha River - Pogo mining area, and 605 square miles on Prince of Wales Island.
- Completed 1153 square miles of geologic mapping in prospective mineral and oil and gas terrains.
- Completed review and permitting of Anchorage Jet Fuel Pipeline project.
- Successful state operation and transfer of operations to the Bankruptcy trustee of Illinois Creek Gold Mine following operating company bankruptcy.
- Utilized the Tazlina Type 1 Crew for hazard tree removal, fire break improvement and other hazard fuel work reducing the potential of a serious wildland fire on the Hillside area in the Municipality of Anchorage.

Key Performance Measures for FY2002

Measure: Number of new and assigned oil & gas rights, plans, and units.

(Not yet addressed by Legislature.)

Current Status:

In FY 00 approximately 12 major Unit/PA had activities. In FY 01 we will have approximately 22 Unit/PA activities in various stages of review. This fiscal year is not half over and we expect a lot of activity as a result of heavy activity in our last three North Slope lease sales. We are experiencing record-level numbers of applications of all kinds.

Benchmark:

There is no "benchmark" to measure against. The sheer number of Unit activities or assignments will give some measure of activity but it does not necessarily measure the amount of work the division will need to do. Some Units take a few months and involve relatively few complex issues (e.g. the Redoubt Unit), others involve a variety of interests (State, Federal, Native), are very complex, and can take years (e.g. Colville River Unit). Unit actions today are, in general, very complex because they involve more labyrinthine land positions as the Units "grow together". They also involve the implementation and interpretation of very sophisticated technology, such as 3D seismic and extended reach drilling.

Background and Strategies:

Participating Areas (PAs) are the producing parts of Units and require separate administrative actions. These actions are at least as complex as those for Units. Much of the PA activity is the result of satellite drilling in and near existing Units. This is a good thing as it helps offset our declining oil reserves, but it also generates a lot of new work for the O&G Division.

Assignment means the assignment of interest in a lease(s) from one party to another. This activity has increased dramatically as a result of the merger. The alignment at Prudhoe means that each company's interest has changed thus we must create assignments to reflect those changes. But the alignment is not complete; neither Chevron nor Texaco are aligned. Once that is accomplished new assignments will have to be made for their interests. This could go on for months or years. If there are other mergers, there will be many more assignments. This is on top of our processing "routine" assignments; those that come in every day and reflect normal business activities. It is not possible to predict how many assignments may come in at a given time, except we know that mergers and acquisitions will always generate a huge amount of additional work.

In FY 00 we received 378 assignments and processed 196; the others remain to be completed but are less urgent than the Prudhoe assignments. In FY 01, from July 1 to Nov 15, we have received 696 assignments and have processed 604 (467 assignments were from the Prudhoe Bay alignment). When (and we don't know when) Chevron and Texaco align they will each generate an additional 540 assignment applications.

Both Unit, PA and assignment activities must be completed for statutory and practical reasons. Naturally we need to comply with law, but as a practical matter these decisions impact the timing of drilling and other lease and Unit activities. Simply stated, delays cost both companies and the State money.

At our most recent lease sale we leased the most acreage in State history, about 750,000 acres. All this land must have title work done to determine the precise number of acres contained in each lease (this is a result of the new Areawide leasing program where title is done after the sale).

Measure: The percentage of available state land offered for oil and gas leasing, or for exploration

(Revised from Legislature's FY2000 version.)

Current Status:

On track to 100% compliance

Benchmark:

Offer oil and gas leasing per our published schedule.

Background and Strategies:

All available state land is made available through our leasing or licensing programs. The SB281 measure was modified as the division does not sell land, we lease land.

Measure: Annual volume of timber offered, including volume of timber offered for in-state value-added processing.

(Developed jointly with Legislature in FY2000.)

Current Status:

In FY00 53.7 million board feet were offered for sale. First quarter FY01 on track.

Benchmark:

There is no specific benchmark as the volume of timber offered directly corresponds to the level of funding provided.

A total of 39.3 MMBF will be offered in new sales, of which 21.3 MMBF will come from operating funds, and 18.0 MMBF from CIP funds. We estimate that 34.3 MMBF will be aimed at in-state processors, of which 15.5 MMBF will be from this operating component, and 18.8 MMBF from CIP funds.

Background and Strategies:

The DNR timber sale program focuses on supporting Alaskan jobs by making timber available for local processors. Competitive and negotiated sales are offered in sizes and locations needed by local processors in all regions of the state. Where feasible, the department also offers salvage sales of beetle-killed timber for either local use or export to accelerate reforestation and defray its cost, reduce wildfire hazards, and obtain value from the wood before it decays.

Measure: Level of compliance with best management practices, as measured by implementation of a monitoring program of the Forest Practices Act
(Developed jointly with Legislature in FY2000.)

Current Status:

First quarter FY01 on track.

Benchmark:

Continued certification of the Forest Resources and Practices Act for compliance with federal Clean Water Act and Coastal Zone requirements by effectively implementing the Act.

Background and Strategies:

The FRPA supports the timber and fishing industries by protecting fish habitat and water quality, and providing one-stop shopping for compliance with federal clean water and coastal zone standards. Strategies include updating riparian management standards for Interior and Southcentral Alaska, expanding implementation monitoring into southcentral Alaska, reviewing and improving procedures for documenting reforestation in Interior Alaska, reviewing all Detailed Plans of Operation (DPOs) timely, increasing the ratio of inspections to DPOs received, and training operators and landowners.

Measure: Percent of fire incidents in the full and critical categories held at less than 10 acres
(Developed jointly with Legislature in FY2000.)

Current Status:

First quarter FY01 on track. Since July 1, 2000 the Division responded to 51 fires, pack tested and red carded 46 local government and volunteer firefighters, and responded to 25 requests for personnel to support other agencies.

Benchmark:

Contain 90% of fires in full and critical protection categories at 10 acres or less.

Background and Strategies:

The Division of Forestry responds to an average of 430 wildland fires annually in its protection area with the exact number and location being unknowns. The most cost-effective response requires adequate preparedness and coordination with the Division's numerous cooperators. The occurrence of wildland/urban interface fires will continue to increase as the population moves to the wooded areas of the state, climatic changes result in longer fire seasons, and serious insect/disease infestations add to the hazardous fuels problem.

Strategies include providing immediate, aggressive initial attack in coordination with cooperating local government, volunteer fire departments and federal agencies. This strategy includes creating and maintaining cooperative agreements to enhance initial attack response effectiveness. Additional strategies include media coverage of fires to expand public awareness of the impact of human caused fires, support of fire prevention activities, and increased public education on how to create defensible space around private property.

Measure: Acres of land sold and amounts of revenue generated from land sales
(Revised from Legislature's FY2000 version.)

Current Status:

In FY 01 our goal is to offer 2,940 acres for an estimated \$2.3 million. In October 2000 the agency received \$1,180,272.05 in high bids on parcels appraised at \$976,810.00.

Benchmark:

In FY02, DNR intends to offer 2,500 subdivision lots (re-offers of parcels previously surveyed) 27,650 acres and 250 remote recreation cabin sites.

Background and Strategies:

This program makes land available for private ownership. Tasks include offering new lands for sale; identifying and classifying additional lands for private ownership; and administering land sale contracts for lands previously offered. We hope to generate \$2.8 million from these sales.

Measure: Acres of land conveyed to municipalities

(Developed jointly with Legislature in FY2000.)

Current Status:

On track.

Benchmark:

In FY02, DNR intends to transfer at least 12,000 acres to municipalities. DNR also intends to transfer tideland parcels to at least five municipalities.

Background and Strategies:

This program transfers state land to municipalities for development, disposal, revenue generation and public purposes. Tasks include determining acreage of entitlements under AS 29.65, approving municipal selections, issuing deeds to municipalities, and identifying and classifying land for municipal ownership.

Measure: Acres of ground under private-sector mineral exploration

(Developed jointly with Legislature in FY2000.)

Current Status:

An estimated 3.1 to 3.8 million acres is now under active exploration

Benchmark:

Based upon the trend of claim data from 1993 to date, it is expected that by the end of calendar-year 2000 there will be about 3.8 million acres of ground subject to active private-sector exploration in Alaska. This corresponds to about 1% of the state's land area.

Background and Strategies:

The growth of the mining industry in Alaska has resulted from the complementary actions of the Administration, State Legislature, and the private sector. Annual funding of airborne geophysical/geological mineral inventories of prospective mineral tracts, in combination with Alaska's mine development tax incentive and outreach from the Governor's office, have been significant catalyzing factors. There are many remaining high mineral potential tracts throughout rural Alaska that offer the opportunity for successful mineral exploration and mine development if the fundamental geological and geophysical data needed to guide exploration are generated and made available. Division of Geological and Geophysical Surveys plans to concentrate its mineral appraisal resources on these highly prospective areas to generate that data.

Measure: The number of completed airborne geophysical and geological mineral surveys

(Revised from Legislature's FY2000 version.)

Benchmark:

The 1000 square mile benchmark is a challenging target given the staff size and funding available to the Division of Geological and Geophysical Surveys.

Background and Strategies:

DGGS intends to maintain this performance measure unchanged for FY2001. We are pursuing complementary federal funding and cooperative agreements with federal agencies in an attempt to acquire resources needed to increase the square miles of geologic mapping that can be completed in a fiscal year. The magnitude of the square miles of airborne geophysical surveys that can be completed in one year is a function of CIP appropriations. A tract of

1000 square miles is in good balance with historic funding, public expectations, and a level of commitment that is effective in catalyzing investment in Alaska's mineral industry.

Measure: The number of visits by site and type of use of state park units

(Revised from Legislature's FY2000 version.)

Current Status:

The number of visits is expected to be in excess of 3.5 million. The weather and the price of oil have an impact on the number of visits.

Benchmark:

3. 8 million visits for 120 state park units

Background and Strategies:

The number of visitors is difficult to define as many of them are repeat customers, so we measure the number of visits by site. All of this is captured in a detailed "Cluster" booklet from which we provide the following summary:

State Area (for SFY00)	VISITS		
	Resident	Non-Resident Total	
Northern	457,738	205,497	663,235
Mat-Su	657,448	229,396	886,844
Chugach	839,966	98,824	938,790
Kenai	551,587	125,791	677,378
Kodiak	121,731	28,434	150,165
Wood-Tikchik	80,221	14,431	94,652
Southeast	217,299	259,337	476,636
Total	2,925,990	961,710	3,887,700

Measure: The Revenue received by the development and sale of natural resources

(Revised from Legislature's FY2000 version.)

Current Status:

In FY00 \$1,071,738,905 was received in total revenues. In FY01 \$324,538,576 is received through October, which compares to \$236,503,670 in FY00, and \$173,857,246 in FY99 for the same period.

Benchmark:

The amount of revenue received depends mostly on two factors - the price of oil and the level of production. The department does not control either one. A predictor for the amount of revenue to be received is the price per barrel of oil.

Background and Strategies:

The department's mission is to develop, conserve, and enhance natural resources for present and future Alaskans. This means that we try to meet the demand of the resource development in a responsible way and optimize our return in today's market but also by keeping an eye out for the future.

The 2000 Legislative Session passed a Land Disposal Bill (SB283) which provides for us to sell more land to private individuals in the coming years.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• New and assigned oil & gas rights, plans, and units resulting from the BP Amoco-Arco merger		X			
• Acres of state land offered for oil and gas leasing		X			

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Volume of timber offered annually, including volume of timber offered for in-state value-added processing. • Level of compliance with best management practices, as measured by implementation of a monitoring program of the Forest Practices Act • Percent of fire incidents in the full and critical categories held at less than 10 acres • Acres of land sold and the revenue generated from land sales • Acres of land conveyed to Municipalities • Acres of ground under private-sector mineral exploration • The number of completed geophysical and geological mineral surveys • The number of visits by site and type of visitor • The Revenue received by the development and sale of natural resources 			X		
			X		
		X			
		X			
		X			
		X			
		X			
		X			

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures	None.											
Non-Formula Expenditures												
Management and Administration	2,027.5	0.0	1,687.0	3,714.5	2,050.3	270.2	2,590.9	4,911.4	2,058.1	150.4	2,575.5	4,784.0
Information/Data Management	4,424.5	270.0	491.8	5,186.3	4,574.7	60.6	603.0	5,238.3	4,720.9	30.6	854.8	5,606.3
Resource Development	0.0	0.0	1,186.4	1,186.4	0.0	0.0	1,705.9	1,705.9	0.0	0.0	1,733.2	1,733.2
Land Development	6,611.7	3.5	682.1	7,297.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forestry Management and Develop	6,902.0	931.7	1,330.6	9,164.3	7,022.5	1,161.6	356.0	8,540.1	7,020.1	1,161.9	753.7	8,935.7
Oil and Gas Development	3,544.3	26.6	3,456.7	7,027.6	3,609.7	305.3	4,509.9	8,424.9	4,040.2	180.5	4,476.6	8,697.3
Minerals, Land, and Water Dev.	4,035.6	1,683.8	260.5	5,979.9	9,904.6	2,285.0	3,722.1	15,911.7	10,256.4	2,294.0	3,880.2	16,430.6
Parks & Recreation Mgmt	5,613.0	134.8	2,906.2	8,654.0	5,745.1	359.4	2,845.9	8,950.4	5,910.1	399.9	2,912.9	9,222.9
Agricultural Development	156.7	812.2	1,084.7	2,053.6	16.0	1,368.8	1,607.0	2,991.8	16.0	1,676.9	1,670.2	3,363.1
Agr Revolving Loan Pgm Admin	0.0	0.0	575.2	575.2	0.0	0.0	707.1	707.1	0.0	0.0	707.9	707.9
Statehood Defense Facilities	80.1	0.0	0.0	80.1	115.0	0.0	0.0	115.0	115.0	0.0	0.0	115.0
Maintenance	103.6	0.0	237.9	341.5	1,372.2	0.0	1,100.0	2,472.2	1,372.2	0.0	1,103.2	2,475.4
Language Section	595.8	0.0	0.1	595.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations												
Statewide Fire Suppression	13,993.4	3,815.4	24.1	17,832.9	3,190.2	5,321.3	3.9	8,515.4	3,545.9	5,321.0	0.0	8,866.9

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Totals	48,088.2	7,678.0	13,923.3	69,689.5	37,600.3	11,132.2	19,751.7	68,484.2	39,054.9	11,215.2	20,668.2	70,938.3

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	7,678.0	11,132.2	11,215.2
1003 General Fund Match	399.6	408.5	415.2
1004 General Fund Receipts	40,711.1	29,938.3	31,542.8
1005 General Fund/Program Receipts	6,977.5	6,950.0	7,096.9
1007 Inter-Agency Receipts	3,747.3	4,647.6	4,694.5
1018 Exxon Valdez Oil Spill Settlement	956.8	1,595.2	1,596.4
1021 Agricultural Loan Fund	1,468.7	1,824.0	1,846.9
1053 Investment Loss Trust Fund		303.5	
1055 Inter-agency/Oil & Hazardous Waste	82.2	65.7	95.8
1061 Capital Improvement Project Receipts	3,058.9	2,582.7	2,843.2
1066 Public School Fund	0.1		
1092 Mental Health Trust Authority Authorized Receipts	712.0	955.9	983.2
1105 Alaska Permanent Fund Corporation Receipts	1,044.3	1,065.5	1,070.2
1108 Statutory Designated Program Receipts	2,853.0	4,652.3	4,652.0
1114 Exxon Valdez Oil Spill Restoration Fund		50.0	
1153 State Land Disposal Income Fund		2,312.8	2,606.0
1155 Timber Sale Receipts			280.0
Totals	69,689.5	68,484.2	70,938.3

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	556	581
Permanent Part Time	238	257
Non Permanent	87	93
Totals	881	931

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Gasline Development	3,276,600	0	0	3,276,600
Land Use Data Base System for Industry and Public Access	495,000	0	0	495,000
Oil and Gas Royalties Accounting-Industry Electronic Reporting	150,000	0	0	150,000
Seismic Data Acquisition and Interpretation To Promote Oil Exploration & Leasing	138,000	0	0	138,000
Emergency Title Defense-Prince William Sound	120,000	0	0	120,000
State Park Emergency Repairs	400,000	0	0	400,000
Fire Truck Engine Replacements	200,000	0	0	200,000
Fairbanks Office Facility Roof Maintenance and Repairs	200,000	0	0	200,000
Airborne Geological and Geophysical Mineral Inventory	250,000	0	0	250,000
Snowmachine Trail Development and Program Grants	200,000	0	0	200,000
Chena Pump Road Boat Launch River Access Purchase	150,000	0	0	150,000
Alaska Minerals Information At Risk Program: Mining Claims Automation	0	700,000	0	700,000
Agricultural Revolving Loan Fund Land and Assets Disposal	0	0	100,000	100,000
Kenai Borough Spruce Beetle Task Force Implementation	0	0	1,250,000	1,250,000
Alaska Post Entry Plant Quarantine Facility Establishment	0	1,350,000	0	1,350,000
Agriculture Plant Material Center Seed Lab Construction	0	3,070,000	0	3,070,000
Agricultural Land Sales for Agriculture Industry	0	0	145,000	145,000
Historic Preservation and Restoration Projects - United States Army Public Works Program	0	600,000	0	600,000
National Historic Preservation Fund Federal Grant Program	50,000	1,200,000	0	1,250,000
Mental Health Trust Land Development and Value Enhancement	0	0	950,000	950,000
Abandoned Mine Lands Reclamation Federal Program	0	1,500,000	0	1,500,000
Boating Safety-Federal Program	0	660,000	0	660,000
Land and Water Conservation Fund Federal Grants	0	1,600,000	0	1,600,000
National Recreational Trails Federal Program	0	710,000	0	710,000
Department Total	5,629,600	11,390,000	2,445,000	19,464,600

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

The following are the key changes in the DNR Budget:

- The Oil & Gas Program was provided a \$400.0 increment to deal with increasing workload, staffing, and general operational needs. Over time the Division of O&G was forced to keep mission critical positions vacant, which we need to fill in order to deal with the increased exploration, leasing, and unitization issues.
- The current staff has not been able to keep up with the Water Rights adjudications, this budget requests a \$300.0 increment for additional staff. In addition we are revising the regulations and are proposing legislation to "fix" the program.
- Sustained yield is assured by reinvesting the proceeds of timber sales \$280.0 back into the program for reforestation.
- Public Safety and seasonal staffing concerns are addressed by increasing the Parks Management budget \$160.0.
- Computer Network and update of the State Status Plats workload are addressed by adding staffing and providing an additional \$130.0.
- The threat of increased wildland-urban fires is addressed by establishing a "Fire-Mobile Attack-Force" for an increase of \$350.0 in the Statewide Fire Suppression Component.
- The Agricultural Plant Material Center will be receiving an infusion of Federal Grants for construction and operation of various programs.
- The State Recorder Offices will become receipting offices for mining claim rentals, and through electronic interface with the Mining and Land Status Data Base Systems records will be updated by utilizing the Recorder's Office Data Base thus reducing the requirement for the public to go to three different offices.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	37,600.3	11,132.2	19,751.7	68,484.2
Adjustments which will continue current level of service:				
-Management and Administration	7.8	0.4	-47.5	-39.3
-Information/Data Management	16.2	0.0	1.8	18.0
-Resource Development	0.0	0.0	2.3	2.3
-Forestry Management and Develop	12.4	0.3	-17.3	-4.6
-Oil and Gas Development	30.5	0.5	4.1	35.1
-Minerals, Land, and Water Dev.	51.8	1.0	1.7	54.5
-Parks & Recreation Mgmt	5.0	0.5	-13.0	-7.5
-Agricultural Development	0.0	8.1	0.9	9.0
-Agr Revolving Loan Pgm Admin	0.0	0.0	0.8	0.8
-Statewide Fire Suppression	5.7	-0.3	-3.9	1.5
Proposed budget decreases:				
-Management and Administration	0.0	-120.2	0.0	-120.2
-Information/Data Management	0.0	-30.0	-80.0	-110.0
-Forestry Management and Develop	-14.8	0.0	0.0	-14.8
-Oil and Gas Development	0.0	-125.3	-37.4	-162.7
-Minerals, Land, and Water Dev.	0.0	0.0	-224.3	-224.3
Proposed budget increases:				
-Management and Administration	0.0	0.0	32.1	32.1
-Information/Data Management	130.0	0.0	330.0	460.0
-Resource Development	0.0	0.0	25.0	25.0
-Forestry Management and Develop	0.0	0.0	415.0	415.0
-Oil and Gas Development	400.0	0.0	0.0	400.0
-Minerals, Land, and Water Dev.	300.0	8.0	380.7	688.7
-Parks & Recreation Mgmt	160.0	40.0	80.0	280.0
-Agricultural Development	0.0	300.0	62.3	362.3
-Facilities Maintenance	0.0	0.0	3.2	3.2
-Statewide Fire Suppression	350.0	0.0	0.0	350.0
FY2002 Governor	39,054.9	11,215.2	20,668.2	70,938.3

Department of Public Safety

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Department Mission

The mission of the Department of Public Safety is to ensure public safety and enforce fish and wildlife laws.

Department Goals and Strategies

The Department's Goal is to maintain a commitment to all Alaskans to help ensure a safe, orderly, and positive environment, so children and families can work, live, and learn without fear of violence. This commitment is delivered through statewide police, emergency response, fire safety, and other vital public safety services including search and rescue. There are three basic strategies to meet our goal.

1. Preserve the public peace, prevent and detect crime, apprehend offenders, protect life and property and Alaska's fish and wildlife resources.
 - Improve public safety through continued community policing efforts aimed at improving communication and cooperation between communities and the Department.
 - Hold offenders responsible for their criminal actions through consistent and aggressive investigation of domestic violence and sexual assault, provision of expert major crimes investigators able to respond statewide, and participation in multi-agency task forces targeting bootlegging, drug dealing, and other organized criminal activities.
 - Deter fatal traffic accidents by a combination of speed enforcement, DWI enforcement, public education, and accident analysis.
 - Deter fish and game violations through increased field contacts with resource users by Fish and Wildlife Troopers.

2. Provide statewide criminal justice training, information, identification and forensic services.
 - Continue efforts to automate and link criminal justice information systems to support Alaska's 4,500 criminal justice professionals who are conducting investigations or are making decisions on arrests, sentencing, release from custody, employment, licensing and other important public safety related matters.
 - Provide quality training for village public safety officers, municipal police officers, and State Troopers.
 - Support rapid identification and apprehension of violent offenders through continued crime laboratory participation in the national DNA registry, blood screening for all serious offenses, and completion of Alaska Automated Fingerprint Identification System upgrades.

3. Protect life and property against fire and explosion.
 - Promote and participate in a program involving state and local fire prevention agencies working with the media to educate the public on fire safety issues.
 - Develop a statewide fire suppression initiative which includes clarifying responsibilities and identifying resources needed to save lives and property from fire and explosion.

Key Department Issues for FY2001 – 2002

THE NEED FOR TROOPER SERVICES CONTINUES TO INCREASE WHILE THE NUMBERS OF TROOPERS REMAINS RELATIVELY UNCHANGED - Public expectations for services provided by AST continues to increase steadily while the resources available to provide those services have remained constant or have decreased in some areas. The Alaska State Troopers have a commissioned staff of 237 personnel in FY2001, located in 34 posts across the state who provide all public safety services to the vast majority of the state's geographical area. While AST provides some services to every person in the state, they are the only providers of direct public safety services to over 195,000 Alaska citizens.

The same holds true for the Division of Fish and Wildlife Protection. The wildlife law enforcement and public safety challenges faced by the Division are unique among states, and by virtue of their volume, variation and the remoteness

in which they occur, addressing them with the present level of resources represents a challenge not faced by any other agency. No other state compares in size, coastline and extremes in weather and geography.

RURAL PUBLIC SAFETY INITIATIVE - Three separate but interrelated proposals will increase public safety in bush Alaska. Village Public Safety Officer salaries will be increased by 15% to further reduce turnover; 20 more Village Public Safety Officers will be added to restore this program closer to the level originally envisioned when it was established; and eight Constable positions will be hired in key villages to provide fully commissioned police officers who represent the Alaska State Troopers in rural Alaska.

STATE CRIME LABORATORY - Alaska's DNA Identification System which includes convicted offenders, and participation in the Combined DNA Index System (CODIS the national DNA database), could provide an increased ability to identify crime perpetrators through DNA analysis, if adequate funding is provided. Currently, the DNA section has a backlog of one year, and is not able to provide timely results to meet court trial dates. The loss of federal funding has forced the Crime Lab to delete a Latent Fingerprint Examiner position and an Analyst Programmer position. The Crime Lab will be forced to prioritize fingerprint cases by the seriousness of the crime and court trial dates. Burglary cases will not be worked. Crime scene investigations will not be conducted if there are no Latent Fingerprint Examiners available to go to the scene. A higher paid Criminalist will perform the necessary duties of the Analyst Programmer. This Criminalist will be pulled away from forensic casework, causing backlogs to grow.

COURT SECURITY - There are an insufficient number of Court Services Officers (CSOs) located around the state to provide adequate court security, move prisoners and serve court papers. The number of CSO positions has not kept pace with the increase in criminal and civil cases, number of judges, or number of courts to be served.

WHITTIER ROADWAY/TUNNEL - Estimates indicate that over the next couple of years visits to Prince William Sound through Whittier will increase annually. This will have significant impact on Fish and Wildlife enforcement, search and rescue as well as on trooper highway and criminal law enforcement.

IMPROVE FIRE SAFETY - Fire and burn injuries and fatalities in Alaska are three to four times the national per capita average. During the first ten months of 2000, there have been 13 deaths due to fire. The department is reviewing ways to strengthen public fire education, early detection and early intervention to help reduce loss of life and property. Basic training, and grants for advanced fire training will be offered to rural communities. A Statewide Fire Suppression Strategy is needed that identifies the planning framework with state, local, and media participation to educate the public regarding the magnitude of fire related issues. A balanced approach is needed to fix responsibility and provide resources to save lives, property and associated costs.

ALASKA FIRE STANDARDS COUNCIL - AS 18.70.320-369 became effective July 1, 2000 establishing the Alaska Fire Standards Council to implement a statewide professional standards and training oversight body. Council members need to be appointed to address organizational and funding issues.

COUNCIL ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT - Alaska's programs continue to see an increase in the number of shelter nights, legal advocacies and support service requested. There is a need for teen/child advocates to specifically focus on their issues and to address the generational cycle of abuse and violence.

CRIMINAL JUSTICE INFORMATION SYSTEMS - Initiatives to upgrade agency information systems and integrate these systems will continue. These improvements are required to provide state, local and federal law enforcement, criminal justice agencies and licensing authorities complete, timely and accurate information. These systems facilitate the identification of criminals, assist in locating persons and property involved in a crime, assist the courts in determining previous criminal history and other information necessary to support sentencing decisions and contain information which provided to licensing authorities to screen persons who are applying for positions which involve routine contact with children and protected adults.

ADOPT FEDERAL INTERSTATE CRIMINAL RECORD COMPACT - Analysis of legislative, procedural and programming changes has been completed to position Alaska to adopt the "National Crime Prevention and Privacy Compact". Legislation needs to be enacted during the 2001 legislative session to adopt the compact. Members of the national compact agree to reciprocally exchange fingerprint based criminal history information for employment and licensing purposes. The compact, combined with upgrades to FBI information systems, will reduce turnaround time to conduct national background checks from about 6 weeks to a few days. These services are used to screen a variety of employment and licensing applicants, e.g. foster parents, day care providers, school bus drivers, etc.

IMPROVE COMPLIANCE WITH ADULT CRIMINAL FINGERPRINT LAW - Efforts to improve compliance with mandatory fingerprinting of adult criminals will continue. Since enactment of the mandatory fingerprinting law, compliance has improved from 47% to 81%. 100% compliance is needed. DPS will continue to coordinate improvement efforts with the Department of Corrections and the Courts by deploying of live scan fingerprint workstations and making necessary policy and procedural changes.

COMPLETE AUTOMATED FINGERPRINT SYSTEM UPGRADE - Core components of the upgrade have been completed. In order to take full advantage of new capabilities and more fully automate the process from the point of booking at a correctional facility through the identification process performed by the Department of Public Safety, several interfaces will be completed in FY 2001, including:

- Automate notices to booking locations of ID confirmations.
- Implement an interface between the fingerprint system and the APSIN criminal history system.
- Update the interface between Corrections new application and live scan fingerprint workstations.
- See Western Identification Network <http://www.winid.org/>

Major Department Accomplishments in 2000

Division of Alaska State Troopers:

MAJOR INVESTIGATIVE CASES - Troopers have been successful in solving 11 of 13 major criminal cases. Of the thirteen murders this period, eight were in rural locations such as, Mountain Village, Petersville, Steese Highway, Quinhagak, Pilot Station, Eek and Big Lake. The remaining five were in Fairbanks (3), Ketchikan and Kenai. This resulted in a 85% clearance rate compared to the Uniform Crime Report national clearance rate of 69%.

ILLEGAL DRUG AND ALCOHOL ENFORCEMENT - Troopers have taken the lead role in almost all regions of the state in coordinating the investigative efforts involving illegal alcohol and drugs. The Western Alaska Alcohol and Narcotics Team, working closely with the U.S. Postal Inspector and National Guard Counter Drug Support Program continue its efforts to detect and seize illegal alcohol and drugs being shipped via the U.S. Mail. During FY00 3.5 lbs. of cocaine, 3.5 lbs. of psychedelic mushrooms, 19 pounds of marijuana, 168 gallons of alcohol, and various miscellaneous drugs were detected and seized in this effort.

DRUG ABUSE RESISTANCE TRAINING - Troopers are the representative agency for the Drug Abuse Resistance Education program in Alaska and provides D.A.R.E. training to all federal, state, city, and borough police officers.

DOMESTIC VIOLENCE - Troopers continue to provide domestic violence training to law enforcement officers across the state including VPSOs and VPOs. To better serve non-English speaking victims, the Information for Victims of Domestic Violence booklet was translated into six languages (Inupiat, Yupik, Spanish, Russian, Korean and Tagalog). Audio cassette copies of the translations were distributed to all law enforcement departments across the state. Hard copies are available on the Alaska State Troopers web page at www.dps.state.ak.us/ast/dv. Audio and video equipment was purchased for 25 law enforcement departments across the state. Numerous small and rural departments now have professional interview rooms which will improve their domestic violence and sex crimes investigations.

SEX OFFENDER REGISTRATION - Mail out verifications continue in this program. Municipal police departments, the Department of Corrections and trooper detachments are supplied with a monthly database of sex offenders that are registered and in compliance, those requiring registration and those out of compliance. There are now over 4,000 convicted sex offenders in the database. The Sex Offender Registry website has been upgraded making the public information site easier to use and faster to navigate.

Division of Fish and Wildlife Protection:

SPORT FISHING ENFORCEMENT - Fishery disaster declarations in the Yukon/Kuskokwim regions resulted in reduced sport and subsistence fisheries, requiring essential monitoring patrols. These patrols garnered fewer contacts and citations indicating general angler compliance with emergency regulations.

Poor King Salmon and Sockeye returns to the Kenai River impacted sport fishing seasons and bag limits, and the commercial season. Emergency regulations reduced angler effort, however, enforcement resulted in fewer observed violations. Extensive patrols of the clam beaches this season, including Cook Inlet and the Katchemak Bay area where Razor clam bag limits were reduced, resulted in citation and warning rates well under expectations. Compliance improved due to similar efforts last season.

The healthy late run of upper Cook Inlet Silvers increased sport and personnel use fishing. Complicated fishery regulations for Parks Highway fisheries also required an intensity of enforcement. These adjustments provided for fairly consistent violation rates overall.

GENERAL HUNTING ENFORCEMENT - During the past two years there has been a visible increase in the number of moose wasted in the immediate Fairbanks vicinity. This past hunting season the division discovered 14 wasted moose carcasses.

COMMERCIAL FISHING ENFORCEMENT - A number of cases characterize the importance of an enforcement presence in all fisheries, something the Division cannot provide with current resources. For example, a purse seiner was seized following a creek robbing complaint in Southeast Alaska. The vessel had set inside the closed waters of this sensitive salmon fishery. ADF&G described the impact of this violation to this sockeye fishery as devastating, raising serious biological and subsistence concerns.

In June, three commercial seiners were observed discarding salmon overboard during a commercial fishing period by troopers conducting a stakeout for illegal activity at Popoff Island. The skippers were charged with failing to retain the salmon caught. This case confirmed long-term suspicions of chum dumping in the False Pass region, a very difficult area to patrol, and resulted in formal direction to the Board of Fish to address regulations in the area.

BRISTOL BAY COMMERCIAL SALMON ENFORCEMENT - This year a Trooper was added in Dillingham during the peak of the run and FWP continued to operate two jet skiffs in the Egegik District. With these added resources the Division cited over 200 fishermen for fishing violations, an increase over the 160 cases in 1998, and 157 in 1999.

WILDLIFE INVESTIGATION BUREAU - This small investigative unit worked closely with other wildlife law enforcement agencies, targeting unlicensed guides - a source of growing concern for the industry. Major investigations were prosecuted at Federal levels resulting in more severe criminal penalties.

EDUCATION EFFORTS - The Division continues to place a high priority on education and instruction programs at schools, clubs, fairs and other meetings. These proactive measures augment our enforcement function to help improve the public's resource law knowledge and understanding. They also foster helpful relationships and influence hunter and angler compliance and conduct.

To help reduce overall waste related cases primarily in western Alaska in the fall of 2000, the Bureau developed, and distributed the "Guide to Correct Field Dressing and Care of Big Game".

VIOLENT CRIMES COMPENSATION BOARD - The Board received 390 new applications and processed 524 claims, which completed the processing of all pending claims from prior years. All claims processed in this budget year will be current. Awards included: \$552.4 in medical/dental costs; \$156.0 in mental health treatment costs; \$290.0 in lost wages and lost support; \$50.1 in funeral costs; and \$79.9 in transportation, relocation, and other eligible expenses.

CENTRAL REGISTRY OF PROTECTIVE ORDERS - To improve victim safety the Department developed and is maintaining a central registry of protective orders issued by or filed with the court, including out of state protective orders. The registry was implemented in the existing Alaska Public Safety Information Network (APSIN) which provides 24-hour, seven days a week availability. The registry includes emergency, ex parte and protection orders and historical data. Alaska is also a participant in the federal Protection Order File contained in the FBI's National Crime Information Center (NCIC).

AUTOMATED INTERFACE TRANSACTIONS - DPS completed the interface software needed to support the 51 core law enforcement functions identified and defined in previous years. This software provides seamless transaction processing between other municipal law enforcement agency systems and APSIN. Currently the Anchorage Police Department is the only agency submitting data to APSIN using the interface. DPS is working with both the Juneau

and Fairbanks police departments to implement similar processing. DPS is also exploring the feasibility of providing some additional functionality to the Juneau Police Department.

DPS completed the software necessary to automate notifying the Division of Family and Youth Services (DFYS), on a near real-time basis, when a foster parent is arrested, the respondent to a protective order, or a fugitive from justice. A two-way notification process was developed; 1) DFYS is notified when a foster parent or provisional licensee is involved in a reportable event and 2) criminal justice agencies are notified when the record subject is a foster parent or provisional licensee and asked to contact DFYS in appropriate situations.

SEX OFFENDER REGISTRY - The Sex Offender Registry was enhanced to incorporate changes made to the State statute. Modifications included providing for interim registration by local law enforcement agencies, reassessing the APSIN database to flag individuals required to register based on the new criterion offenses added to the statute, developing a mechanism to link vehicles to registered sex offenders, and indicating whether the record subject is required to register for fifteen years or life. Alaska became a participant in the national Sex Offender Registration File during this fiscal year.

DNA REGISTRANT FLAGGING - In an effort to increase the number of DNA samples collected from individuals required by state law to submit to DNA testing, DPS has initiated a project to flag these individuals' records in APSIN. This flag will be set based on criminal history record conviction information. Law enforcement will use this information to actively pursue the collection of DNA as well as an indicator to collect a DNA sample when the record subject has contact with law enforcement.

Key Performance Measures for FY2002

Measure: Increase in the number of sex offender compliance actions.

(Developed jointly with Legislature in FY2000.)

Current Status:

First quarter FY2001: 162 sex offender compliance actions were made by AST.

Benchmark:

FY1999: 554 sex offender compliance actions were made by AST.

Background and Strategies:

The Sex Offender Registry Central Registration Office (SORCR) of the Department of Public Safety/Alaska State Troopers publishes, either on cd-rom or in printed manner, an updated list of the convicted sex offenders listed in the database. This all-inclusive list is sent to every Trooper detachment and law enforcement agency in the state. Each detachment has assigned a trooper as the detachment Sex Offender Registry Coordinator. This person serves as the point of contact for the SORCR office and field enforcement officers on issues dealing with sex offender registration and compliance matters. A monthly report is generated and submitted from each detachment to the SORCR to track enforcement efforts and identify any potential enforcement problems.

The Troopers' basic enforcement strategy is to encourage all sex offenders to voluntarily comply with the applicable registration law. If total compliance were achieved voluntarily, then there would be no need for follow-up enforcement, so the number of compliance actions is a function of the compliance rate and will level off at some point, since compliance will tend to level out. Mail-out verification and random sampling will continue to be done and sent to the field for physical verifications.

Measure: Number of hunter contacts made by the division.

(Developed jointly with Legislature in FY2001.)

Current Status:

First quarter FY2001: 7,880 hunter contacts were made by FWP.

Benchmark:

FY2000: First quarter 9,196 hunter contacts were made by FWP and the full year had 19,164 hunter contacts.

Background and Strategies:

The Division of Fish and Wildlife Protection protects Alaska's wildlife resources by deterring violations or criminal activity through a combination of uniformed patrols, investigations and educational efforts. There are many difficulties associated with resource law enforcement and the Division routinely adjusts to address these challenges in the most productive manner.

Troopers devoted to wildlife law enforcement cannot provide the level of visibility in all fisheries and hunting areas needed to assure that resource users comply with Fish and Game regulations. Hunter contacts is one way to track basic deterrence which depends on a clear enforcement presence.

Carefully structured regional enforcement programs heighten presence by uniformed patrols in one area one season, but then target another area the next. Undercover operations might be selected as an enforcement strategy in one problem area, while education might be selected to focus on another area where particularly complex regulations have recently changed.

Measure: Average time required to conduct initial building plan reviews.

(Developed jointly with Legislature in FY2001.)

Current Status:

First quarter FY2001: average time required to conduct initial building plan reviews for life/safety compliance was 10.9 days.

Benchmark:

80% of all initial comment letters or permits should be to the customer within 14 calendar days after the region receives the fee.

Background and Strategies:

The Division of Fire Prevention will accomplish this performance measure by prioritizing newly received plan reviews and initiating either a comment letter requiring change, questioning the plans as they relate to the appropriate code, or providing the building permit if all code considerations are acceptable.

Measure: Number of homicides per capita per year.

(Developed jointly with Legislature in FY2001.)

Current Status:

First quarter FY2001: there were 5 homicides in AST jurisdiction.

Benchmark:

FY2000: First quarter there were 13 homicides in AST jurisdiction.

In FY2000 there were 31 homicides in AST jurisdiction which equates to 15 homicides per 100,000 people per year.

CY1999: there were 5.7 homicides per 100,000 people nationwide according to the FBI's Uniform Crime Report.

Background and Strategies:

Troopers will be measuring these on a quarterly basis using the Department of Labor population figures, comparing the current quarter to the same quarter in the previous fiscal year. The ratio per capita is based on the 1999 Department of Labor population figure of approximately 195,000 in the communities serviced by the Alaska State Troopers. Urban areas having local police departments are not included. The Division will report the actual numbers quarterly (benchmark and current year) and the per capita annually.

Although the Department of Public Safety's programs have little effect on the underlying causes of homicide, targeted involvement in the mandatory DNA sampling of those convicted of qualifying crimes increases the certainty and

rapidity of prosecution of offenders; continued public education and information campaigns increase public knowledge on avoiding victimization.

Measure: Number of rapes per capita per year.

(Developed jointly with Legislature in FY2001.)

Current Status:

First quarter FY2001: there were 57 rapes in AST jurisdiction.

Benchmark:

FY2000: First quarter there were 78 rapes in AST jurisdiction.

In FY2000, there were 289 rapes in AST jurisdiction which equates to 31 per 10,000 women per year.

CY1999: there were 3.3 rapes per 10,000 women nationwide according to the FBI's Uniform Crime Report. AST uses the same definition of "Rape" as used under the Federal Uniform Crime Report (UCR) criteria.

Background and Strategies:

Troopers will be measuring these on a quarterly basis using the Department of Labor population figures, comparing the current quarter to the same quarter in the previous fiscal year. The ratio per capita is based on the 1999 Department of Labor population figure of approximately 195,000 in the communities serviced by the Alaska State Troopers. Urban areas having local police departments are not included. This population estimate is from the 1999 annual report that reflects a statewide population figure for female inhabitants of approximately 48% of the state's total population. AST uses the same definition of "rape" as used under the Uniform Crime Report criteria. The Division will report the actual numbers quarterly (benchmark and current year) and the per capita annually. The per capita ratio is calculated using number of rapes divided by the total female population 93,600 (48%).

Although the Department of Public Safety's programs have little effect on the underlying causes of rape, targeted involvement in the mandatory DNA sampling of those convicted of qualifying crimes increases the certainty and rapidity of prosecution of offenders; continued enforcement of Sex Offender Registration laws increases public awareness and eases identification of potential repeat offenders; and continued public education and information campaigns increases public knowledge on avoiding victimization.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Increase in the number of sex offender compliance actions.		X			
• Number of hunter contacts made by the division.			X		
• Average time required to conduct initial building plan reviews.		X			
• Number of homicides per capita per year.			X		
• Number of rapes per capita per year.			X		

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures	None.											
Non-Formula Expenditures												
Fish and Wildlife Protection	14,763.3	0.0	1,441.5	16,204.8	15,234.4	0.0	1,291.2	16,525.6	17,038.8	0.0	1,141.2	18,180.0
Dalton Highway Protection	89.6	0.0	0.0	89.6	91.4	0.0	0.0	91.4	91.4	0.0	0.0	91.4
Fire Prevention	1,785.2	54.6	281.1	2,120.9	1,623.1	40.0	916.8	2,579.9	1,611.1	160.0	1,302.3	3,073.4
AK Fire Standards Council	0.0	0.0	0.0	0.0	0.5	0.0	220.0	220.5	0.0	0.0	221.5	221.5
Highway Safety Planning Agency	73.8	1,394.0	0.0	1,467.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Alaska State Troopers	8,073.1	3,189.4	872.9	12,135.4	8,155.2	4,379.2	1,049.4	13,583.8	8,576.3	4,325.6	1,047.4	13,949.3
Alaska State Trooper Detachment	32,752.3	12.4	421.5	33,186.2	33,286.7	14.0	568.3	33,869.0	36,075.3	30.0	539.2	36,644.5
Village Public Safety Officers	7,051.1	0.0	82.0	7,133.1	7,531.8	0.0	50.0	7,581.8	9,574.0	0.0	95.0	9,669.0
AK Police Standards Council	716.2	0.0	0.0	716.2	6.6	0.0	954.0	960.6	0.0	0.0	959.8	959.8
Violent Crimes Comp Board	0.0	299.7	1,039.6	1,339.3	0.0	409.5	1,172.2	1,581.7	0.0	408.4	1,170.7	1,579.1
Domestic Viol/Sexual Assault	2,854.1	2,246.8	3,246.4	8,347.3	1,237.3	2,836.0	5,059.0	9,132.3	1,238.9	3,286.2	5,665.9	10,191.0
Batterer's Intervention Program	0.0	120.0	200.0	320.0	120.0	0.0	200.0	320.0	120.0	0.0	200.0	320.0
Statewide Support	8,107.9	184.3	1,845.9	10,138.1	5,740.9	1,131.0	2,610.7	9,482.6	5,723.4	1,128.9	2,753.3	9,605.6
Laboratory Services	0.0	0.0	0.0	0.0	2,129.4	238.5	46.9	2,414.8	2,375.0	80.7	51.6	2,507.3
Facility	0.0	0.0	608.8	608.8	0.0	0.0	608.8	608.8	0.0	0.0	608.8	608.8

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Maintenance												
DPS State	0.0	0.0	0.0	0.0	88.7	0.0	0.0	88.7	113.0	0.0	0.0	113.0
Facilities Rent												
Victims for Justice	150.0	0.0	0.0	150.0	246.0	0.0	0.0	246.0	246.0	0.0	0.0	246.0
Totals	76,416.6	7,501.2	10,039.7	93,957.5	75,492.0	9,048.2	14,747.3	99,287.5	82,783.2	9,419.8	15,756.7	107,959.7

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	7,501.2	9,048.2	9,419.8
1003 General Fund Match	526.2	455.5	458.6
1004 General Fund Receipts	74,070.2	74,459.3	82,078.1
1005 General Fund/Program Receipts	1,820.2	244.7	246.5
1007 Inter-Agency Receipts	5,220.8	5,659.3	6,102.1
1024 Fish and Game Fund	1,060.7	8.3	
1050 Permanent Fund Dividend Fund	3,227.1	4,877.0	5,375.5
1053 Investment Loss Trust Fund		332.5	
1055 Inter-agency/Oil & Hazardous Waste	46.9	50.1	49.0
1108 Statutory Designated Program Receipts	484.2	858.0	754.2
1134 Fish & Game Duplicated Expenditures		989.9	848.3
1152 AK Fire Standards Council Receipts		220.0	221.5
1156 Receipt Supported Services		2,084.7	2,406.1
Totals	93,957.5	99,287.5	107,959.7

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	718	758
Permanent Part Time	22	20
Non Permanent	2	1
Totals	742	779

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Aircraft and Vessel Repair and Maintenance	1,200,000	0	0	1,200,000
Trooper Law Enforcement Equipment	350,000	0	0	350,000
Fish and Wildlife Statewide Law Enforcement Equipment Replacement	250,000	0	0	250,000
Alaska Public Safety Information Network Redesign	2,725,500	0	0	2,725,500
Fairbanks Public Safety Building Roof Replacement	770,100	0	0	770,100
Soldotna Public Safety Building Roof Repair	155,100	0	0	155,100
Crime Lab Improvement Program	209,600	1,250,000	0	1,459,600
Fish and Wildlife Enforcement Vessels Replacement	400,000	0	0	400,000
Emergency Communications: Southeast Upgrade	350,400	0	50,000	400,400
Grants to Domestic Violence Shelters	200,000	0	0	200,000
Department Total	6,610,700	1,250,000	50,000	7,910,700

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

Fish & Wildlife Protection: \$1,600.0 GF will fund 10 new Fish & Wildlife Troopers.

Fish & Wildlife Protection: \$150.0 GF will replace a \$150.0 F&G Fund shortfall.

Alaska State Troopers/AST Detachments/CIB: \$1,600.0 will fund 10 Troopers.

Alaska State Troopers/AST Detachments: \$150.0 GF will improve recruitment for both FWP and AST.

Alaska State Troopers/AST Detachments: \$838.0 GF funds 8 Constables.

Village Public Safety Officers/Contracts/Support: \$1,212.5 GF funds 20 VPSOs.

Village Public Safety Officers/Contracts: \$828.5 GF funds a 15% VPSO salary increase.

Alaska State Troopers/Search & Rescue: \$350.0 GF will address avalanche dangers.

Laboratory Services: \$250.0 GF will fill existing positions and add two new positions.

Fire Prevention: \$205.0 (Rcpt Svcs) would provide three positions: an Education Specialist to help reduce the nation's highest per capita life and property losses, a Building Plans Examiner to improve customer service during peak workloads, and a clerk to help with data collection and fiscal workload.

Fire Prevention: \$79.1 (I/A Rcpts) this RSA from the Department of Natural Resources funds a Fire Safety Specialist for the TransAlaska Pipeline.

Fire Service Training: \$95.0 (Rcpt Svcs) will fund the Fairbanks Fire Training Specialist which has been forced vacant due to budget shortages.

Fire Service Training: \$120.0 (Federal Rcpts) will eliminate the need for LB&A approval of RPLs for federal grants to provide training for first responders to terrorism.

Council on Domestic Violence & Sexual Assault: \$500.0 of felons' Permanent Fund dividends will increase victims' services by providing a trained children's advocate in 20 of these programs to address the generational cycle of abuse and violence.

Council on Domestic Violence & Sexual Assault: \$450.0 (Federal Rcpts) reflects an increase in funding from the Violence Against Women Act and will reduce the need for LB&A approval of RPLs for federal grants.

Highway Working Capital Fund vehicle costs: \$270.0 GF for increased vehicle costs in all divisions, including \$100.0 for three AST replacement vehicles.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	75,492.0	9,048.2	14,747.3	99,287.5
Adjustments which will continue current level of service:				
-Fish and Wildlife Protection	167.7	0.0	-150.0	17.7
-Fire Prevention	-13.7	0.0	6.4	-7.3
-AK Fire Standards Council	-0.5	0.0	1.5	1.0
-Alaska State Troopers	-22.9	-23.6	-0.6	-47.1
-Alaska State Trooper Detachment	67.1	16.0	-103.0	-19.9
-Village Public Safety Officers	1.2	0.0	0.0	1.2
-AK Police Standards Council	-6.6	0.0	5.8	-0.8
-Violent Crimes Comp Board	0.0	-1.1	-1.5	-2.6
-Domestic Viol/Sexual Assault	1.6	0.2	0.7	2.5
-Statewide Support	-20.7	-2.1	2.6	-20.2
-Laboratory Services	-5.3	0.0	-0.3	-5.6
-DPS State Facilities Rent	24.3	0.0	0.0	24.3
Proposed budget decreases:				
-Alaska State Troopers	0.0	-30.0	-1.4	-31.4
-Alaska State Trooper Detachment	0.0	0.0	-1.1	-1.1
-Village Public Safety Officers	0.0	0.0	-50.0	-50.0
-Laboratory Services	0.0	-157.8	0.0	-157.8
Proposed budget increases:				
-Fish and Wildlife Protection	1,636.7	0.0	0.0	1,636.7
-Fire Prevention	1.7	120.0	379.1	500.8
-Alaska State Troopers	444.0	0.0	0.0	444.0
-Alaska State Trooper Detachment	2,721.5	0.0	75.0	2,796.5
-Village Public Safety Officers	2,041.0	0.0	95.0	2,136.0
-Domestic Viol/Sexual Assault	0.0	450.0	606.2	1,056.2
-Statewide Support	3.2	0.0	140.0	143.2
-Laboratory Services	250.9	0.0	5.0	255.9
FY2002 Governor	82,783.2	9,419.8	15,756.7	107,959.7

Department of Revenue

Commissioner: Wilson Condon

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Department Mission

The mission of the Department of Revenue is to collect and invest funds for public purposes.

The department provides administrative support for the following independent boards and corporations:

- Alaska Permanent Fund Corporation
- Alaska Housing Finance Corporation
- Alaska Mental Health Trust Authority
- Alaska Municipal Bond Bank Authority
- Alaska State Pension Investment Board
- Alcoholic Beverage Control Board

Department Goals and Strategies

COMMISSIONER'S OFFICE

- To help lead the state's efforts toward commercialization of North Slope natural gas.

Lower 48 market forces of growing demand for natural gas and subsequent higher prices have increased the possibility that construction could begin in a couple of years on a gasline to bring Alaska's enormous North Slope reserves to mid-America. The state needs to respond quickly and with complete information as North Slope oil and gas producers, pipeline operators, potential investors and others review different options for commercializing Alaska's natural gas reserves. The Department of Revenue will provide the lead in the state's review of those options, with the goal of protecting Alaska's interests and ensuring a fair return to the state treasury from the public resource.

CHILD SUPPORT DIVISION

- To further reduce case backlogs at the Child Support Enforcement Division and to improve communications with parents.

The Child Support Enforcement Division has devoted much of its effort in the past three years toward improving its operations, making great strides in providing better service as evidenced by faster turnaround times for disbursing child support payments and shorter wait times for phone calls. The Division is committed to providing timely service, and its major goal for FY 2002 is to further reduce case backlogs in all of its sections and to improve telephone, mail and email communications for the almost 100,000 parents who deserve good service from the division.

PERMANENT FUND DIVIDEND DIVISION

- To increase the efficiency of the dividend review process.

The Permanent Fund Dividend Division is always looking for ways to increase its efficiency in accepting and reviewing more than 610,000 applications a year. The Division in FY 2001-2002 will concentrate on reorganizing its review and appeals sections to streamline the process.

- To encourage use of the on-line application system.

The Division took a major step when it opened its on-line application system at the end of the filing period for the 2000 dividend and expects strong growth in 2001 and subsequent years as public acceptance of the new system grows.

Increased use of the on-line application process will reduce the division's operating costs by replacing paperwork with paperless electronic data.

TREASURY DIVISION

- To meet or exceed investment benchmarks.

The Treasury Division will continue to work toward meeting or exceeding the investment benchmarks for public employee retirement funds, the Constitutional Budget Reserve Fund, state general fund and other funds and trust accounts managed by the Department of Revenue. Strategies for FY2002 include adding a securities lending program and increasing in-house monitoring.

- To improve operations of the Unclaimed Property Section.

The Department of Revenue will transfer its Unclaimed Property Section from the Tax Division to the Treasury Division on Jan. 1, 2001. The Unclaimed Property Section will mesh well with the Treasury Division, where the accountants, cash managers and investment staff can assist unclaimed property staff in tracking and managing the several million dollars a year of cash, stocks, bonds and other assets turned over to the state by financial institutions. With an additional employee proposed for FY 2002, the Treasury Division will locate more rightful owners of the property and increase revenue to the state by working with financial institutions nationwide to ensure that Alaska receives its fair share of unclaimed property.

ALASKA MUNICIPAL BOND BANK AUTHORITY

- To help communities reduce the cost of borrowing.

Fiscal 2001 will be one of the Alaska Municipal Bond Bank Authority's busiest years, as measured by its lending activity. The Bond Bank will continue to inform communities of opportunities to reduce their cost of borrowing for local projects. The Bond Bank also will review its debt portfolio to determine if any outstanding municipal bond issues can be refinanced at a savings under current market conditions.

ALCOHOLIC BEVERAGE CONTROL BOARD

- To make it easier for licensees to apply and pay their fees.

A major goal of the Alcoholic Beverage Control Board for FY 2001-2002 is to utilize the Internet for accepting liquor license renewals, catering permits and license transfers, and to accept payments by credit card.

Key Department Issues for FY2001 – 2002

CHILD SUPPORT DIVISION

- The Child Support Division must achieve federal certification of modifications to its case accounting and payment distribution system to meet the latest round of federal welfare reform requirements. The Division expects to obtain federal certification in calendar 2001. Federal funding will cover about 90% of the cost of necessary improvements.

PERMANENT FUND DIVIDEND DIVISION

- The public experienced long delays and problems contacting the Division's information offices during the fall 2000 dividend distribution period. The division will look for solutions to its outdated telephone system, and will adjust staffing schedules to improve its response time in 2001. Promoting increased use by dividend applicants of the new on-line application system will help reduce calls to the Division.
- The Division in the fall of 2000 conducted its first-ever random audit of dividend applications to verify the information supplied by applicants and to ensure that adequate controls are in place to protect the integrity of the

program. The Division has decided to include an audit program as part of its ongoing operations by committing staff time to reviewing randomly selected applications. By combining its existing review and appeals staff for greater efficiency, the Division will be able to operate the audit program without any additional staff.

TAX DIVISION

- Having almost completed its implementation of paperless filing for oil and gas production taxes, the Tax Division is moving ahead with its pilot project to accept excise tax returns via electronic filing. The Alaska Salmon Price Report and motor fuel taxes have been selected as the first two programs for the FY 2001 pilot project. This is the start of the Division's switch to paperless filing for the largest taxpayers, while also offering electronic filing as an option for even the smallest taxpayer.
- The Tax Division faces a major challenge in FY 2001-2002 as Prudhoe Bay producers have contested the state's property tax assessment of oil and gas production facilities at North America's largest oil field. The Tax Division's primary goal in FY 2001-2002 is to effectively represent the state's interests in the property tax valuation.
- The Division continues to resolve old cases of disputed taxes, closing out several cases in FY 2000-2001. The Division will continue with this effort in FY 2002.
- The Division has been studying the problem of Alaskans evading the state tobacco tax by importing untaxed cigarettes into the state through mail-order and Internet sales. The division is investigating a legislative solution to the problem by requiring tax stamps on all packages of cigarettes sold in Alaska. At a small cost to the state - perhaps \$100,000 a year - the division believes Alaska could prevent the loss of more than \$1 million a year in cigarette taxes.

TREASURY DIVISION

- The Alaska State Pension Investment Board is well aware of public employee and retiree expectations created by the above-average returns on retirement funds from the unprecedented five-year bull market. The board and staff will have to closely monitor the performance of the state's money managers during a time of increasing volatility of financial markets and consolidations in the asset-management industry, while explaining market conditions to constituents.

ALASKA HOUSING FINANCE CORPORATION

- The Alaska Housing Finance Corporation is committed to offering consumers timely service and will continue working with financial institutions toward that goal. One way to do that is to further reduce the amount of documentation and streamline procedures for loan commitments, while working toward accepting loan files electronically.
- The promotion of energy-efficient housing is a key component of Alaska Housing's responsibilities, and a quality energy-rating program is essential to its success. To protect the program's integrity, the corporation will ensure that builders and energy raters receive adequate training.
- The shortage of safe and affordable housing for Alaska's growing senior citizen population is a major concern for the Alaska Housing Finance Corporation, which continues to work with developers, contractors and nonprofit agencies statewide to address the problem.

Major Department Accomplishments in 2000

CHILD SUPPORT DIVISION

- The Child Support Division in FY 2000 achieved full federal certification of its computerized case management system for meeting all of the requirements of the federal Family Support Act.
- The Division collected more than \$85 million in child support payments in FY 2000, another record year for the agency. That was a 5% increase over the \$81 million in collections in FY 1999.
- The Division set a goal for FY 2000-2001 of eliminating its longstanding backlog of cases waiting for adjustments in the accounting section. The Division started the project in October 1999 with 6,500 cases in its backlog, and had reduced that number to 2,800 as of October 2000.
- In a new cooperative program with law enforcement agencies, the Division in FY 2000 collected more than \$100,000 from property seized during the arrest of criminal suspects.

TAX DIVISION

- The Department of Revenue successfully merged its Oil and Gas Division and Income and Excise Tax Division into a combined Tax Division effective April 1, 2000. The merger resulted in small cost savings but greatly improved workflow, and allowed better allocation of professional staff as needed during the tax year.
- The Tax Division in FY 2000 started a major revision to its twice-yearly state revenue forecasts, designed to provide expanded information on the state's investment earnings and sources of income other than oil and gas revenues. The revised forecast books also provide a more detailed explanation of the state's fiscal situation, including the Constitutional Budget Reserve and investment strategies and risks.

PERMANENT FUND CORPORATION

- The Permanent Fund Corporation was successful in managing the fund's investments in FY 2000, producing more than \$2.2 billion in net income for the fund - which totaled \$28.1 billion as of June 30, 2000.
- The Permanent Fund achieved a real total rate of return (after inflation) of 6.99% in FY 2000, substantially above the corporation's 4% long-term target.

ALCOHOLIC BEVERAGE CONTROL BOARD

- The Alcoholic Beverage Control Board opened a Southeast field office in Juneau, establishing a presence in Southeast for the first time since the 1980s.

ALASKA MENTAL HEALTH TRUST AUTHORITY

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

ALASKA HOUSING FINANCE CORPORATION

- The Alaska Housing Finance Corporation received a 100% score on the U.S. Department of Housing and Urban Development's Public Housing Management Assessment Program in 2000. It was the fourth year in a row that Alaska Housing had achieved a 100% score. The program measures performance in several management areas, including vacancy rates and turnaround times to fill vacant units, rent collections, financial management and resident programs.

- Alaska Housing purchased 2,205 new tax-exempt, first-time homebuyer loans totaling \$229 million in FY 2000, a 21% increase over the previous year.
- Alaska Housing purchased 76 multifamily housing loans totaling \$54.5 million in FY 2000, a 57% increase over the previous year.

Key Performance Measures for FY2002

Measure: The Child Support Division will track the percentage of cases with support orders.
(Added by Legislature in FY2000 version.)

Current Status:

As of Oct. 31, 2000, there were support orders for almost 80% of the Division's cases, an increase from 75% of cases with orders as of Oct. 31, 1999.

Benchmark:

Per the FFY 99 (period ending 9/30/99) Federal Office of Child Support Enforcement Preliminary Data Report, the national rate for the measure was 60.35%.

Background and Strategies:

Continue to streamline and automate the establishment process.

Measure: The Permanent Fund Dividend Division will increase to 70% the number of Alaskans who select direct deposit for their check.
(Not yet addressed by Legislature.)

Current Status:

The public's use of direct deposit for their Permanent Fund Dividends has increased steadily over the years. In 2000, 67% of recipients used direct deposit.

Benchmark:

In 1998 59% of Permanent Fund Dividend recipients used direct deposit and in 1999 63% used direct deposit.

Background and Strategies:

The use of direct deposit helps reduce the division's operating costs, while at the same time getting the money to Alaskans faster.

Measure: The Tax Division will receive 100% of oil and gas production taxpayers' monthly reports on CD disks by Feb. 28, 2001.
(Not yet addressed by Legislature.)

Current Status:

The Tax Division expects all oil and gas production taxpayers to begin filing electronically by the Feb. 28, 2001 due date for the companies' January 2001 reports.

Benchmark:

At this time, the January 2001 reports haven't been received, so it is too soon to measure.

Background and Strategies:

To continue to improve services and efficiencies through the use of technology.

Measure: At least 10% of calendar 2001 taxpayers for one type of excise tax will participate in an electronic filing project.

(Not yet addressed by Legislature.)

Current Status:

The Tax Division has selected the Alaska Salmon Price Report and the Motor Fuel taxes as the first two programs to move onto the Internet.

Benchmark:

At this time, the 2001 taxpayer reports haven't been received, so it is too soon to measure.

Background and Strategies:

To continue to improve services and efficiencies through the use of technology.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> The Child Support Division will track the percentage of its cases with support orders. The Permanent Fund Dividend Division will increase to 70% the number of Alaskans who select direct deposit for their check. The Tax Division will receive 100% of oil and gas production taxpayers' monthly reports on CD disks by Feb. 28, 2001. At least 10% of calendar 2001 taxpayers for one type of excise tax will participate in an electronic filing project. 		X			
		X			
			X		
		X			

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Child Support Enforcement	2,956.1	13,678.1	36.8	16,671.0	3,193.3	15,204.7	0.0	18,398.0	3,047.6	15,027.6	0.0	18,075.2
Alcohol Beverage Control Board	630.4	0.0	84.0	714.4	698.5	0.0	0.0	698.5	696.0	0.0	0.0	696.0
Municipal Bond Bank Authority	0.0	0.0	461.1	461.1	0.0	0.0	463.7	463.7	0.0	0.0	521.2	521.2
Permanent Fund Corporation	0.0	0.0	6,359.9	6,359.9	0.0	0.0	8,148.6	8,148.6	0.0	0.0	7,703.0	7,703.0
PFC Custody and Management Fees	0.0	0.0	37,094.9	37,094.9	0.0	0.0	47,585.8	47,585.8	0.0	0.0	47,585.8	47,585.8
Alaska Housing Finance Corp	0.0	17,657.6	18,321.6	35,979.2	0.0	18,866.1	18,130.8	36,996.9	0.0	20,218.6	19,296.3	39,514.9
Mental Health Trust Authority	0.0	0.0	787.8	787.8	0.0	0.0	940.2	940.2	0.0	0.0	961.3	961.3
Revenue Operations Administration and Support	7,456.8	0.0	32,127.7	39,584.5	7,750.7	0.0	34,777.5	42,528.2	7,691.6	0.0	39,277.5	46,969.1
Permanent Fund Dividend	557.6	716.3	607.1	1,881.0	727.6	743.7	1,219.8	2,691.1	724.7	780.5	1,177.2	2,682.4
	0.0	0.0	4,773.3	4,773.3	0.0	0.0	5,031.7	5,031.7	0.0	0.0	5,021.2	5,021.2
Totals	11,600.9	32,052.0	100,654.2	144,307.1	12,370.1	34,814.5	116,298.1	163,482.7	12,159.9	36,026.7	121,543.5	169,730.1

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1001 Constitutional Budget Reserve Fund		125.0	125.0
1002 Federal Receipts	28,506.8	31,216.1	32,407.2
1004 General Fund Receipts	7,379.3	7,646.8	7,561.4
1005 General Fund/Program Receipts	4,204.3	4,466.6	4,455.9
1007 Inter-Agency Receipts	3,859.1	3,033.9	3,013.8
1011 Alaska Advance College Tuition Payment Fund	19.2	28.5	28.5
1016 Federal Incentive Payments	2,500.0	2,553.0	2,537.9
1017 Benefits Systems Receipts	91.5	99.0	99.0
1027 International Airport Revenue Fund	31.1	31.3	31.6
1029 Public Employees Retirement Fund	19,692.3	21,096.7	23,936.7
1034 Teachers Retirement System Fund	10,180.3	10,955.6	12,505.6
1042 Judicial Retirement System	140.9	193.4	268.4
1045 National Guard Retirement System	24.1	64.4	99.4
1046 Student Revolving Loan Fund	22.2	22.2	22.5
1050 Permanent Fund Dividend Fund	4,733.1	4,979.7	4,989.2
1053 Investment Loss Trust Fund	17.3	131.7	17.6
1061 Capital Improvement Project Receipts	1,217.5	1,470.0	1,513.8
1066 Public School Fund	67.7	154.0	154.6
1089 Power Cost Equalization Fund		23.0	86.1
1094 Mental Health Trust Administration	787.8	940.2	961.3
1098 Children's Trust Fund Earnings	34.0	42.5	43.2
1103 Alaska Housing Finance Corporation Receipts	15,604.1	16,180.5	17,195.2
1104 Alaska Municipal Bond Bank Receipts	461.1	463.7	521.2
1105 Alaska Permanent Fund Corporation Receipts	43,688.2	55,972.2	55,525.9
1108 Statutory Designated Program Receipts		494.5	494.3
1133 Indirect Cost Reimbursement	1,045.2	1,045.4	1,081.6
1142 Retiree Health Ins Fund/Major Medical		19.7	19.9
1143 Retiree Health Ins Fund/Long-Term Care Fund		33.1	33.3
Totals	144,307.1	163,482.7	169,730.1

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	800	810
Permanent Part Time	26	25
Non Permanent	55	57
Totals	881	892

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Child Support Enforcement Caseload Management System Modification Project	1,020,000	1,980,000	0	3,000,000
Permanent Fund Dividend Appeals Process Streamlining	0	0	125,000	125,000
AHFC Supplemental Housing Development Program	0	0	6,000,000	6,000,000
AHFC Low Income Weatherization	0	1,400,000	4,000,000	5,400,000
AHFC Paxton Manor Replacement (Sitka)	0	0	2,401,000	2,401,000
AHFC Chugach View Renovation - Phase 2 (Anchorage Senior Units)	0	2,000,000	2,697,000	4,697,000
AHFC Senior Citizens Housing Development Program	0	0	1,472,200	1,472,200
AHFC Senior and Statewide Deferred Maintenance and Renovation	0	500,000	2,000,000	2,500,000
AHFC Housing and Urban Development Capital Fund Program	0	3,500,000	0	3,500,000
AHFC Housing and Urban Development Federal HOME Grant	0	3,050,000	750,000	3,800,000
AHFC Federal and Other Competitive Grants	0	3,000,000	1,250,000	4,250,000
AHFC Competitive Grants for Public Housing	0	750,000	250,000	1,000,000
AHFC Energy Efficiency Monitoring Research	0	0	300,000	300,000
AHFC State Energy Program Special Projects	0	150,000	30,000	180,000
AHFC Homeless Assistance Program	0	0	450,000	450,000
AHFC Beneficiary and Special Needs Housing	0	0	1,500,000	1,500,000
Department Total	1,020,000	16,330,000	23,225,200	40,575,200

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

Child Support Enforcement:

- Federal funding increment of \$277.8, of which \$188.1 is a pass-through to the Alaska State Court System for reimbursement of System Costs Title IV-D expenditures, to assist litigants involved in family proceedings. The remaining \$89.7 will be used to improve the automated child support phone system (KIDS System) used by clients to obtain case payment history and leave caseworker messages.
- Federal funding pass-through increment of \$59.3 to the Alaska State Court System for the Access and Visitation grant increase. (facilitate non-custodial parent access to their children).
- One-time-item decrease of FY 2000/2001 supplemental funding that had been provided to reduce case backlogs, GFPR (\$138.7) Fed. (\$446.1). Funding lapses 6/30/01.

Alaska Mental Health Trust Authority:

- Increment to fund two part-time temporary intern positions and increase in rural travel \$23.8, Mental Health Trust funding.

Treasury:

- Increment of \$63.7 for additional Accountant IV to keep pace with increasing fiduciary demands of handling more money, more funds, and more investment account options, \$16.4 GF and \$47.3 other funds.
- Increment for additional Accountant/Auditor in the Unclaimed Property Unit, \$65.0 GFPR. This position will help locate more rightful owners of unclaimed property and increase revenue to the State by working with financial institutions nationwide. In addition, it will be responsible for developing and administering the Unclaimed Property holder's compliance program.
- The Unclaimed Property Section will be transferred from the Tax Division to the Treasury Division on January 1, 2001. The composition of the Treasury Division, with its accountants, cash managers and investment staff, is more conducive to the function of the Unclaimed Property Section. Transfer in from Tax Division \$161.4, GF/PR.
- Increase to cover the investment management costs Treasury will incur in managing the Power Cost Equalization Endowment Fund (HB 446). The fiscal note that passed during the 2000 legislative session assumed a smaller endowment than what eventually passed in the final bill. PCE fund, \$62.5.
- HB 281, decrease of (\$50.0) in GF for a one-time-item related to Bonds: Public Schools, University, Harbors, & Buildings.

Alaska State Pension Investment Board (ASPID):

- Increment of \$4,500.0 in Retirement Funding to pay for increased custody and management fees. The request is market driven.

Permanent Fund Dividend Division:

- Funding source switch, IA receipts to PFD funding to replace loss of funding from the Division of Elections (HB 163) for printing the voter registration forms in the annual permanent fund dividend booklet, IA (\$20.0) PFD \$20.0.

Tax Division:

- HB 363, decrease of (\$23.5) GF for one-time-items related to the Alaska Salmon Reports. Contracting out for database development and initial equipment costs are being deleted.
- The Unclaimed Property Section will be transferred to the Treasury Division on January 1, 2001. This transfer is being reflected in the FY 2002 budget. GFPR (\$161.4).

- Reduction for one-time-item Property Tax Valuation supplemental. GF (\$150.0).

Alaska Housing Finance Corporation:

- Salary schedule restructuring to attract and retain quality employees, \$357.2. AHFC receipts \$192.5, Fed. \$135.5, CIP 29.2.
- Increase in Conventional Low Rent Program (maintenance/utilities AHFC properties). Fed. \$724.4.
- Increase to administer 370 new Section 8 vouchers, 3 PFT positions. Fed. \$300.0.
- Increase for compliance monitoring mandated by the IRS, 2 PFT positions in Internal Audit department for tax credit program audit. AHFC rec. \$129.0.
- Increase for fixed costs, building insurance, office rental costs and computer/software maintenance, \$370.1. AHFC receipts \$251.4, Fed. \$118.7.
- Increase of \$462.0 in AHFC receipts due to transferring the following three programs from AHFC's capital budget: Builder and Rater Education Program \$200.0, Rural Alaska Sanitation Task Force support \$87.0, and Association of Alaska Housing Authority support grant, \$175.0.

Permanent Fund Corporation:

- Decrement due to information technology consulting services being reduced, reduced cost of investment analytical services and software as well as ceasing use of Reuters for news and market data, PFD receipts (\$447.9).

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	12,370.1	34,814.5	116,298.1	163,482.7
Adjustments which will continue current level of service:				
-Child Support Enforcement	-145.7	-514.2	0.0	-659.9
-Alcohol Beverage Control Board	-2.5	0.0	0.0	-2.5
-Municipal Bond Bank Authority	0.0	0.0	-0.5	-0.5
-Permanent Fund Corporation	0.0	0.0	2.3	2.3
-Alaska Housing Finance Corp	0.0	73.9	101.4	175.3
-Mental Health Trust Authority	0.0	0.0	-2.7	-2.7
-Revenue Operations	-140.8	0.0	-109.5	-250.3
-Administration and Support	-2.9	36.8	-42.6	-8.7
-Permanent Fund Dividend	0.0	0.0	-10.5	-10.5
Proposed budget decreases:				
-Permanent Fund Corporation	0.0	0.0	-447.9	-447.9
Proposed budget increases:				
-Child Support Enforcement	0.0	337.1	0.0	337.1
-Municipal Bond Bank Authority	0.0	0.0	58.0	58.0
-Alaska Housing Finance Corp	0.0	1,278.6	1,064.1	2,342.7
-Mental Health Trust Authority	0.0	0.0	23.8	23.8
-Revenue Operations	81.7	0.0	4,609.5	4,691.2
FY2002 Governor	12,159.9	36,026.7	121,543.5	169,730.1

Department of Transportation/Public Facilities

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Department Mission

To improve the quality of life for Alaskans by cost effectively providing, operating and maintaining safe, environmentally sound and reliable transportation systems and public facilities.

Department Goals and Strategies

- 1 Improve the way Alaska builds and maintains its transportation system, with a significant commitment to public participation in development of the State Transportation Improvement Program (STIP) and capital budget.
 - Bring Alaska's portion of the National Highway System up to first class standards.
 - Competitively select community transportation projects on a statewide needs basis through an objective system which stresses community participation in development and maintenance.
 - Evaluate new transportation segments that might support significant economic development.
 - Incorporate trails, recreational facilities, scenic enhancements and visitor services in our transportation program.

- 2 Protect Alaska's investment in infrastructure by maintaining and operating over 13,000 lane miles of state roads, almost 700 buildings, 261 rural airports and 76 ports and harbors.
 - Invest federal construction funds in projects that reduce maintenance costs.
 - Use regional maintenance equipment pools, directed to the highest need, to reduce the number of maintenance vehicles.
 - Implement a management structure which will identify and transfer cost saving maintenance techniques to other regions.
 - Encourage local governments to assume ownership of local facilities.
 - Work toward implementing a stable funding base for operation, maintenance and improvements of facilities.

- 3 Operate the Alaska Marine Highway System to meet the surface transportation needs of Southeast, Southwest and Southcentral Alaska communities.
 - Refurbish and maintain vessels to allow for continued operation.
 - Reduce financial losses for vessel services that are not required for safety reasons.
 - Work with communities to promote system use.
 - Develop and implement regional plans which increase efficiency while improving services to the public.

- 4 Maintain, operate and promote Anchorage and Fairbanks International Airports, which are vital to the state's economy.
 - Maintain and construct infrastructure to give Alaska a competitive market advantage, especially for international and domestic cargo traffic and tourism.
 - Maintain and construct infrastructure to meet both required safety standards and capacity demands.
 - Promote passenger service between Alaska and international destinations.
 - Provide facilities that support efficient operations and continued economic growth.

Key Department Issues for FY2001 – 2002

Departmentwide:

Two years ago the Transportation Equity Act for the 21st Century (TEA-21) was enacted which lays out transportation entitlement funding for 6 years. Alaska's level of basic entitlements will grow from the previous Act's \$200 million to over \$300 million during those years. In addition, various discretionary funds were created in which Alaska can request participation including ferry, border crossing, public lands and bridge and corridor funding. These additional federal funds must be matched with more state funds. The Airport Improvement Program under the Federal Aviation Administration (FAA) was reauthorized last spring. The new AIP includes a growth of state entitlement funding from

\$90 to \$145 million. Other changes being implemented by the FAA include a requirement that 90% of all projects over 4 years of age must be completed or future funding will be withheld, and a requirement that 10% of all eligible reimbursements will be withheld until a project is financially completed.

Maintenance and Operations:

The State Equipment Fleet (SEF) operates 44 shops and has more than 150 employees that provide general and preventative maintenance and all parts supply. There are approximately 7,600 vehicles accounted for in the fleet information system, with 4,800 vehicles comprised of light duty, heavy duty and attachments under SEF management. The Department has under contract a private fleet management consulting firm that is doing a broad review and a detailed performance and productivity evaluation of the delivery of fleet services. By the first of January 2001, an in-depth status report on the management and maintenance of the State's fleet and prioritized list of changes that need to be made will be available from the contractor.

Measurement Standards and Commercial Vehicle Enforcement:

The department has received Federal Highway Administration funding to develop intelligent transportation systems for commercial vehicle operations (ITS/CVO). The ITS/CVO program is focused on the use of technology to streamline state regulatory, enforcement and motor carrier practices increasing levels of safety and productivity for both states and carriers. A business plan has been developed and has been approved by the Federal Motor Carrier Safety Administration. Funding has been identified for bringing commercial vehicle safety information to commercial vehicle inspectors at the roadside, developing a system to enable motor carriers to submit applications for oversize and overweight permits electronically, and installing weigh in motion systems at the Glenn Outbound and Potter Weigh/Inspection Stations.

Alaska Marine Highway System:

Inadequate general fund revenues to support the AMHS have caused rapid depletion of the Marine Highway Fund. The recent fire and lay-up of the Columbia exacerbated this situation. The Department is taking a more aggressive approach towards revenue generation to support the system. An independent marketing and fee study was completed that identified 80,000 potential customers available to the AMHS. Recommendations in the study will be analyzed and implemented where possible. Web based ticket procurement will be further refined during this fiscal year. The preliminary steps towards implementation of the Southeast Transportation Plan are underway which will eventually result in greater efficiency and reduced costs.

International Airport System:

The "Gateway Alaska" project at the Ted Stevens Anchorage International Airport is underway. It is a revitalization program to bring inadequate and aged facilities up to today's requirements and prepare for the future. The airport terminal expansion project is critical to providing the capacity to meet these demands. Of significant statewide importance, the Gateway Alaska initiative includes the airport terminal project and infrastructure improvements on roads leading to the airport. The system will focus on its cargo marketing effort to maintain and enhance international cargo business.

Major Department Accomplishments in 2000

- Successfully tested, converted and upgraded computer systems and avoided significant difficulties related to Y2K.
- Attained an overall cargo growth at the Ted Stevens Anchorage International Airport of 12.7%.
- Opened a new upper ramp and inbound lanes on June 17 as part of the Gateway Alaska redevelopment project at the Ted Stevens Anchorage International Airport.
- Contracted \$42.9 million in International Airport Revenue Fund, general fund, and reimbursable projects.
- Completed construction of the Whittier Access Tunnel and opened it to traffic in June 2000.
- Increased safety awareness in construction work zones by implementing double fines in construction zones and using speed monitoring displays.
- Completed reconstruction of the Parks Highway from the Glenn Highway to Church Street, including an interchange at Trunk Road, which is the first phase of the \$87 million program to widen and improve the Parks Highway from the Glenn Highway through the City of Wasilla.
- Completed reconstruction of the Glenn Highway from MP 55-61 Moose Creek to Sutton and the Sterling Highway from MP37-45 Seward "Y" to Kenai Lake.
- Completed \$16.5 million in runway, taxiway, lighting, environmental and safety improvements at the Fairbanks International Airport, Deadhorse Airport and Birch Creek Airport.

- The Design and Engineering Services Division delivered a comprehensive program of bid ready designs and contract documents for projects across the state. The Division's performance placed the Department in a position to receive an additional \$1.5 million in funding from the Federal Highway Administration.
- Applied chip seal, hot mix, or high float asphalt to 163.7 lane miles of non-NHS road.
- Continued daily ferry service connecting the cities of Juneau, Haines, and Skagway with revenues nearly matching the cost of operation.
- Continued cross-Gulf ferry service, both in summer and in January, with a high level of public acceptance and strong revenues, despite unpredictable weather.
- Established a computer network aboard all AMHS vessels and successfully connected with each vessel via email and a wireless bridge setup at each terminal.
- Implemented an internet reservations process for ferry reservations.
- Received the Federal Motor Carrier Office approval of the Department's Intelligent Transportation System for Commercial Vehicle Operations (ITS/CVO) business plan. This plan establishes the blueprint for Alaska's participation in the USDOT ITS/CVO initiatives.
- Progressed on implementing the Southeast Transportation Plan

Key Performance Measures for FY2002

Measure: The total construction cost of the annual highway and aviation programs should be within 5% of the contract bid amount.

(Not yet addressed by Legislature.)

Current Status:

Out of a representative random sample of 55 projects completed in FY00, the total percentage change from contract bid to completion was approximately 7%.

Benchmark:

No benchmark is known. A review of other states will be conducted to determine if similar information is collected and used for management purposes. The department experienced the same 7% variance when reviewing a random sample of projects completed in FY98-99.

Background and Strategies:

Currently, the department is working on over 519 active construction projects that span several construction seasons. Significant to the cost of urban projects are traffic maintenance costs necessary for a project to have a minimal impact on the travelling public during construction, and safety, pedestrian, and environmental considerations. Scope changes during construction are rare, and are undertaken only where there is a substantial advantage to the public, the potential of a significant lost opportunity, a safety consideration and/or a major environmental issue.

Contracts allow specific relief for changed conditions that could not be foreseen, forces of nature, and/or unusually severe weather. Due to these factors, specific projects will occasionally have cost overruns. To decrease contract overruns, some combination of the following is necessary: improve estimating quantities in bid documents, make fewer field changes that increase quantities or cost, or decline performing extra work requested by others (e.g., local governments, other agencies).

It is also important to note that because large-dollar projects generally take longer to build and usually have more significant environmental and community impacts than the majority of federal-aid highway projects, they have greater potential to experience substantial cost increases and lengthy construction delays. The Public Facilities Branch typically provides design and construction administration services for other state client agencies. During the course of construction these client agencies may direct additional work be performed, making the stated performance measure out of the control of Department personnel.

Measure: Complete preliminary and final design on projects within 10% of the budget in the Department's current year planning documents.

(Not yet addressed by Legislature.)

Current Status:

After a year of review, the Division of Design and Engineering Services realizes that the response to this performance measure is more complicated than originally anticipated. Criteria for the data that is to be used and procedures for its compilation must be established in Department procedures. The Division will develop and implement the processes needed to properly report on this measure within the Department's current resources.

Benchmark:

We are not aware of any state comparable benchmarks that are available.

Background and Strategies:

The Division of Statewide Design and Engineering Services participates in the development of the Department's planning documents to ensure that the resulting scope, schedule and budget are consistent with good engineering practices and are practical to implement. The Department will develop and implement management reporting systems for projects so that we improve the coordination of resources, priorities, cost, scope and standards by providing better information on projects as they are developed. Better development of an initial project scope will lead to better budget performance once a project is in design.

The Division continues to refine the estimates used in the planning phase of project development through use of scope, schedule and budget estimating procedures. These estimates are initially prepared by the Department's planning staff, but must be approved by the Design and Engineering Services Division. This input early in the project development process will lead to better estimates.

Measure: The percentage of highway and airport lane miles per full-time-equivalent employee compared to the average of member states of the Western Association of State Highway and Transportation Officials.

(Developed jointly with Legislature in FY2001.)

Current Status:

Northern Region Maintenance and Operations, Highways and Aviation maintains highway and airport lane miles with 42.1 lane miles per full time equivalent position. Southeast Region averages 35.3 highway and airport lane miles per full time equivalent. And, Central Region M&O maintains highway and airport lane miles with an average of 37.0 lane-miles per FTE position.

Benchmark:

Thirteen states average 21.7 lane miles per full time equivalent position based upon the 1993 Washington State report titled Maintenance, Management, and Administration Evaluation Report. Through a recent informal review of WASHTO states, the average lane miles per FTE for those states that responded are as follows:

Arizona	27.61
California	8.80
Colorado	18.66
Hawaii	7.23
Idaho	29.00
Nevada	38.18
Oklahoma	28.90
Texas	28.50

WASHTO Average 23.28

Background and Strategies:

At the current levels of lane miles per full-time-equivalent, the Department is not able to provide an adequate level of service. There is a long list of "deferred maintenance" work - jobs that have not been completed due to lack of personnel and other resources. Staff are required to concentrate on critical needs, such as snow removal, rock slides, flooding, and erosion of roadbeds, and are able to devote less attention to preventive maintenance, such as

crack sealing, ditching, and brush cutting. Work on priority maintenance items is scheduled when time and resources permit, and federal funds are used to improve the transportation infrastructure to minimize future maintenance needs.

The Department plans to implement an Alaskan maintenance management system that will establish specific maintenance criteria (roadway surface, drainage, snow & ice control, traffic services, etc.) with defined service levels and associated cost to identify to the public and legislature meaningful performance measures. Use of the maintenance management system will identify specific maintenance areas (e.g., guardrail repair, brush cutting, etc.) lacking in necessary resources. To reduce the average lane miles per employee, lane miles could be transferred to communities, develop new funding sources, or encourage FHWA to make eligible more maintenance items under the federal aid highway program. The Department will continue to investigate and implement means to increase efficiency and to better manage maintenance efforts through technology and better use of resources.

Measure: The percentage of federal highway funds obligated in the previous federal fiscal year.

(Developed jointly with Legislature in FY2001.)

Current Status:

100% of highway funds from federal fiscal year 2000 were obligated. The Division's performance placed the Department in a position to receive an additional \$1.5 million in funding from the Federal Highway Administration. The additional funds were available because other states were not as well prepared and were unable to obligate their full allocation of federal-aid.

Benchmark:

None.

Background and Strategies:

The Division strives to obligate all federal funds that are available to the state for highway projects. The staff continue to work diligently on that front, reporting regularly on their projects to the Division management, and through a computerized management reporting system.

Measure: Commercial vehicle safety inspections per full-time equivalent employee of the division.

(Developed jointly with Legislature in FY2001.)

Current Status:

During FY2000, actual performance was 145.54 inspections per full-time-equivalent employee of the division compared to 109.81 per full-time-equivalent employee in FY99. The Division completed 4,512 inspections during FY2000. From 7/1/00 through 10/15/00, the division has completed 1,511 inspections.

Benchmark:

To date, there is no established national standard for this performance measure, although, the Department's goal is to reach 5,000 inspections per year.

Background and Strategies:

The division anticipates further efficiencies through streamlining the inspection process by implementing electronic inspection reporting at the field level. Two laptops were deployed in September to test this new electronic reporting system. During FY00 31 employees were trained in the North American Standards driver/vehicle safety inspection training and 27 employees attended training for Cargo Tank and Hazardous Materials. This training was conducted over an eight to ten week period covering Alaska statewide and included local police departments and State Troopers.

Measure: The Marine Highway revenue per rider mile divided by the operation costs per rider mile.

(Developed jointly with Legislature in FY2001.)

Current Status:

The ratio of revenue per rider mile to cost per rider mile for FY 00 was .51. This was obtained by dividing the revenue per rider mile of \$.62 by the cost per rider mile that was \$1.22. The revenue figure represents total system generated revenue including passengers, vehicles, cabins, and other revenues.

Benchmark:

The Washington State Ferry System reports a ratio of .60. The British Columbia Ferry Corporation reports a ratio of .81. Their cost per rider mile is about the same as the Alaska Marine Highway System's, but their revenue per mile is much higher because they adjust their tariffs to reflect increased expenditures.

Background and Strategies:

The Alaska Marine Highway System ratio is comparable to the other ferry systems, other than the lower revenue per rider mile when compared to the British Columbia system. Even though the AMHS's revenue per rider mile has increased slightly over the past few years, it has not increased significantly because tariffs have not been adjusted substantially since 1992. This performance measure is influenced by several variables, i.e., seasonal demand, service routes, number of voyages per week between ports and the fluctuation in fuel prices. In FY00, fuel prices increased 50% driving the cost per rider mile up 17%. We are planning to raise fares in FY01, which will increase this ratio by generating additional revenue.

Measure: The total Marine Highway ridership, including passengers and vehicles, compared to the five-year ridership average.

(Developed jointly with Legislature in FY2001.)

Current Status:

The total Marine Highway ridership, including passengers and vehicles, compared to the five-year ridership average.

Benchmark:

There is no good benchmark for this performance measure other than the 5-year average. Both the BC Ferries and Washington State Ferries carry substantially more passengers and vehicles, but both are short haul and commuter type systems.

Background and Strategies:

The Alaska Marine Highway System brought a ninth vessel on line and introduced cross Gulf service in FY1999. This measure is a comparison of ridership with a nine vs. eight-vessel fleet. With the establishment of active marketing by the new AMHS marketing manager hired in FY2001, increased ridership of 3% per year is the Alaska Marine Highway System's goal.

Measure: Reduce the number of International Airports airfield deficiencies in the next fiscal year to zero major discrepancies and less than 25 minor discrepancies.

(Revised from Legislature's FY2001 version.)

Current Status:

Historically, Ted Stevens Anchorage International Airport (AIA) receives approximately 50 annual discrepancies and Fairbanks International Airport (FIA) receives less than three, including numerous minor deviations from FAA standards.

Benchmark:

There is no established standard or quantitative measure for FAA certification inspections. Both airports attempt to provide the safest, most efficient service to airlines and the traveling public.

Background and Strategies:

The International Airports are inspected at least annually by the FAA to ensure safe and standard airfield operations and compliance with its FAR 139 certification requirements. These inspections cover a broad range of areas including Airport Rescue and Firefighting (ARFF), safety, lighting, markings, runway incursions (interference with aircraft during takeoff and landing) and a number of other operating standards.

The Airports' goal is to improve compliance with the FAA's FAR 139 program. This can be achieved by the proper identification of deficiencies by maintenance, operations, and safety personnel. This information, in turn, must be detailed into a maintenance management program with all maintenance and training actions completed prior to annual inspections by the FAA.

These inspections note deficiencies for a broad range of inspection criteria and differ each year depending on FAA focus. Other areas that should be monitored are the existence of repeat discrepancies and attaining 100% correction of deficient areas that do not require a CIP project.

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These inspections note deficiencies for a broad range of inspection criteria and differ each year depending on FAA focus. Other areas that should be monitored are the existence of repeat discrepancies and attaining 100% correction of deficient areas that do not require a CIP project.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> The total construction cost of the annual highway and aviation programs should be within 5% of the contract bid amount. 		X			
<ul style="list-style-type: none"> Complete preliminary and final design on projects within 10% of the budget in the Department's planning documents. 		X			
<ul style="list-style-type: none"> Highway lane miles per Highways and Aviation, Maintenance and Operations employee not to exceed 22. 					X
<ul style="list-style-type: none"> Increase commercial driver and vehicle safety inspections to 3,600 per year. 					X
<ul style="list-style-type: none"> Maintain number of commercial vehicle size, weight, safety and permit violations at no more than 325 per year. 					X
<ul style="list-style-type: none"> Increase number of Alaska Marine Highway System vessel on-time departures to 85%. 					X
<ul style="list-style-type: none"> Increase ratio of AMHS revenue to cost per rider mile by 3%. 					X
<ul style="list-style-type: none"> The International Airports shall maintain a minimum pavement condition index (PCI) of 70 for runways and 60 for taxiways and aprons. 					X
<ul style="list-style-type: none"> Reduce the number of International Airports airfield deficiencies in the next fiscal year by 10%. 					X

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures	None.											
Non-Formula Expenditures												
Administration and Support	931.7	66.2	328.7	1,326.6	955.2	0.0	403.0	1,358.2	948.6	0.0	538.4	1,487.0
Equal Employment/Civil Rights	285.7	0.0	173.9	459.6	306.5	0.0	257.3	563.8	307.2	0.0	295.6	602.8
Internal Review	118.6	0.0	458.7	577.3	133.7	0.0	592.0	725.7	58.7	0.0	680.6	739.3
Administrative Services	4,053.8	0.0	4,829.0	8,882.8	4,045.0	50.4	5,526.8	9,622.2	4,137.7	0.0	5,553.5	9,691.2
Regional Support Services	1,857.3	0.0	2,037.1	3,894.4	1,814.3	0.0	2,141.1	3,955.4	1,914.7	0.0	2,129.5	4,044.2
Statewide Aviation	408.8	0.0	233.3	642.1	453.9	0.0	222.4	676.3	451.6	0.0	226.0	677.6
Planning	330.6	0.0	4,656.1	4,986.7	342.2	0.0	5,397.4	5,739.6	342.7	0.0	5,464.9	5,807.6
Design & Eng Services	1,843.9	0.0	28,728.5	30,572.4	1,896.1	0.0	30,623.8	32,519.9	1,920.4	0.0	33,175.3	35,095.7
Construction/CIP Support	728.2	0.0	25,518.6	26,246.8	742.4	0.0	26,725.8	27,468.2	742.9	0.0	29,027.7	29,770.6
Statewide Facility M&O	14,848.9	1.2	2,498.2	17,348.3	12,368.5	2.0	5,317.1	17,687.6	11,429.3	2.0	2,931.9	14,363.2
State Equipment Fleet	0.0	0.0	17,832.2	17,832.2	0.0	0.0	19,649.1	19,649.1	0.0	0.0	19,568.7	19,568.7
Measure Stnds & Comm Veh. Enf.	3,404.3	0.0	397.9	3,802.2	2,034.6	0.0	2,164.1	4,198.7	2,016.4	0.0	2,629.5	4,645.9
Highways and Aviation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	73,804.6	1,634.6	1,799.7	77,238.9
Statewide Highways	0.0	0.0	0.0	0.0	257.6	0.0	0.0	257.6	0.0	0.0	0.0	0.0
Snowplowing	26,823.3	239.5	2,107.7	29,170.5	26,416.1	1,175.9	1,496.5	29,088.5	0.0	0.0	0.0	0.0
Central Region Hwys & Aviation	0.0	0.0	0.0	0.0	500.0	0.0	971.4	1,471.4	0.0	0.0	0.0	0.0
Statewide Highways and	0.0	0.0	0.0	0.0	500.0	0.0	971.4	1,471.4	0.0	0.0	0.0	0.0

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Aviation Whittier Access & Tunnel	0.0	0.0	0.0	0.0	0.0	0.0	450.0	450.0	0.0	0.0	0.0	0.0
International Airports	0.0	0.0	288.0	288.0	0.0	0.0	299.9	299.9	0.0	0.0	375.0	375.0
Northern Reg Hwys & Aviation	36,331.7	416.8	3,789.3	40,537.8	36,043.3	464.0	1,122.4	37,629.7	0.0	0.0	0.0	0.0
Southeast Reg Hwys & Aviation	8,806.8	0.0	626.0	9,432.8	8,781.5	0.0	302.7	9,084.2	0.0	0.0	0.0	0.0
Ted Stevens Airport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32,789.7	32,789.7
Fairbanks International Airp.	0.0	0.0	9,192.8	9,192.8	0.0	0.0	9,581.9	9,581.9	0.0	0.0	10,202.8	10,202.8
Anchorage International Airp.	0.0	0.0	30,657.0	30,657.0	0.0	0.0	32,217.5	32,217.5	0.0	0.0	0.0	0.0
Marine Vessel Operations	500.0	0.0	70,550.1	71,050.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Marine Highway System	0.0	0.0	3,306.0	3,306.0	0.0	0.0	78,843.9	78,843.9	0.0	0.0	79,395.0	79,395.0
Front Section	27,129.5	0.0	0.0	27,129.5	27,909.7	0.0	0.0	27,909.7	29,182.0	0.0	0.0	29,182.0
Totals	128,403.1	723.7	208,209.1	337,335.9	125,000.6	1,692.3	224,306.1	350,999.0	127,256.8	1,636.6	226,783.8	355,677.2

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	723.7	1,692.3	1,636.6
1003 General Fund Match	74.8	75.2	
1004 General Fund Receipts	123,754.4	120,849.1	123,554.8
1005 General Fund/Program Receipts	4,573.9	3,712.9	3,702.0
1007 Inter-Agency Receipts	14,146.6	6,375.1	4,460.8
1026 Highway Working Capital Fund	20,080.0	24,177.2	22,588.1
1027 International Airport Revenue Fund	40,884.6	43,125.2	44,313.8
1052 Oil/Hazardous Response Fund	700.0	700.0	350.0
1053 Investment Loss Trust Fund		363.4	
1061 Capital Improvement Project Receipts	56,989.1	65,697.3	71,579.1
1076 Marine Highway System Fund	74,787.7	80,090.8	80,461.0
1108 Statutory Designated Program Receipts	621.1	1,273.6	1,224.7
1147 Public Building Fund		1,115.4	
1156 Receipt Supported Services		1,751.5	1,806.3
Totals	337,335.9	350,999.0	355,677.2

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	2,847	2,867
Permanent Part Time	634	633
Non Permanent	9	9
Totals	3,490	3,509

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Management Reporting System Efficiency - Analysis and Development	250,000	0	0	250,000
Safety Inspection of State Owned High Risk Facilities	400,000	0	0	400,000
Material Stockpiles: Dalton - Elliott Highway	500,000	0	0	500,000
Valdez - Harborview Development Center	132,300	0	129,000	261,300
Weights and Measures Testing Unit Replacement	260,000	0	0	260,000
Alaska Marine Highway System: Overhaul, Rehabilitation, and Mandatory Training	4,800,000	0	0	4,800,000
Facilities Deferred Maintenance and Critical Repairs	1,500,000	0	0	1,500,000
Emergency and Non-Routine Repairs	1,000,000	0	0	1,000,000
Corps of Engineers - Harbors Program	1,248,000	0	0	1,248,000
Harbor Deferred Maintenance	1,000,000	0	0	1,000,000
Airport Deferred Maintenance	1,000,000	0	0	1,000,000
Highway Deferred Maintenance	1,500,000	0	0	1,500,000
State Equipment Fleet Replacement	0	0	11,800,000	11,800,000
Statewide Federal Programs	48,651,400	24,735,000	13,750,000	87,136,400
Airport Improvement Program	0	143,863,257	150,365,900	294,229,157
Surface Transportation Program	0	423,100,000	100,000	423,200,000
Department Total	62,241,700	591,698,257	176,144,900	830,084,857

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

Highway Maintenance and Operations:

The FY01 operating budget provided funding for the reopening of maintenance stations closed in FY00 and opening of seasonally closed roads in Northern Region. The funds for these actions came from the Highway Working Capital Fund. This fund is an internal service fund that state agencies pay into for the use of state vehicles and is used for the maintenance and replacement of that equipment. Continued use of the fund source for other purposes would undermine the ability to purchase vehicles as needed and result in higher costs to finance vehicle purchases. This budget request reflects a change in fund source to general funds which is the appropriate means of funding this basic state service.

Facilities:

The Legislature passed and the Governor signed into law Chapter 126, SLA 00, containing a method for the Department of Administration to receive payments from state agencies for costs of the occupant's use of building space. The FY01 budget transferred general funds to various state agencies for the maintenance of eight state-owned facilities. Since the passage of this legislation, it has been determined that DOA should supervise the maintenance staff. The staff also work on buildings other than those included in CH. 126. To keep the lines of supervision and responsibility clear, this budget transfers the costs of maintaining these Juneau facilities and the staff to DOA.

International Airports:

The Anchorage and Fairbanks International Airports have seen growth in cargo and international airplane activities and in requirements placed upon them by federal regulatory agencies. The FY02 budget includes increases essential to meeting the safety, maintenance, operation and environmental concerns with those additional responsibilities. Total increase requested is \$1,375,700 in International Airport Revenue Funds.

Measurement Standards and Commercial Vehicle Enforcement

The Federal Office of Motor Carrier Safety provides funds for motor carrier compliance reviews. The commercial vehicle safety program will be increased to provide those reviews plus driver and vehicle inspections and inspections for violations in transporting of hazardous materials. Federal funds will also be used to implement the commercial vehicle information system that provides safety information to inspectors in the field. A cooperative agreement is being developed with the U.S. Department of Commerce, National Marine Fisheries Service, to fund a position that will perform the inspection and testing of flow scales and observer scales utilized in the CDQ fisheries.

Alaska Marine Highway System

The Marine Highway Fund will be depleted during FY2002. The Department is taking various actions to deal with the problem. Unfortunately, revenue generation actions have a delayed time frame and the fund is in need of general fund support. The addition of \$819.8 million more than the FY2001 level is necessary to keep the fund balanced. Funds are also being requested to improve future revenues through increased marketing as recommended by an independent marketing study, for increased inspection of vessel passenger services, and financial management support to the system.

Departmentwide:

As a result of a task force review of the department's methods used to calculate and bill indirect costs, modifications were made to the department's overall indirect cost allocation plan (ICAP) to bring it in line with federal Office of Management and Budget (OMB) Circular A-87 guidelines. This action moves expenditures that are not considered direct costs of projects and makes them indirect. The budget adds \$2,003.4 in CIP funds to travel, contractual and commodities to reflect this change in ICAP process.

The Department found that with a growing construction program and a national shortage of engineers, there is intense competition for qualified engineers. In an effort to meet the needs of the design and construction programs, a salary study was completed and approval was received to increase the range of all engineering classifications. So far, the result of this action has been extremely positive in being able to recruit and retain engineers in positions that had remained vacant for months. The FY02 budget adds \$3.6 million of mostly capital improvement program funds to cover the cost of the increased salaries.

The position count for the department shows an increase of 8 full-time positions. The following is a brief explanation for the increase:

1 - Alaska Marine Highway - Financial Manager for the system

3 - Measurement Standards/Commercial Vehicle Enforcement - CIP for implementation of the following federal programs: Intelligent Transportation Systems, motor carrier compliance review, and National Marine Fisheries "at sea" weighing program

1 - Measurement Standards/Commercial Vehicle Enforcement - an administrative clerk supported through fees of the MS/CVE programs

3 - International Airports - revenue supported increases for operations and maintenance

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	125,000.6	1,692.3	224,306.1	350,999.0
Adjustments which get you to start of year:				
-Administration and Support	0.0	0.0	79.0	79.0
-Equal Employment/ Civil Rights	0.0	0.0	30.0	30.0
-Internal Review	0.0	0.0	16.0	16.0
-Design & Eng Services	0.0	0.0	961.9	961.9
-Construction/CIP Support	0.0	0.0	687.2	687.2
-Highways and Aviation	0.0	0.0	37.6	37.6
-Ted Stevens Airport	0.0	0.0	46.5	46.5
-Fairbanks International Airp.	0.0	0.0	29.7	29.7
-Marine Highway System	0.0	0.0	115.5	115.5
Adjustments which will continue current level of service:				
-Administration and Support	-6.6	0.0	46.6	40.0
-Equal Employment/ Civil Rights	0.7	0.0	-2.8	-2.1
-Internal Review	-75.0	0.0	72.6	-2.4
-Administrative Services	92.7	-50.4	5.7	48.0
-Regional Support Services	100.4	0.0	-11.6	88.8
-Statewide Aviation	-2.3	0.0	0.1	-2.2
-Planning	0.5	0.0	-21.7	-21.2
-Design & Eng Services	-0.7	0.0	-206.8	-207.5
-Construction/CIP Support	0.5	0.0	-121.6	-121.1
-Statewide Facility M&O	-939.2	0.0	-872.6	-1,811.8
-State Equipment Fleet	0.0	0.0	-80.4	-80.4
-Measure Stnds & Comm Veh. Enf.	-18.2	0.0	23.7	5.5
-Highways and Aviation	2,388.7	-5.3	-1,214.0	1,169.4
-Statewide Highways Snowplowing	-257.6	0.0	0.0	-257.6
-Statewide Highways and Aviation	-500.0	0.0	-971.4	-1,471.4
-Whittier Access & Tunnel	0.0	0.0	-450.0	-450.0
-International Airports	0.0	0.0	-0.9	-0.9
-Ted Stevens Airport	0.0	0.0	-177.9	-177.9
-Fairbanks International Airp.	0.0	0.0	-40.1	-40.1
-Marine Highway System	0.0	0.0	-25.2	-25.2
Proposed budget decreases:				
-Statewide Facility M&O	0.0	0.0	-1,515.3	-1,515.3
Proposed budget increases:				
-Administration and Support	0.0	0.0	9.8	9.8
-Equal Employment/ Civil Rights	0.0	0.0	11.1	11.1
-Administrative Services	0.0	0.0	21.0	21.0
-Statewide Aviation	0.0	0.0	3.5	3.5
-Planning	0.0	0.0	89.2	89.2
-Design & Eng Services	25.0	0.0	1,796.4	1,821.4
-Construction/CIP Support	0.0	0.0	1,736.3	1,736.3
-Statewide Facility M&O	0.0	0.0	2.7	2.7
-Measure Stnds & Comm Veh. Enf.	0.0	0.0	441.7	441.7

	General Funds	Federal Funds	Other Funds	Total Funds
-Highways and Aviation	175.0	0.0	54.5	229.5
-International Airports	0.0	0.0	76.0	76.0
-Ted Stevens Airport	0.0	0.0	703.6	703.6
-Fairbanks International Airp.	0.0	0.0	631.3	631.3
-Marine Highway System	0.0	0.0	460.8	460.8
-Front Section	1,272.3	0.0	0.0	1,272.3
FY2002 Governor	127,256.8	1,636.6	226,783.8	355,677.2

University of Alaska

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Department Mission

The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples.
(Board of Regents approved mission statement)

Department Goals and Strategies

The University of Alaska is the engine of the state's economic development and diversification. To prepare UA to fully realize this potential on behalf of the state, UA is requesting a general fund increment of \$16.9 million. The principles underlying UA's budget requests have been and will continue to be responsiveness to state needs and accountability to the state for prudent management of its investment.

UA's budget request is focused on recruiting and retaining Alaska students, offering academic programs directed at training Alaskans to fill the jobs in highest demand today and in the future, and building the technological capacity of the state. The state's commitment to an increasing investment in UA is essential to preparing Alaska for sustainable economic success. In following the principle of exceptional stewardship of state resources, UA requests additional state funding for FY02 in the following areas:

- Maintaining a Solid Foundation \$9.2 million
- Attracting and Retaining Alaska's Students \$1.0 million
- Meeting Alaska Employment Needs \$4.2 million
- Preparing for Alaska's Economic Success \$2.5 million

As a result of the University leveraging the state investment in these areas, the university expects total non-general fund increases of \$35.5 million from private partners, federal agencies, and students.

Alaska's economic success is predicated on the availability of natural resources, skilled workers, and technology. But, over the last ten years, Alaska has been the only state in the nation that has experienced a decrease in gross state product. Alaska didn't enjoy economic growth primarily due to dependence on only one element - the export of natural resources. Learning from the past, rather than getting only short-term benefits from the next period of economic prosperity, Alaska can invest now to build the technological capacity and prepare Alaskans to hold the "legacy jobs" and related value added industries for the long term - or wait another 30 years for the next opportunity.

Additional funding in FY02 enables UA to continue preparing Alaskans to take advantage of the next period of significant economic prosperity. Similar funding increments over the next five years are essential to realize the goal of sustainable economic success. Fueled by investments in the last two years, UA's state funding has increased 10% over the last ten years compared to 44% nationally and 57% in oil dependent states. The state's FY00 and FY01 investment combined with increments in FY02 through FY07 will situate Alaska's investment in higher education at the level other states recognize as necessary to develop a sustainable economy.

The recent increased investment in the University's operating budget has enabled the University to maintain a solid foundation of programs and services, and to build programs responsive to Alaska's existing workforce needs in nursing, teacher education, process technology, early childhood development, social work, and industry workforce training. The state's investment also enabled the University of Alaska to expand existing programs and start new programs essential to future economic development in global logistics, fisheries, data analysis, and applied research.

- The global transportation logistics program started with investments from UA, the State, Municipality of Anchorage, FedEx, Lynden, Tote and other companies.

- The process technology program started within a year of inception through investment from UA, Alaska Process Industry Careers Consortium and the State.
- The Experimental Program to Stimulate Competitive Research (EPSCoR) program is fueling applied research relevant to Alaska's future with investments from UA, the National Science Foundation, the Department of Defense, the State and the Alaska Science and Technology Foundation. The University expects to receive at least \$3 Million a year over the next three years. This ability to help the state and obtain outside funding could not have occurred without the foresight of those who chose to invest in the University over the last two years.

The University's ability to leverage the state investment in these programs demonstrates the strength of partnerships among higher education, government and industry. UA is implementing these partnership programs with the highest level of accountability to the citizens of Alaska. Every program is being monitored through regular reporting schedules to identify outcomes. Many programs are two to four year programs yielding first program graduates in Spring 2002 and beyond. In the mean time, faculty hires, staffing, course development and program enrollments are being monitored to assure program outcomes are achieved.

The investment in the University benefits all of Alaska. By focusing on attracting and retaining Alaska's students in programs directed at state needs:

- industry benefits from a stable qualified workforce,
- Alaska's citizens benefit by getting the "good" jobs, and
- the state benefits by reducing dependence on workers from outside who depend on services without providing their share of support.

Key Department Issues for FY2001 – 2002

Key issues facing the University of Alaska as the state's engine of economic development and diversification include:

Leadership and Partnerships:

- The university must take a leadership role within the state to define and address the human resource and technology requirements to enable Alaska to take full advantage of economic opportunity. Industry, state government, and the University must work in close partnership to create the policies and environment within Alaska for sustained economic success.

Urgency:

- Preparing for success requires developing responsive instructional and research programs, recruiting faculty and students, and building the necessary information technology and facilities infrastructure. Economic opportunity is coming to Alaska. The University needs the state's support to build its capacity to prepare Alaskans to take full advantage of this opportunity.
- In order to prepare for and meet the educational requirements for economic development, the University and the state need to start now. It takes five years to graduate an engineer. On the fastest track, it takes four years from funding to final construction to build the facilities necessary for emerging programs.

Aligning University Programs to Meet State Needs:

- UA is focused on programs for occupations with high worker demand including teacher education, nursing, allied health, information technology and other technical career training. The university will continue to work with industry consortia to create programs that are responsive to current worker shortages. The University is being efficient by prioritizing investments in programs meeting the highest demand.
- Meeting Alaska's teacher demand is a very high priority for the University and the state. Although UA's program expansion in teacher education is moving forward, the solution for meeting the state's teacher demand does not rest solely with university programs. Because many other states are also experiencing teacher shortages, Alaska must compete to keep teachers in state. State policy and incentives may be a necessary part of this

solution. Discussions between the University, school districts and the Department of Education and Early Development must continue to fully implement solutions to meet the state's need for qualified teachers.

- UA is also focused on enhancing programs necessary for worker training in occupations related to the state's large-scale projects likely to develop in the near future. These programs include engineering for a pending gas line, finance and e-commerce for an emerging investment management industry, natural resources and fisheries management and data analysis.

Demonstrating Responsible Stewardship of Public Resources:

- The University is demonstrating the highest level of accountability for funding provided by the state. All initiative programs funded with the state's investment in FY01 are being closely monitored. Status reports for all programs are required every two months. The status of faculty and staff hires, program offerings and funding are included. The heightened level of accountability provides public confidence in the university stewardship of resources.
- In addition to monitoring new and expanded programs the University is tracking its progress on several performance measures implemented jointly with the legislature.

Major Department Accomplishments in 2000

The additional funding provided by the state has enabled the University to take significant steps toward its goal of being the state's engine of economic development.

- A student enrollment increase this fall was fueled by an eleven percent increase in first-time full-time baccalaureate degree seeking freshmen enrollment. First year retention also increased seven percentage points.
- The UA Scholars Program continues to be a success. A total of 566 UA Scholars are enrolled at the University of Alaska. Biology is the most popular four-year degree program for UA scholars.
- UA's nursing program expansion in Fairbanks and Kodiak has full cohorts of students pursuing their associate nursing degree. In Fairbanks, 24 students are enrolled and 8 students are enrolled in Kodiak. In Anchorage the number of nursing students has also significantly increased. Preliminary figures indicate a 25% increase from Fall '99 to Fall '00.
- The process technology program delivered in Anchorage, Fairbanks, and Kenai established in partnership with the Alaska Process Industry Careers Consortium has 160 students. Industry has provided scholarship and employment opportunities for process technology students.
- The knowledge worker program in Juneau, started in conjunction with the Alaska High-Tech Business Council, has its first class of 20 students. The program is an intensive one-year training program focusing on technical and core skills. This program started within a year of initial discussions with Alaska Human Resource Investment Council and the High-Tech Business Council.
- National Science Foundation funding for the Experimental Program to Stimulate Competitive Research (EPSCoR) has been announced. The funding is three million dollars per year for three years. The Alaska Science and Technology Foundation also committed \$500,000 each year to EPSCoR related projects. The EPSCoR program is designed to create capacity for research in areas that can be applied to state economic development. With the success of the NSF EPSCoR awards, UA is working toward FY02 Department of Defense, National Institutes of Health and Department of Energy EPSCoR awards.
- The University instituted a system-wide early childhood education program that meets the federal Head Start mandate for associate degree training. The early childhood education program is available via distance delivery as well as on-site in several locations throughout the state.

Key Performance Measures for FY2002

Measure: Over the next three years, increase enrollments by 5%.
(Not yet addressed by Legislature.)

Current Status:

Preliminary Fall 2000 enrollment figures indicate an increase of 1% over Fall 1999.
Headcount Fall Semester 1999: 30,249
(Fall 1999 reflects the current status, as Fall 2000 data will not be available until Jan. 2001)

Benchmark:

Headcount Fall Semester 1997: 31,184
Headcount Fall Semester 1998: 31,106

Background and Strategies:

The University as the provider of community college and university higher education mission for the state serves both traditional and non-traditional aged students. Traditional students make up 35% of student headcount and are focused more on baccalaureate programs. Non-traditional aged students make up 65% of UA's student headcount and are more focused on graduate instruction, associate degrees and other professional development.

The University is increasing the student population through expanding degree programs offerings in areas targeted as most important to the economy of the state, including, information technology, nursing, education, finance, e-commerce and wildlife. Currently, UA offers less than half of the degree programs as other less populated western states. Having the appropriate breadth of relevant degree programs in the state is key to increasing the student headcount. A second area UA is pursuing to increase the number of students is enhanced student services in recruitment, retention, financial aid, advising and standard electronic student services.

Measure: The number and percentage of recent Alaska high school graduates who attend the University of Alaska.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Within 3 years capture 26% of Alaska's high school graduates.

2000 - 6,668 AK HS Grads - 1,498 UA First Time Fr. - 22% UA Full Time Freshmen

Benchmark:

Using the projection of 7,134 high school graduates (WICHE), the 26% goal would equate to 1,854 high school graduates attending UA. The national average of high school graduates who attend in state public institutions is 45%. The 45% figure is the result of 67% of high school graduates nationally attend college shortly after high school graduation. Of those that attend college, 68% attend an in-state public institution. In seven years, the University of Alaska expects to reach the national average of 45%.

Background and Strategies:

Recruitment efforts are important to increasing the number of full-time freshmen. A major part of recruitment is the breadth of programs available, the faculty quality and services provided. UA is pursuing program expansions, faculty recruitments, enhance student service and student recruitment effort to attract this sector of traditional aged students to curb Alaska's brain drain. One specific program that UA has begun is the UA scholars program that provides a tuition scholarship to the top 10% of each high school's graduates. State policy could have significant effect on this measure. Currently, Alaska is the only state that does not provide need or merit based student aid. Provide need or merit based aid for in-state attendance would also help to keep Alaskan's in-state. The list below shows the percent of Alaska High School graduates who attended UA.

Strategy: Increase recruitment and retention efforts.

1996 - 6,018 AK HS Grads - 1,054 UA First Time Fr.- 18% UA Full Time Freshmen
1997 - 6,175 AK HS Grads - 1,097 UA First Time Fr.- 18% UA Full Time Freshmen
1998 - 6,496 AK HS Grads - 1,360 UA First Time Fr.- 21% UA Full Time Freshmen

1999 - 6,826 AK HS Grads - 1,486 UA First Time Fr.- 22% UA Full Time Freshmen

Measure: The number and percentage of total Alaska high school graduates who attend the University of Alaska as UA Scholars.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Increase percentage of eligible UA Scholars who choose to attend UA to 50% within 3 years.

In Fall 2000, of the 875 UA scholars eligible, 343 attended or 39%.

Benchmark:

In Fall 1999, of the 811 UA Scholars eligible, 270 attended or 33%

Background and Strategies:

This program is designed specifically to increase the number and percent of Alaska High School graduates attending in state. The UA Scholars Program offers an \$11,000 scholarship to the top 10 percent of the graduates from qualified Alaska high schools each year. Students are designated by their high school based on their academic standing at the end of their junior year.

To use the Award, the Scholar must enroll at a UA campus within 16 months of high school graduation. This means the Scholar may take time off after graduation to work, travel, or even try a school outside before enrolling at the University of Alaska. Once enrolled, the Scholar will receive \$1375 per semester for eight semesters provided that the Scholar remains in good standing.

Measure: The number and percentage of total Alaska high school graduates who stay in Alaska one year, five years, and 10 years after graduation.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Continue retention of UA baccalaureate degree graduates in Alaska at 79% residency for one year after graduation and 69% residency five years after graduation.

For UA baccalaureate graduates from 1990 to 1998 the average residency one year after graduation is 79% and 69% residency five years after graduation.

Background and Strategies:

The university, with the assistance of Alaska Department of Labor, is currently tracking the residency and employment of UA baccalaureate graduates starting with the 1990 graduates. The first study was done in fiscal year 2000 and includes information as far back as 1993. The residency 10 years after graduation will be available in two years. This study will be conducted every other year, therefore updated results will be available in spring 2002. The first follow-up on graduates included all baccalaureate degree graduates and did not distinguish between those that were Alaska High School graduates and others. This parameter will be added in the next study.

Measure: The number of students graduating with degrees in teacher education, health careers, process technology, transportation and logistics, information technology and other high-demand job areas

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Using FY00 as the base, increase graduates by 5% over the next two years and 10% over the next 4 years in the job areas specified.

Benchmark:

FY2000 - 1,485 University of Alaska degrees were conferred for high demand job areas as defined by the Alaska Department of Labor.

Background and Strategies:

An increase in the number of graduates has a time lag as the programs require from two to four years to complete. For this goal to be realized, enrollment in the specified programs must increase over the next two years such that the increase can be measured upon graduation either two or four years later. The table below shows a breakout of the degrees awarded in ADOL high demand and specified occupational areas.

Degrees Conferred in High Job Growth Areas		Fiscal Year		
Major	Degree Level	1998	1999	2000
Air Transportation	Assoc/Cert	48	44	46
Business Services	Assoc/Cert	139	147	107
Engineering&Managmt	Assoc/Cert	29	42	10
	Baccalaureate	93	137	208
	Masters	47	45	40
Finance,Ins & Real Est.	Baccalaureate	148	131	103
	Masters	39	52	37
Health	Assoc/Cert	221	187	198
	Baccalaureate	124	122	123
	Masters	62	55	44
Information Technology	Assoc/Cert	44	18	92
	Baccalaureate	17	11	25
	Masters	10	2	5
Natural Resources	Assoc/Cert	1	4	1
	Baccalaureate	57	56	48
	Masters	31	22	37
Petroleum Technology (is transitioning to process tech)	Assoc/Cert	13	9	9
Teacher Education	Assoc/Cert	23	24	22
	Baccalaureate	231	199	158
	Masters	106	160	172

Measure: The number of University of Alaska graduates, by community of origin and by community of current employment, who are new teachers.

(Revised from Legislature's FY2001 version.)

Current Status:

Goal: Maintain current employment rate over the next four years and then increase the percentage of UA graduates filling teaching vacancies each year in the state by 5% per year. By 2010, place over 50% of the teachers needed each year in Alaska.

Benchmark:

In 1999, UA new graduates and alumni filled 32% of total vacancies.

Background and Strategies:

Region	Total Vacancies	% New UA	% UA Alum	Total %
Interior	227	7%	23%	30%
Northwest	172	6%	15%	21%
SouthCentral	592	16%	22%	38%
SouthEast	170	11%	26%	37%
SouthWest	255	10%	15%	25%
Totals	1,416	12%	20%	32%

An assessment of teacher demand by community is being conducted. From this study, more information will be available regarding the demand and placement of graduates. However, given the number of vacancies that do exist in

Alaska, UA is aggressively pursuing programs and policy solutions to increase the number of UA graduates available to fill the vacancies. Additional information will be collected in the future to determine community of origin of those graduates filling vacancies.

Measure: The number of University of Alaska graduates, by community of origin and by community of current employment, who are new principals or new superintendents.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: In the next three years place over 50% of the administrative (principal and superintendents) vacancies in Alaska school districts.

Benchmark:

Using Alaska Teacher Placement (ATP) statistics 38% of the 1999 administrative (principal and superintendent) vacancies were filled with UA graduates and alumni.

Background and Strategies:

An assessment of need is presently being conducted, so specific strategies can be developed to address this critical need in various parts of the state. At present the community of origin is not available.

Measure: The number and percentage of total credit hours and courses offered by distance delivery.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Increase the number of credit hours and courses offered by distance delivery by 10% over the next three years.

Fall 99

# of Distance Ed Courses Offered Systemwide:	361
% of Total Courses Offered Systemwide:	9.0%
Distance Ed Student Credit Hours Systemwide:	12,618
% of Total Student Credit Hours:	5.8%

(Fall 1999 figures reflect the most current status, as Fall 2000 figures will not be available until January 2001.)

Benchmark:

Fall 98

# of Distance Ed Courses Offered Systemwide:	302
% of Total Courses Offered Systemwide:	6.9%
Distance Ed Student Credit Hours Systemwide:	9,890
% of Total Student Credit Hours:	4.5%

Fall 97

# of Distance Ed Courses Offered Systemwide:	264
% of Total Courses Offered Systemwide:	6.5%
Distance Ed Student Credit Hours Systemwide:	9,536
% of Total Student Credit Hours:	4.3%

Background and Strategies:

Distance education is defined as any academic course wherein the instructor can provide education to students in different physical locations. Distance education at the University of Alaska is comprised of three parts:

1. Telecourses at UAA
2. Correspondence by mail at UAF
3. Distance Delivery by videoconference (satellite telecast), audioconference, Internet, CD-ROM, and/or video/audio tape at UAF and UAS.

At UAF distance education is administered by the Center for Distance Education and Independent Learning. At UAA it is administered by the Center for Distributed Learning. At UAS distance education is fully integrated into the university such that every department is part of UAS distance education.

Measure: The cost per credit hour delivered by distance delivery.

(Developed jointly with Legislature in FY2001.)

Current Status:

The University of Alaska is currently working on defining the "total cost" of distance delivery and examining ways to measure our progress in this area.

Benchmark:

UA is currently investigating benchmarks and developing baseline data.

Background and Strategies:

Distance education is a rapidly growing sector in higher education. It allows a university to offer coursework beyond its campus to virtually anyone on the planet. Here in Alaska, distance education is especially useful as we try to make higher education available across our vast regional expanses.

The University of Alaska is assessing the cost of its distance education program. Several universities across the nation are currently trying to assess their cost of distance education but are finding that cost assessment is difficult to analyze.

In assessing the cost of distance education, the University of Alaska has employed a cost analysis model developed by Western Cooperative for Educational Telecommunications (WCET) and National Center for Education Management Systems (NCHEMS). The university's goal is to report a cost per credit hour figures for the 1999-2000 academic year. Cost per credit hour is a two part equation: total cost divided by total credits offered. Total credits data has been gathered, while total cost information is still be collected. The University of Alaska and all other universities nationally are challenged to identify total cost of distance education given the integrated nature of distance education within the other aspects of instructional delivery.

Measure: The pre-training wage as compared to the post-training wage for voc-ed graduates.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Maintain average salary increases of 15% for vocational education students after training.

For students who took vocational classes in 1998:

Wages increased by 15% after attendance over pre-training earnings:

\$6,244 per quarter vs. \$5,432 per quarter.

(Employment and wage information for 1999 students will be available in January 2001.)

Benchmark:

The university participates in an annual statewide vocational education outcome study by the Alaska Department of Labor published in January of each year. The survey began in 1998. For a complete copy of the survey see: <http://www.alaska.edu/oir/voced.html>

Background and Strategies:

In cooperation with Alaska Human Resource Investment Council (AHRIC) and Alaska Department of Labor (ADOL), the university surveyed all students who took at least one vocational education class in 1998 and who did not return in 1999. The first survey was published in 1999. The latest survey was published in January 2000 and is the first to contain pre and post training earnings information. For a complete copy of the survey see: <http://www.alaska.edu/oir/voced.html>

Measure: The amount of research grants in arctic biology, climate change, resource development, fisheries and ocean science, logistics, geosciences, and atmospheric sciences.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Increase research grant funding brought in to the university in areas important to Alaska.

The University is actively developing baseline data for this performance measure.

Benchmark:

Annual Average of a Subset of UA Grant Activity from FY99-FY00.

Grant Category	Number of Grants	Grant Amount(Thous \$)
Arctic Biology	38	\$ 5,131.7
Climate Change	47	\$ 13,060.9
Resource Development	19	\$ 1,338.2
Fish & Ocean Science	40	\$ 8,431.3
Geosciences	90	\$ 10,751.0
Atmospheric Sciences	16	\$ 2,077.5

Background and Strategies:

UA conducts research in several areas important to the state. In Alaska, unlike other states, the University carries out the bulk of Research and Development (R&D) activity. In other states, industry carries out 71% of the R&D effort while universities do 13%. In Alaska, however, 52% of the state's R&D effort is carried out by UA. However, Alaska conducts very little R&D. Only 0.5% of Alaska gross state product is invested in research compared to 2.5% for other states. Two reasons that may explain why Alaska is dependent on UA to support R&D are the lack of a mature manufacturing industry base and some industry R&D efforts are largely conducted out-of-state (oil and tourism, for example). Regardless of the reason, Alaska must invest mightily in R&D for future economic development and UA is the engine to fuel state R&D. Fortunately, UA leverages every \$1 of state funded research with \$4 of external funding. This is a significant return of state investment for research and provides a much greater R&D impact for the state.

Measure: The number of graduate students whose education is funded by research grants.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Increase the number of grant funded graduate students by 10% over the next two years.

183 graduate students were employed in fall 2000.

Benchmark:

Based on the University's federal reporting date, 164 graduate students were employed on grant-funded research in the fall 1998, 192 in fall 1999 and 183 in fall 2000. Using the last three-year average (180), a 10 percent increase would result in 200 graduate students employed with research funding in fall 2002.

Measure: The occurrences of applied research benefiting the state's economy.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Increase the number of research projects specifically benefiting the economy of Alaska.

On track, developing baseline data.

Background and Strategies:

This performance measure is challenging to quantify but of critical importance to the university and to the economic development and diversification of the state. The demonstration of progress on this performance measure will likely be in the form of listing specific projects with its specific projects and related contribution to the state.

For example, Gas-to-liquids (GTL) research is being touted by the oil industry as a value added process for North Slope natural gas. The Fairbanks Energy Center is working on more efficient and feasible means of providing energy to cold regions. UA's Fisheries Industry Technology Center is developing a pin bone removal device which will dramatically expand the market for pacific salmon.

Additionally, the state's funding match and the National Science Foundation award to UA for the Experimental Program to Stimulate Competitive Research (EPSCoR) will enhanced UA's capacity in areas of applied research focused on Alaska's needs.

Measure: The quality of research as measured by annual citation and significant publications in referred journals.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Maintain the number and quality of publications by UA faculty.

The University is actively developing baseline data for this performance measure.

Background and Strategies:

This performance measure will be tied to the development of the Community of Science database. This database holds information regarding faculty in over 400 U.S. College and Universities. Faculty by institution with faculty specializations, major project awards and journal publications is contained within the Community of Science Database. This measure is also difficult to track but serves as an indicator of UA research and involvement in the international science community. Below is an example of preliminary information collected on FY00 faculty publications.

	Category	# of Publications
UAF	Arctic Biology	33
UAF	Climate Change	29
UAF	Resource Development	9
UAF	Fish & Ocean Science	50
UAF	Geosciences	97
UAF	Atmospheric Sciences	19

(# of publications = the average of 97/98 and 98/99)

Measure: The retention rate of full-time students in degree programs.

(Developed jointly with Legislature in FY2001.)

Current Status:

Goal: Over three years, increase retention rate for baccalaureate degree seeking first-time freshmen to 71%.

Retention rate of first-time full-time baccalaureate degree seeking freshmen:

Year	Headcount	Retention to 2nd year
1999	1,008	67.6%

Benchmark:

The University participates in the Consortium for Student Retention Data Exchange (CSRDE) national survey. The most recent CSRDE survey published in May, 2000, reports that of the 71 institutions described as "less-selective" (indicating open admissions and high part-time enrollment) the average retention rate from the first to the second year for full-time, baccalaureate-degree-seeking first-time freshman, for 1992 to 1998 is 71%.

Background and Strategies:

Retention rate of first-time full-time baccalaureate degree seeking freshmen:

Year	Headcount	Retention to 2nd year
1993	845	63.7%
1994	903	59.2%
1995	827	64.0%
1996	913	67.6%
1997	802	65.7%
1998	998	63.1%

Measure: The graduation rate of full-time students in degree programs.*(Developed jointly with Legislature in FY2001.)***Current Status:**

Goal: Starting with the 1999-2000 first-time freshmen class, increase six-year graduation rates for baccalaureate degree seeking first-time freshmen.

The University is actively pursuing benchmark data for this performance measure.

Benchmark:

The latest information available for six year graduation rates are for the class of 1993 showing 26% of the first time freshmen graduated within six-years.

Background and Strategies:

Retention rates play a major role in UA graduation rates and UA is monitoring retention closely. As UA pursues retention improvements, a graduation rate benchmark will be established. The programs UA has put in place in FY00 and FY01 will affect the six-year graduation rate for the fall 1999 first-time freshmen. The result of these improvements on the Fall 1999 class will be available in Summer 2006. UA will continue to monitor the six-year graduation rate for all in-coming classes of first-time freshmen.

Measure: The comparative scores of students who take professional examinations.*(Developed jointly with Legislature in FY2001.)***Current Status:**

Goal: Meet or exceed the national average on scoring or pass rates for students who take professional exams.

The university is in the process of identifying and collecting the scores and pass rates of students on the professional exams administered within baccalaureate programs.

Background and Strategies:

The university is in the process of identifying and collecting the scores and pass rates of students on the professional exams administered within baccalaureate programs. Below is a small sample of the four-year program exam scores relative to national ratings. There will not be a single measure, but rather a listing of programs that administer professional exams and the resultant scores or pass rates as appropriate.

Examination Type	UA Score	National Score
ACAT-Social Work 2000 (UAA)	68.00% (average)	50.00% (average)
CPA-November 1999 (1st time) (UAA)	23.10% (passing)	13.70% (passing)
ETS Major Field Test -Sociology 1999-2000	94.00% (average)	50.00% (average)
Fundamentals of Engineering -Civil Engineering April '99 (UAA)	85.71% (passing)	65.55% (passing)
Fundamentals of Engineering -Civil Engineering October '99 (UAA)	100.00% (passing)	78.00% (passing)

Status of FY2001 Performance Measures

<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
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	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> Over the next three years, increase enrollments by 5%. The number and percentage of recent Alaska high school graduates who attend the University of Alaska. The number and percentage of total Alaska high school graduates who attend the University of Alaska as UA Scholars. The number and percentage of total Alaska high school graduates who stay in Alaska one year, five years, and 10 years after graduation. The number of students graduating with degrees in teacher education, health careers, process technology, transportation and logistics, information technology and other high-demand job areas The number of University of Alaska graduates, by community of origin and by community of current employment, who are new teachers. The number of University of Alaska graduates, by community of origin and by community of current employment, who are new principals or new superintendents. The number and percentage of total credit hours and courses offered by distance delivery. The cost per credit hour delivered by distance delivery. The pre-training wage as compared to the post-training wage for voc-ed graduates. The amount of research grants in arctic biology, climate change, resource development, fisheries and ocean science, logistics, geosciences, and atmospheric. The number of graduate students whose education is funded by research grants. The occurrences of applied research benefiting the state's economy. The quality of research as measured by annual citation and significant publications in refereed journals. The retention rate of full-time students in degree programs. The graduation rate of full-time students in degree programs. The comparative scores of students who take professional examinations. 		X			
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Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
University of Alaska Systemwide	1,607.1	0.0	0.0	1,607.1	125.0	0.0	1,000.0	1,125.0	16,853.9	20,945.9	5,980.1	43,779.9
Statewide Programs & Services	11,896.6	0.0	15,344.8	27,241.4	13,891.7	2,005.6	28,355.7	44,253.0	14,570.5	2,005.6	25,990.9	42,567.0
Univ of Alaska Anchorage	62,052.5	13,167.5	62,849.4	138,069.4	66,046.5	15,145.9	79,247.9	160,440.3	66,666.3	15,145.9	78,928.1	160,740.3
Univ of Alaska Fairbanks	84,328.0	42,379.5	98,132.5	224,840.0	88,683.0	54,119.7	133,756.9	276,559.6	89,214.6	54,119.7	132,955.3	276,289.6
Univ of Alaska Southeast	14,067.0	792.0	10,569.5	25,428.5	15,390.7	1,898.9	15,089.1	32,378.7	15,685.5	1,898.9	14,794.3	32,378.7
Totals	173,951.2	56,339.0	186,896.2	417,186.4	184,136.9	73,170.1	257,449.6	514,756.6	202,990.8	94,116.0	258,648.7	555,755.5

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1001 Constitutional Budget Reserve Fund	1,607.1		
1002 Federal Receipts	56,339.0	73,170.1	94,116.0
1003 General Fund Match	2,777.3	2,777.3	2,777.3
1004 General Fund Receipts	169,366.0	181,158.8	200,012.7
1007 Inter-Agency Receipts	30,659.4	34,564.9	43,476.7
1010 University of Alaska Interest Income	3,034.8	3,833.7	3,928.3
1015 U/A Dormitory/Food/Auxiliary Service	28,805.1	37,555.1	35,334.4
1025 Science & Technology Endowment Income	2,630.0	3,630.0	2,630.0
1037 General Fund / Mental Health	200.8	200.8	200.8
1038 U/A Student Tuition/Fees/Services	48,577.3	59,043.9	55,041.1
1039 U/A Indirect Cost Recovery	16,096.7	22,382.2	22,937.7
1048 University Restricted Receipts	55,403.0	88,980.5	91,624.2
1061 Capital Improvement Project Receipts	1,689.9	3,576.3	3,576.3
1092 Mental Health Trust Authority Authorized Receipts		102.0	100.0
1150 ACPE Dividend		2,000.0	
1151 Technical Vocational Education Program Account		1,781.0	
Totals	417,186.4	514,756.6	555,755.5

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	3,388	3,511
Permanent Part Time	233	239
Non Permanent	0	0
Totals	3,621	3,750

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Safety and Highest Priority Renewal and Replacement	0	0	4,000,000	4,000,000
Telecommunications Equipment Improvements	1,875,000	0	0	1,875,000
University of Alaska Small Business Development Center	450,000	0	0	450,000
Air Traffic Control Simulator	0	2,500,000	0	2,500,000
Arctic Region Supercomputer Purchase	0	30,000,000	0	30,000,000
Department Total	2,325,000	32,500,000	4,000,000	38,825,000

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

UA's budget request is focused on recruiting and retaining Alaska students, offering academic programs directed at training Alaskans to fill the jobs in highest demand today and in the future, and building the technological capacity of the state. The state's commitment to an increasing investment in UA is essential to preparing Alaska for sustainable economic success. In following the principle of exceptional stewardship of state resources, UA's general fund request is \$205 million resulting in additional state funding for FY02 in the following areas:

- .. Maintaining a Solid Foundation-\$9.2 million
- .. Attracting and Retaining Alaska's Students-\$1.0 million
- .. Meeting Alaska Employment Needs-\$4.2 million
- .. Preparing for Alaska's Economic Success-\$2.5 million

Maintaining a Solid Foundation includes funding for contract and policy mandated salary obligations for UA employees, non-discretionary fixed cost increases composed of facilities maintenance and repair, library and license agreement increases and inflationary cost increases. Also, included in this category is funding focused on distance delivery to ensure academic quality and funding for information technology services including the statewide library database licensing initiative. The last category of requests within Maintaining a Solid Foundation includes services for enhanced accountability and business efficiency.

Attracting and Retaining Alaska's Students includes funding for enhanced services for recruiting, retention, advising, and standard electronic student services. The requests in this category are directly aimed at improving enrollment.

Meeting Alaska's Employment requests are to enable the University to offer the programs necessary to meet current high demand workforce needs. Workforce assessments from the Alaska Department of Labor, Alaska's Human Resource Investment Council, and the Alaska Department of Education, industry consortiums and corporations show highest workforce demands exist for teachers, health care workers (especially nurses), information technology specialists and trained technical workers.

Preparing for Alaska's Economic Success requests are investments in programs that will positively impact Alaska's economic future. The programs requested include finance and e-commerce, natural resources and fisheries, applied research and expanding engineering instruction. The investment in these programs is vital now. Alaska needs Alaskans prepared to build and manage the next major projects (i.e. the gas line, missile defense system, fiber optic systems, rail road etc.), and it takes five years for the first new students to graduate.

Service Changes

The increase in UA's FY01 state funding provided the means to fully implement the program initiative UA started in FY00. These include UA corporate programs, logistics, expansion of the nursing program and applied technology. It also enabled UA to start and enhance programs in teacher education, nursing, vocation education, data retrieval and analysis, process technology and natural resources. These programs contributed to an enrollment increase this fall and will result in a FY01 tuition revenue increase, the first since FY96. The complete list and status of programs implemented as a result of the FY01 state funding are available at www.alaska.edu/swbudget/01initiatives.

By aligning new and expanded programs with state needs, partnerships with state agencies, industry and federal agencies are expanding. Grant funding, scholarship opportunities and endowment increases are expected in FY01 and FY02.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	184,136.9	73,170.1	257,449.6	514,756.6
Adjustments which will continue current level of service:				
-University of Alaska Systemwide	4,885.2	234.3	1,519.2	6,638.7
-Statewide Programs & Services	678.8	0.0	-2,364.8	-1,686.0
-Univ of Alaska Anchorage	619.8	0.0	-319.8	300.0
-Univ of Alaska Fairbanks	531.6	0.0	-801.6	-270.0
-Univ of Alaska Southeast	294.8	0.0	-294.8	0.0
Proposed budget decreases:				
-University of Alaska Systemwide	0.0	0.0	-9,640.1	-9,640.1
Proposed budget increases:				
-University of Alaska Systemwide	11,843.7	20,711.6	13,101.0	45,656.3
FY2002 Governor	202,990.8	94,116.0	258,648.7	555,755.5