

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Division of Legislative Finance

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### MEMORANDUM

**DATE:** February 2, 2015

**TO:** Senator Pete Kelly, Senate Finance Co-Chair  
Senator Anna MacKinnon, Senate Finance Co-Chair  
Representative Mark Neuman, House Finance Co-Chair  
Representative Steve Thompson, House Finance Co-Chair

**FROM:** David Teal,  
Legislative Fiscal Analyst

**SUBJECT:** Agency responses to FY15 Legislative Intent Language

This memorandum restates FY15 legislative intent (*italics*) for each agency and provides agency responses (*indented*) to our request for status reports. Responses are broken into three groups. The first group contains responses from agencies indicating noncompliance and stating their reasons for noncompliance. The second group contains responses from agencies indicating a partial compliance with intent. The third group contains responses indicating that an agency has complied with legislative intent.

### **Agencies Not in Compliance (with Reasons for Noncompliance)**

#### **DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT Capital Budget (HCS CSSB119(FIN) am H)**

**Page 3, lines 22-25**

Alaska Railroad Corporation - Positive	15,000,000	15,000,000
Train Control (HD 1-40)		

*It is the intent of the Legislature that the Alaska Railroad Corporation implement a passenger fee based structure to assist in the cost and implementation of Positive Train Control.*

The Alaska Railroad Corporation is exploring the implementation of a passenger fee surcharge with its customers to help fund Positive Train Control. Customer contracts with varying expiration dates prevent immediate implementation of such a fee. A fee would need to be equally applied to all passenger services on the Railroad, including Alaska Railroad independent travelers, cruise ship and charter passengers in order to avoid competitive disadvantages between services and businesses. Contract expiration dates range from the end of 2015 to 2023.

**Legislative Fiscal Analyst Comment:** The Alaska Railroad Corporation has not implemented a passenger fee based structure.

## **DEPARTMENT OF FISH AND GAME Operating Budget (CCS HB266)**

### **Administration and Support/State Subsistence Research**

*It is the intent of the legislature that the Division of Subsistence will, during the next fiscal year, complete household surveys to determine amounts necessary for subsistence in the state non-subsistence areas.*

There are currently five non-subsistence areas in Alaska; the Ketchikan Gateway Borough, the City and Borough of Juneau, the City of Valdez, the Fairbanks North Star Borough, and the Anchorage/Mat-Su/Kenai area of the state.

The department is already challenged with current levels of funding to conduct household surveys on a regular basis to provide information to the Board of Fisheries and Game on amounts necessary for subsistence. The department notified the Senate Finance Budget Subcommittee during its closeout hearing on March 17, 2014 that there was not sufficient funding to conduct household surveys in non-subsistence areas and therefore they would not be completed.

The department already collects a significant amount of harvest data for both hunting and fishing by residents of non-subsistence areas through established methods and can quantify harvests of fish and wildlife resources by residents of these areas.

**Agencies in Partial Compliance (with Reasons for Partial Compliance)****DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT  
Operating Budget (CCS HB266)****Corporations, Business and Professional Licensing**

*It is the intent of the legislature that the Department of Commerce, Community and Economic Development set license fees approximately equal to the cost of regulation per AS 08.01.065(c). Further, it is the intent of the legislature that the Department of Commerce, Community and Economic Development annually submit, by November 1st, a six year report to the legislature in a template developed by Legislative Finance Division. The report is to include at least the following information for each licensing board: revenues from license fees; revenues from other sources; expenditures by line item, including separate reporting for investigative costs, administrative costs, departmental and other cost allocation plans; number of licensees; carryforward balance; and potential license fee changes based on statistical analysis.*

*It is the intent of the legislature that the Department of Commerce, Community and Economic Development continue to find efficiencies in the Division of Corporations, Business and Professional Licensing and, when possible, to include consolidating communications and notifications from the agency to license holders.*

It is CBPL's intent to set license fees in accordance with statute. The Department complied with this Legislative intent and submitted the requested annual report on November 13, 2014.

**Legislative Fiscal Analyst Comment:** The Professional Licensing report shows that several boards continue to have fees that do not comply with statute. Given the persistent problem with fee alignment, the legislature may wish to address fee-setting by implementing a formula in statute, thereby removing political or other influences that may impact the fee-setting process. Another option would be to revise the appropriation structure for the Corporations, Business and Professional Licensing to segregate specific boards to prevent cross subsidization.

**UNIVERSITY OF ALASKA  
Operating Budget (CCS HB266)****University of Alaska**

*It is the intent of the legislature that the University of Alaska submits a Fiscal Year 2016 budget in which requests for unrestricted general fund increments do not exceed the amount of additional University Receipts requested for that year. It is the intent of the legislature that future budget requests of the University of Alaska for unrestricted general funds move toward a long-term goal of 125 percent of actual University Receipts for the most recently closed fiscal year.*

The University of Alaska believes the purpose of the intent language was to 1) stabilize general fund growth; 2) incent generation of non-general fund revenue; and 3) create programmatic budget constraints that will drive future negotiated salaries as well as other potential financial decisions under consideration.

Unrestricted general funds (UGF) definition: As the name indicates, there are no statutory designations or restrictions on funding included in this group. Funding in this group can be (and is) appropriated for any purpose and includes general fund match, general fund, and general fund/mental health.

University receipts definition: Includes interest income, auxiliary receipts, student tuition/fees, indirect cost recovery (ICR), and university receipts.

The FY16 request for unrestricted general fund increments (\$14.7M) is very close to the amount of university receipts budgeted (\$14.6M) that covers annual unavoidable (or “must pay”) fixed costs increases. However, with the Board of Regents’ intention to reduce the tuition burden on students and families by voting not to increase tuition in FY16, and with enrollment (student credit hours) being down largely due to expected declines in Alaska’s high school graduates and part-time students, we project that there will be no additional significant revenue source such as ICR to offset costs. Lacking other significant sources for additional university receipts, the university will have to cover its share of costs mostly through internal reallocation and a diverse array of reductions.

If the state again mandates major real cuts to the unrestricted general fund portion of the budget as it did in FY15, this has the effect of moving the ratio down toward the long-term goal of 125 percent, but does not accomplish that aim via the spirit and intent to have the State share with the University in covering unavoidable annual fixed cost increases. This objective 1.25 ratio methodology needs to be re-evaluated for applicability in the case of an un-programmed GF reduction or an extended down budget cycle, given that UA can be placed in a situation where it has very little control of either the numerator, or the denominator, or both.

UA is also considering revenue enhancement opportunities. As mentioned, UA is working to create economic value from intellectual property through the UAA and UAF Offices of Intellectual Property and Commercialization. Recruiting efforts (tuition) could be increased considerably, but that takes investment dollars. Retention of students is a significant source of tuition dollars and programs such as advising and dual enrollment play a key role in retaining well prepared students. However, these programs are at significant risk in the current fiscal environment where another series of real operating budget reductions are possible. In that case, UA fixed costs that represent a major share of the reduced baseline budget and will need to be examined for reductions such as pay, benefits, jobs, and facilities across Alaska.

**UNIVERSITY OF ALASKA**  
**Capital Budget (HCS CSSB119(FIN) am H)**

**Page 78, lines 21-25**

UAF Heat and Power Plant (HD 1-5)	182,000,000	24,500,000	157,500,000
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*It is the intent of the legislature that the University of Alaska implement a utility surcharge or increase tuition in an amount not to exceed annual revenue of \$2,000,000. This funding and the fuel savings resulting from construction of the new plant shall be used to offset University revenue bond debt service for the University of Alaska Fairbanks Heat and Power Plant.*

The Governor's 5 year deferred maintenance initiative concluded in FY15. Recognizing that significant loss of capital revenue, and following legislative direction put forward in the FY15 budget, the University of Alaska will implement a \$2 per credit UA Facilities Fee starting in Spring 2015. In Fall 2015 this fee will increase to \$4 per credit, and in Spring 2016 the fee will increase to \$6 per credit. This funding apportionment will go to partially offset the university revenue bond debt service for UAF as well as be used for capital reinvestment at the other universities.

**Agencies in Compliance****DEPARTMENT OF ADMINISTRATION  
Operating Budget (CCS HB266)****Centralized Administrative Services/Office of the Commissioner**

*It is the intent of the legislature that the Department of Administration coordinate with the state's Congressional Delegation; Alaska Mental Health Trust Authority; the Department of Commerce, Community, and Economic Development; the Department of Education and Early Development and school districts; telecommunication service providers; other affected entities of the State of Alaska; and any other relevant stakeholder organization to:*

- 1. Determine the existing broadband resources and capacity in rural Alaska*
- 2. Identify cost sharing and cost saving opportunities*
  - a. Through sharing existing broadband resources*
  - b. Through partnering for expansion of broadband resources*

*It is the intent of the legislature that the Department of Administration provide recommendations, including possible legislation, and findings based on the results of their coordination and submit them to the House and Senate Finance Committees by January 15, 2015.*

*It is the intent of the legislature that the Department of Administration, Enterprise Technology Services, prepare a five-year statewide plan that includes an implementation policy for statewide information technology systems, including their procurement and support, which results in cost savings and will serve the needs of state executive branch departments, not including state corporations. It is the intent of the legislature that the Department of Administration submit a plan to the House and Senate Finance Committees by January 15, 2015.*

The Department of Administration has met with all departments and several telecommunication service providers and is in the process of formulating the recommendations with regard to broadband which are called for in Sec 1 CH 16 SLA 2014 Pg 2 Ln 21 (HB 266). The recommendation will likely draw upon the work of the Broadband Task Force, which should be completed soon. Once completed, the Department will evaluate the task force's recommendations for financial and budgetary feasibility.

The Department is crafting a five-year information technology plan as directed in Sec 1 CH 16 SLA 2014 Pg 3 Ln 5 (HB 266). The plan will require budget review prior to submission.

The recommendations and plan will be submitted to the House and Senate Finance Committees by January 15, 2015 in accordance with the intent.

**DEPARTMENT OF ADMINISTRATION  
Capital Budget (HCS CSSB119(FIN) am H)**

**Sec. 48. RETIREMENT SYSTEM FUNDING; CONSTITUTIONAL BUDGET RESERVE FUND.**

*(d) It is the intent of the legislature that the Alaska Retirement Management Board and the Department of Administration direct the plans' actuary to eliminate the two-year rate-setting lag in the public employees' retirement system and the teachers' retirement system actuarial valuations.*

The State has eliminated the 2 year rate setting lag and is following the recommendations of the actuary by use of (i) data from the FY2013 valuation, (ii) a roll-forward projection assuming expected FY2014 and FY2015 demographic experience, but use the actual benefit payments for FY2014, and a best estimate of actual net investment rate of return for FY2014 of 17.7% and assumed 8.0% for FY2015 to develop assets, and (iii) the results of the 2014 experience analysis, to set rates for FY2016. In other words, by using a projection of experience through FY2015, with updated actuarial assumptions, to set rates for FY2016, the rate setting lag is eliminated.

**Sec. 48. RETIREMENT SYSTEM FUNDING; CONSTITUTIONAL BUDGET RESERVE FUND.**

*(e) It is the intent of the legislature that the Alaska Retirement Management Board and the Department of Administration direct the plans' actuary to eliminate asset value smoothing from the public employees' retirement system and the teachers' retirement system actuarial valuations.*

The State has eliminated the actuarial smoothing and is following the recommendations of the actuary in that actuarial asset values be reset to market values on June 30, 2014 and further recommended that the standard 5 year smoothing method that smooth's the asset values by recognizing 20% of gains and losses each year for 5 years be restarted in FY2015. The actuary further recommended permanent elimination of the corridor smoothing method. Stakeholders could request actuarial projections computed with unsmoothed asset values.

**DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT  
Operating Budget (CCS HB266)**

**Economic Development**

*It is the intent of the legislature that if a Tourism Marketing Board is established the operational costs associated with the board will be funded with existing Tourism Marketing funds appropriated to the Economic Development appropriation.*

The Division of Economic Development will fund operational costs associated with the Tourism Marketing Board created in SB194 with existing Tourism Marketing funds.

**Sec. 15. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT**

*(i) It is the intent of the legislature*

*(1) that the Alaska Seafood Marketing Institute limit expenditure of the appropriation in (h)(1) of this section to 80 percent of the statutory designated program receipts collected for the fiscal year ending June 30, 2014;*

*(2) to limit the amount appropriated from the general fund to the Alaska Seafood Marketing Institute for the purpose of matching industry contributions and federal receipts for seafood marketing activities to not more than \$9,000,000 in a fiscal year, regardless of the amount of industry contributions and federal receipts;*

*(3) that the Alaska Seafood Marketing Institute evaluate and consider in-state advertising firms to provide advertising services before using an out-of-state advertising firm; and*

*(4) that the appropriations made in (h) of this section are included in the base budget of the Alaska Seafood Marketing Institute.*

The Alaska Seafood Marketing Institute intends to expend only 80 percent of the program receipts collected for the fiscal year ending June 30, 2014.

The Alaska Seafood Marketing Institute, with its annual collection of seafood assessments (statutory designated program receipts) from the ex-vessel value of the annual seafood harvest, anticipates to fully match the appropriated general funds or exceed them.

The Alaska Seafood Marketing Institute, through its RFP process, considers in-state firms when procuring advertising projects and tries to procure as many products and services as possible from in-state providers.

Appropriations made in section (h) are considered part of the base budget.

**DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT  
Capital Budget (HCS CSSB119(FIN) am H)**

**Grants to Named Recipients (AS 37.05.316)**

**Page 34 lines 23-31**

Blood Bank of Alaska - Facilities and Services Expansion Project (HD 1-40)	7,000,000	7,000,000
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*It is the intent of the Legislature that the Blood Bank of Alaska consider revisions to the building design and or secure alternative funding for the remainder of the project costs for the Blood Bank of Alaska Facilities and Services Expansion Project. The Legislature recognizes the importance of this project and its benefit to all Alaskans. Investment from community organizations as well as individual Alaskans is crucial to the project completion and on-going operations of the Blood Bank of Alaska. Funding may be used for direct funding of construction and to leverage new Market Tax Credit (NMTC) financing.*



Response below from the Blood Bank of Alaska:

Legislative intent language accompanying the FY15 Blood Bank of Alaska (BBA) capital appropriation of \$7 million (Sec. 1 Ch. 18, SLA 2014, Pg. 34 Ln. 25, SB119) provided a clear view of legislative concerns, which the BBA has taken seriously. The BBA has taken specific steps to address those concerns, some of which were in process prior to the issuance of the intent language.

First Concern: Revisions to the building design and cost. The BBA, during its own annual scrutiny of the building scope and cost, reduced the facility by 7,000 square feet in 2012, and this year, since the intent language was issued, modified certain laboratory space, employing “value-engineering” techniques on that and certain other building elements, and achieving other management savings. Our combined cost reduction efforts were formally adopted by the board of directors, reducing the building’s cost from \$51.5 million down to \$47.2 million.

The reduction in size has been 11% of the space originally proposed. It is felt that further reductions in the physical scope of the building will begin to impact the need for expansion, not only to accommodate growth in our conventional business, but impacting our ability to take on new, revenue-producing activities which will serve the state’s medical community.

Second Concern: Securing alternative funding. The BBA, from the inception of this project, has pursued funding in a variety of areas. In 2010, we initiated a community fundraising effort, designed to solicit business, labor, foundations, existing BBA supporters, and other community elements. While slow to show results, we can now report having raised \$4.8 million from this effort, some of which has come to us since the legislative intent language was written.

Over the past two years, we had been told by some potential donors, that until the SB21 issue was settled, consideration of our requests would be pending. Since the issuance of legislative intent language, we have completed organizing a “capital campaign cabinet,” composed of industry and community leaders, with the objective of soliciting major contributions of \$50,000 or higher. These volunteers are actively soliciting now.

Another fundraising element which was completed this summer, is the pre-sale of our existing building, which will deliver us \$2.7 million upon relocating to the new building.

We have actively pursued participation from the federal government through four different departments, but to no avail. Our entire congressional delegation told us that without the “earmark” option, we are left to scrutinize grant programs, which we do on a daily basis.

However, no federal grants reviewed to date provide for construction funding.

For nearly three years, we have prepared to engage the Federal New Market Tax Credit program for \$7 million, and this year, we applied. Due to allocations by the Treasury Department, none of the seventeen Community Development Entities we worked with, were allocated funding. And, since 2009, no Alaskan entity has received funding at all. We have a residual effort underway for a far smaller amount, \$1.7 million, which may be granted by December.

The Blood Bank of Alaska is most grateful for the continuing interest and support it has received from the State of Alaska. The BBA feels it has responded to the legislative intent language on the concerns expressed, and continues to aggressively develop several areas of potential funding sources in order to bring this project to a close. Thank you for the opportunity to comment.

**DEPARTMENT OF CORRECTIONS**  
**Operating Budget (CCS HB266)**

**Sec. 6. LEGISLATIVE INTENT RELATING TO CRIME VICTIMS' RIGHTS.**

*(a) It is the intent of the legislature to increase crime victims' access to the criminal justice process, to improve communication between criminal justice agencies and crime victims, and to ensure that crime victims' legal rights are not denied. Crime victims in this state should be treated with dignity, respect, and fairness as guaranteed by the Constitution of the State of Alaska. The Department of Law, Department of Corrections, and Department of Public Safety, and the division in the Department of Health and Social Services responsible for juvenile justice should continue to partner with the office of victims' rights to improve the criminal justice process for crime victims.*

*(b) One of the surest ways to affect each victim's sense of fairness and justice is through clear and consistent communication by agency staff to crime victims. Timely communication to crime victims helps to ensure victims' notice and opportunity to be heard at key stages of criminal investigations and prosecutions. Police officers and prosecutors, upon first contact with crime victims, are required by law to inform crime victims about the office of victims' rights. Law enforcement agencies, prosecutors, corrections agencies, social service agencies, and the courts should make every reasonable effort to ensure that victims' legal rights are preserved. Victims' privacy and dignity should be protected throughout the process. A timely and fair disposition of criminal charges promotes public trust, including victims' trust, in the criminal justice process. Timely, full, and prompt financial restitution to crime victims also provides crime victims with a tangible sense that the criminal justice system has acted to restore the victim.*

The Department of Corrections (DOC) Victim Service Unit maintains the Victim Information Notification Electronic (VINE) System and provides updated information, assistance, and support to victims of crime and other concerned parties whose offenders are under the custody of the Alaska DOC.

**Sec. 7. LEGISLATIVE INTENT RELATING TO RECIDIVISM PLAN.**

*It is the intent of the legislature that the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System continue to work collaboratively to identify common clients who are being released from correctional institutions and*

*(1) develop and implement a comprehensive, complementary, nonduplicative plan for providing substance abuse, mental health, housing, and employment services to those who are released from correctional institutions;*

*(2) use the plan to assist the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System in improving treatment and other outcomes for recently released inmates with the goal of reducing correctional system recidivism rates;*

*(3) gather and analyze data on the substance abuse, mental health, employment, and housing services needed and the services provided to the released clients;*

*(4) propose effectiveness and efficiency measures for the new plan; and*

(5) *jointly report on plan implementation and data findings to the legislature by February 2, 2015.*

The Department of Corrections is working with the Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System to provide a joint report to the legislature before February 2, 2015.

**Legislative Fiscal Analyst Comment:** Although it appears that the department is complying with intent, the level of compliance will be determined when the report is provided to the legislature.

## **DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT Operating Budget (CCS HB266)**

### **Teaching and Learning Support/Alaska Learning Network**

*It is the intent of the legislature that the Department of Education and Early Development, in cooperation with the University of Alaska Southeast, develop a plan to make the Alaska Learning Network self-sustainable and report their progress to the finance committees by the first day of the Twenty-ninth Alaska State Legislature. In addition, the Department shall monitor the coursework delivered by the University of Alaska Southeast through the Alaska Learning Network to ensure the coursework will reduce the need for remediation for incoming freshmen who have participated in this program.*

The Department of Education & Early Development will be working with the University of Alaska Southeast to investigate and address fees related to the Alaska Learning Network program and will develop a multi-year plan that addresses revenue needs and funding sources for the program. This plan will be submitted to the finance committees by January 20, 2015. In addition, the department is working with the university to develop a plan to monitor the coursework delivered by the Alaska Learning Network to ensure the reduced future need for remediation of incoming freshman who have participated in the program.

**Legislative Fiscal Analyst Comment:** The FY16 “unendorsed” budget requests the same amount for FY16 as FY15 (\$850,000 UGF) for the Alaska Learning Network. The report has not yet been received, so it is unknown whether the department is complying with legislative intent.

### **Commissions and Boards/Professional Teaching Practices Commission**

*It is the intent of the legislature that no later than FY2016, the Professional Teaching Practices Commission be entirely funded by receipts collected from teacher certification fees under AS 14.20.020(c).*

The Department of Education & Early Development is in the process of drafting regulations to change the fee structure for Teacher Certification fees for review and consideration by the State Board of Education & Early Development at their December 2014 quarterly meeting. If

approved, the regulations would then go out for public comment. Dependent upon budget discussions during the upcoming legislative session, the regulations would then go back before the board at their March 2015 quarterly meeting for review and adoption.

**Legislative Fiscal Analyst Comment:** The department's proposed regulations went out for public comment on December 16, 2014. If adopted, the new fee structure is estimated to bring in approximately \$300,000 per year—an amount equal to the cost of the Professional Teaching Practices Commission.

**DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT**  
**Capital Budget (HCS CSSB119(FIN) am H)**

*Sec. 32. (e) It is the intent of the legislature that the appropriations made in (b) - (d) of this section allow the Alaska public school system to maintain operations at a level sufficient to educate children and provide time for all stakeholders to work with the legislature to identify innovative approaches and possible consolidation of services that will, over time, lower costs while maintaining a quality education system. It is also the intent of the legislature that the increased funding under (b) - (d) of this section serve as a bridge to developing a plan and identifying solutions implementing the innovative approaches and consolidation of services identified by the public school system in an effort to recalibrate individual district budget spending levels to the spending levels of fiscal year 2014.*

The Department of Education & Early Development will work with the legislature and all other stakeholders to help identify innovative approaches and possible consolidation of services in order to lower costs and still maintain a quality educational system throughout all of Alaska's school districts. This work will assist in the development of a plan that would change how school districts spend educational dollars to conduct business while still educating the children of Alaska as they do now.

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION**  
**Operating Budget (CCS HB266)**

*It is the intent of the legislature that the Department of Environmental Conservation annually report, not later than January 1, the amount of funds collected for each fee by fee type to the chairs of the finance committees.*

**LFD Comment:** The report was delivered to the finance co-chairs on December, 3, 2014.

**DEPARTMENT OF FISH AND GAME**  
**Operating Budget (CCS HB266)**

*It is the intent of the legislature that the department maintain fishery management activities in state waters as its top priority when determining where to apply unallocated reductions included in the FY2015 operating budget and provide a fishery management activity prioritization report to the Finance Committees by October 31, 2014.*

A letter was delivered to the Finance Committees on October 31, 2014.

**Legislative Fiscal Analyst Comment:** The letter is included as attachment A.

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES**  
**Operating Budget (CCS HB266)**

*It is the intent of the legislature that the Department of Health and Social Services submit a report of transfers between appropriations that occurred in the first half of FY2015 by January 30, 2015, and a report of transfers in the second half of FY2015, by September 1, 2015, to the House and Senate Finance Committees and the Legislative Finance Division.*

The Department of Health and Social Services has not transferred funds between appropriations in the current fiscal year. The Department of Health and Social Services will submit a report covering the first half of FY2015 by January 30, 2015 and then a follow-up report covering the second half of FY2015 by September 1, 2015, should one become necessary.

*It is the intent of the legislature that the department find efficiencies, and use savings from those efficiencies, to implement priorities of the department. These priorities may include implementing the 2012 Office of Children's Services Workload Study recommendations.*

Across the summer, department leadership redefined core services for the eight programmatic divisions, tying each to specific department-level core services within the umbrella of the department's three priorities. Resource allocation among department priorities and department and division core services is being refined as potential short-term and long-term solutions to identified issues are proposed. Additionally, the DHSS Vacant Position Workgroup meets periodically to discuss the potential repurposing of vacant positions to address the department's highest needs.

The ten FY2015 positions approved for the Office of Children's Services, based on the 2012 workload study recommendations, are currently in recruitment. Once filled, these vital additional resources will allow front line social workers to focus a greater portion of their energies on direct services rather than administrative duties, improving the quality and timeliness of client services and allowing staff to function more efficiently and effectively.

**Alaska Pioneer Homes**

*It is the intent of the legislature that the department submit a report to the legislature by January 22, 2015, outlining statutory and regulatory changes that need to occur to ensure that the Alaska Pioneer Homes maximize Medicaid funding.*

The department is currently refining a draft report and will submit recommendations by the required deadline.

**Public Health/Health Planning and Systems Development**

*It is the intent of the legislature that the Health Care Professions Loan Repayment and Incentive Program be administered in stricter accordance to statute which directs that there should be an emphasis on providing residents of rural areas of the state improved access to health care services, and improving the distribution of health care professionals who provide direct patient care.*

The Department of Health and Social Services is currently developing regulations for the Health Care Professions Loan Repayment and Incentive Program to emphasize providing residents of rural areas of the state improved access to health care services, and improving the distribution of health care professionals who provide direct patient care.

*It is the intent of the legislature that the match requirement for the Health Care Professions Loan Repayment and Incentive Program be adjusted only for non-profit employers or other entities and only when the employer or other entity demonstrates an inability to pay the amount prescribed in regulation and upon the Commissioner's written approval. It is also the intent of the legislature that employers or other entities that are government entities pay a match at least equal to that prescribed for non-profit employers.*

The Department of Health and Social Services is developing regulations that would propose to set the match for Government and non-profit employers at 25% and to set the match for for-profit entities at 30%. There will be a waiver process for non-profit employers and other entities (the proposed regulations include for-profit and governmental entities) that require them to submit evidence to demonstrate inability to pay and must be approved by the Commissioner in writing.

**Sec. 6. LEGISLATIVE INTENT RELATING TO CRIME VICTIMS' RIGHTS.**

*(a) It is the intent of the legislature to increase crime victims' access to the criminal justice process, to improve communication between criminal justice agencies and crime victims, and to ensure that crime victims' legal rights are not denied. Crime victims in this state should be treated with dignity, respect, and fairness as guaranteed by the Constitution of the State of Alaska. The Department of Law, Department of Corrections, and Department of Public Safety, and the division in the Department of Health and Social Services responsible for juvenile justice should continue to partner with the office of victims' rights to improve the criminal justice process for crime victims.*

*(b) One of the surest ways to affect each victim's sense of fairness and justice is through clear and consistent communication by agency staff to crime victims. Timely communication to crime victims helps to ensure victims' notice and opportunity to be heard at key stages of criminal investigations and prosecutions. Police officers and prosecutors, upon first contact with crime victims, are required by law to inform crime victims about the office of victims' rights. Law enforcement agencies, prosecutors, corrections agencies, social service agencies, and the courts should make every reasonable effort to ensure that victims' legal rights are preserved. Victims' privacy and dignity should be protected throughout the process. A timely and fair disposition of criminal charges promotes public trust, including victims' trust, in the criminal justice process. Timely, full, and prompt financial restitution to crime victims also provides crime victims with a tangible sense that the criminal justice system has acted to restore the victim.*

The Office of Victims' Rights provided substantial input into the development of division policies and procedures, including the division's probation Policy & Procedure manual. The manual contains a victim rights policy that reflects the constitutional and statutory requirements that victims be treated with dignity, respect, and fairness and are involved throughout the juvenile justice process. The procedures that accompany this policy provide that: victims are to be notified when a report of a juvenile offense is received from law enforcement; probation officers notify victims of their rights; victims be afforded an opportunity to be present at all court hearings and have the opportunity to make statements to the court; victims are provided the opportunity to contribute a victim impact statement; the department notify victims when a juvenile is scheduled for release from placement in a juvenile facility; and that probation officers will release information to the victim or the victim's insurance company about the juvenile as necessary to support the victim in their understanding of actions taken toward the juvenile or to facilitate compensation for their losses caused by a juvenile.

## **Sec. 7. LEGISLATIVE INTENT RELATING TO RECIDIVISM PLAN.**

*It is the intent of the legislature that the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System continue to work collaboratively to identify common clients who are being released from correctional institutions and*

*(1) develop and implement a comprehensive, complementary, nonduplicative plan for providing substance abuse, mental health, housing, and employment services to those who are released from correctional institutions;*

*(2) use the plan to assist the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System in improving treatment and other outcomes for recently released inmates with the goal of reducing correctional system recidivism rates;*

*(3) gather and analyze data on the substance abuse, mental health, employment, and housing services needed and the services provided to the released clients;*

*(4) propose effectiveness and efficiency measures for the new plan; and*

*(5) jointly report on plan implementation and data findings to the legislature by February 2, 2015.*

The Department of Health and Social Services (DHSS) is an active participant in the Alaska Prisoner Reentry Initiative - a multi-stakeholder group, led by the Department of Corrections (DOC), currently focused on defining collective priorities and identifying local infrastructure strengths and needs to formulate a statewide plan. This group will meet again in December, and is expected to finalize a plan by January 2015. This overarching statewide plan will guide development, implementation, and administration of the more focused comprehensive service plan referenced in the above intent language. It will also ensure that partners do not duplicate efforts, and align in a clear and compelling manner to reduce recidivism and prepare offenders for a successful transition to productive lives in their communities.

Related DHSS program activities required by AS 47.38.100 (Recidivism reduction program) will be supported by an inter-agency Reimbursable Services Agreement with DOC. Further information will be available in the joint DHSS-DOC report due to the legislature by January 15, 2015.

#### **Sec. 27. FUND CAPITALIZATION.**

*(p) The sum of \$500,000 is appropriated from the general fund to the trauma care fund (AS 18.08.085(a)). It is the intent of the legislature that the Department of Health and Social Services develop a trauma care fund grant application process that includes a list of preapproved uses in the application for trauma care funding.*

The Department of Health and Social Services developed a trauma care fund grant application process that includes a list of preapproved uses in the application for trauma care funding. The 2014 Trauma Care Fund application (July 1, 2013 - June 30, 2014) was revised prior to its release on May 23, 2014. Items pre-approved by the DHSS Commissioner included trauma-specific prevention, training, equipment, and program and personnel support necessary for initial and ongoing facility trauma designation. Several additional trauma trainings and equipment were also included to address gaps in rural and urban trauma care identified through facility and state quality improvement processes, Alaska Trauma Registry data, and the Alaska Shield/Hale Borealis Full Scale Exercise After Action Report/Improvement Plan. The 2014 Trauma System Development Application form, including pre-approved items, can be found at <http://dhss.alaska.gov/dph/Emergency/Pages/trauma/default.aspx>.

### **DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT Operating Budget (CCS HB266)**

#### **Sec. 7. LEGISLATIVE INTENT RELATING TO RECIDIVISM PLAN.**

*It is the intent of the legislature that the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System continue to work collaboratively to identify common clients who are being released from correctional institutions and*



*(1) develop and implement a comprehensive, complementary, nonduplicative plan for providing substance abuse, mental health, housing, and employment services to those who are released from correctional institutions;*

*(2) use the plan to assist the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System in improving treatment and other outcomes for recently released inmates with the goal of reducing correctional system recidivism rates;*

*(3) gather and analyze data on the substance abuse, mental health, employment, and housing services needed and the services provided to the released clients;*

*(4) propose effectiveness and efficiency measures for the new plan; and*

*(5) jointly report on plan implementation and data findings to the legislature by February 2, 2015.*

The Department of Labor and Workforce Development is working with the Department of Corrections, Department of Health and Social Services, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System to provide a joint report to the legislature before February 2, 2015.

**DEPARTMENT OF LAW  
Operating Budget (CCS HB266)**

**Sec. 6. LEGISLATIVE INTENT RELATING TO CRIME VICTIMS' RIGHTS.**

*(a) It is the intent of the legislature to increase crime victims' access to the criminal justice process, to improve communication between criminal justice agencies and crime victims, and to ensure that crime victims' legal rights are not denied. Crime victims in this state should be treated with dignity, respect, and fairness as guaranteed by the Constitution of the State of Alaska. The Department of Law, Department of Corrections, and Department of Public Safety, and the division in the Department of Health and Social Services responsible for juvenile justice should continue to partner with the office of victims' rights to improve the criminal justice process for crime victims.*

*(b) One of the surest ways to affect each victim's sense of fairness and justice is through clear and consistent communication by agency staff to crime victims. Timely communication to crime victims helps to ensure victims' notice and opportunity to be heard at key stages of criminal investigations and prosecutions. Police officers and prosecutors, upon first contact with crime victims, are required by law to inform crime victims about the office of victims' rights. Law enforcement agencies, prosecutors, corrections agencies, social service agencies, and the courts should make every reasonable effort to ensure that victims' legal rights are preserved. Victims' privacy and dignity should be protected throughout the process. A timely and fair disposition of criminal charges promotes public trust, including victims' trust, in the criminal justice process. Timely, full, and prompt financial restitution to crime victims also provides crime victims with a tangible sense that the criminal justice system has acted to restore the victim.*

The Department of Law effectuates this language in many ways.

First, the department employs 35 victim witness paralegals in 13 locations throughout the state. It is the responsibility of these employees to make contact with each victim of a crime whose case has been submitted to a district attorney's office. This contact occurs whether or not the case is accepted for prosecution. If the case will not be prosecuted, the reason for that decision is communicated to the victim. If the case is to be prosecuted, that decision and the operation and steps through the criminal justice system are explained. The victim is kept informed of court hearing dates, proposed resolution of cases and the sentencing date. The providing of information continues through any appeal and post conviction petitions. When victims need to appear in court, these victim witness paralegals make travel and lodging arrangements, provide witness fees and disperse per diem, when necessary.

These department employees also maintain contact and rapport with victims. Keeping them advised of the status of the case in which the victim is involved. This includes the victim's availability for court hearings. These contacts may be in person, via telephone, text message or other means. Recently the department has established a Victim Information Notification Electronic (VINE) system that uses phone or email messages to quickly notify victims of changes in court dates and encourages additional victim to paralegal contact.

Law's paralegals and attorney's work together to obtain court ordered restitution for victims. The Civil Division of the Department of Law has a Collections Unit which aids in the collection of the court ordered restitution.

Although Law does not provide social services such as mental health counseling, housing, public assistance, medical care, etc., the victim witness paralegals act as a pointer system informing victims of the appropriate agencies where they can receive these and other needed services.

## **DEPARTMENT OF PUBLIC SAFETY Operating Budget (CCS HB266)**

### **Alaska State Troopers**

*It is the intent of the legislature that money appropriated to the Alaska State Troopers under this appropriation may not be spent to assist federal employees in enforcing the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361-1421h) as it relates to sea otters in Southeast Alaska.*

Sea otters are federally protected and managed and laws are enforced by federal agencies. The Alaska State Troopers are not assisting federal employees in enforcing the Marine Mammal Protection Act of 1972 as it relates to sea otter in Southeast Alaska.

### **Village Public Safety Officer Program**

*It is the intent of the legislature that the department work with the VPSO grantees to determine:*

- 1) short (and long) term goals for strengthening and improving the VPSO program, and any costs associated with taking the actions identified; and*
- 2) what can be done to improve the recruitment and retention of VPSOs, and any costs associated*

*with the actions identified. It is also the intent of the legislature that the department submits to the legislature a report by January 15, 2015 providing information about the meetings held and the participants' (department and VPSO grantees) conclusions and recommendations.*

The Department of Public Safety met with the VPSO grantees most recently on September 30 – October 3, 2014. The department intends to deliver the required report to the legislature by January 15, 2015.

## **Sec. 6. LEGISLATIVE INTENT RELATING TO CRIME VICTIMS' RIGHTS.**

*(a) It is the intent of the legislature to increase crime victims' access to the criminal justice process, to improve communication between criminal justice agencies and crime victims, and to ensure that crime victims' legal rights are not denied. Crime victims in this state should be treated with dignity, respect, and fairness as guaranteed by the Constitution of the State of Alaska. The Department of Law, Department of Corrections, and Department of Public Safety, and the division in the Department of Health and Social Services responsible for juvenile justice should continue to partner with the office of victims' rights to improve the criminal justice process for crime victims.*

*(b) One of the surest ways to affect each victim's sense of fairness and justice is through clear and consistent communication by agency staff to crime victims. Timely communication to crime victims helps to ensure victims' notice and opportunity to be heard at key stages of criminal investigations and prosecutions. Police officers and prosecutors, upon first contact with crime victims, are required by law to inform crime victims about the office of victims' rights. Law enforcement agencies, prosecutors, corrections agencies, social service agencies, and the courts should make every reasonable effort to ensure that victims' legal rights are preserved. Victims' privacy and dignity should be protected throughout the process. A timely and fair disposition of criminal charges promotes public trust, including victims' trust, in the criminal justice process. Timely, full, and prompt financial restitution to crime victims also provides crime victims with a tangible sense that the criminal justice system has acted to restore the victim.*

The Department of Public Safety (DPS) will continue to partner with the Office of Victims' Rights (OVR) to improve the criminal justice process for crime victims. DPS commissioned officers inform victims of violent crimes, or their surviving dependents, of the provisions of the Violent Crime Compensation Act and the services available to them. Troopers keep an adequate supply of Violent Crimes Compensation cards and issue the cards along with other written material prepared by OVR at initial contact with the crime victim. Applications for violent crimes compensation are available at all department enforcement unit offices.

### **DEPARTMENT OF REVENUE Operating Budget (CCS HB266)**

#### **Alaska Mental Health Trust Authority**

*It is the intent of the legislature that the Alaska Mental Health Trust assess the potential impact of expanded broadband on long term general fund operating costs by looking at the following:*

- 1. Existing broadband capacity (including educational and tribal health networks) that could be*

*accessed by the state;*

*2. The broadband capacity needed to improve access to health care;*

*3. Costs of and barriers to expanding broadband; and*

*4. Potential long-term general fund savings attributable to expanding broadband access.*

*It is also the intent of the legislature that the Alaska Mental Health Trust submit a report to the legislature outlining the results of assessing the above items by January 15, 2015.*

The Alaska Mental Health Trust Authority is currently working on a broadband analysis report and will provide it to the legislature by the required deadline of January 15, 2015.

#### **Sec. 7. LEGISLATIVE INTENT RELATING TO RECIDIVISM PLAN.**

*It is the intent of the legislature that the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System continue to work collaboratively to identify common clients who are being released from correctional institutions and*

*(1) develop and implement a comprehensive, complementary, nonduplicative plan for providing substance abuse, mental health, housing, and employment services to those who are released from correctional institutions;*

*(2) use the plan to assist the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System in improving treatment and other outcomes for recently released inmates with the goal of reducing correctional system recidivism rates;*

*(3) gather and analyze data on the substance abuse, mental health, employment, and housing services needed and the services provided to the released clients;*

*(4) propose effectiveness and efficiency measures for the new plan; and*

*(5) jointly report on plan implementation and data findings to the legislature by February 2, 2015.*

The named partners in HB266 (Dept. of Corrections, Dept. of Health & Social Services, Dept. of Labor & Workforce Development, Alaska Housing Finance Corporation, and the Alaska Court System) and other criminal justice agencies have been meeting since the conclusion of the 2014 Legislative session. A joint report on data findings and a recommended implementation plan aimed at reducing criminal recidivism will be presented to the legislature during the 2015 session.

### **DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES Operating Budget (CCS HB266)**

#### **Marine Highway System**

*It is the intent of the legislature that the department eliminate any future issuing of free annual passes for vehicles of state agencies, state employees, or retirees and their families on the Alaska Marine Highway System.*

The State's new contract with the Inland Boatman's Union (IBU) has been ratified and includes a provision eliminating the issuance of free annual passes to IBU members. IBU members that qualify for an annual pass (standby, space available only) will be required to pay \$100 for the pass. Contracts with the Masters, Mates, and Pilots (MMP) Union and the Marine Engineers' Beneficial Association (MEBA) Union have not been finalized; however, the tentative agreements reached with each union include the same \$100 annual pass provisions.

### **Marine Vessel Operations**

*It is the intent of the legislature that the department examine the economics of an additional ferry run between Ketchikan and Metlakatla and report the findings to the 29th Legislature.*

DOT&PF has examined the economics of adding another day to its operations between Ketchikan and Metlakatla (Annette Bay). Adding another run to Annette Bay would need to be accomplished one of two ways. The first would be to add an entire additional crew and the second would be to use the current crew to operate the vessel at overtime rates. Due to the minimum work requirements in the union contracts, adding a second crew would not be feasible and would nearly double the current labor cost. The annual cost of adding an additional ferry run and paying overtime to the current crew would be \$275k, which would negate the cost savings achieved by operating between Ketchikan and Annette Bay as opposed to Ketchikan and Port Chester at Metlakatla.

*It is the intent of the legislature that the Alaska Marine Highway System complete a review and analysis of the current passenger/ vehicle/ cabin rate structure for the system and present a modified tariff and fee schedule to the Alaska State Legislature, no later than February 1, 2015.*

AMHS is currently working with Northern Economics to complete a review and analysis of the current tariff structure and will be prepared to present a modified structure and fee schedule to the Alaska State Legislature by February 1, 2015.

### **Sec. 28. FUND TRANSFERS.**

*(f) The interest earned during the fiscal year ending June 30, 2015, by the Alaska marine highway system fund (AS 19.65.060(a)), estimated to be \$88,700, is appropriated to the Alaska marine highway system fund (AS 19.65.060(a)). It is the intent of the legislature that the interest earned on the balance of the Alaska marine highway system fund (AS 19.65.060(a)) be accounted for separately from the program receipts from vessel operations.*

The interest earned on the Alaska Marine Highway System Fund is currently being accounted for and reported separately from the program receipts for vessel operations.

**UNIVERSITY OF ALASKA**  
**Operating Budget (CCS HB266)**

**University of Alaska**

*It is the intent of the legislature that the University of Alaska maintain the University of Alaska Anchorage Office of Research and Graduate Studies and the University of Alaska Fairbanks Office of Intellectual Property and Commercialization and continue to explore additional funding opportunities.*

**UAA**

The UAA Office of Research and Graduate Studies is integral to addressing this issue in UA's Policy, Shaping Alaska's Future, (Theme #4, Issue E): "Limited state investment in UA research capacity makes it difficult to remain competitive for research grants, contracts and faculty." As a result, additional resources were provided through reallocation to the department in FY15 to address expenses related to greater pursuit of successful commercialization efforts.

**UAF**

The UAF Office of Intellectual Property and Commercialization (OIPC) continues to grow UAF's commercialization enterprise since its inception in 2011. Following are some recent highlights from OIPC.

- The NIC Board of Directors formed a for-profit subsidiary, Nanook Tech Ventures (NTV), in April 2013.
- OIPC patent filings have increased annually from 3 filings in FY10 to 7 filings annually by the end of FY14.
- In FY14, UAF was awarded two patents.
- In FY14, NIC licensed 40 technologies. Three of the four technology licensees are companies that are based in Alaska and Alaskan owned.
- NTV formed two start-up companies commercializing UAF intellectual property. Both companies are owned and operated by UAF researchers.
- OIPC is currently making payment of the first \$10,000 in licensing royalties generated from technology commercialized by a start-up company.

*It is the intent of the legislature that the University of Alaska shall collect data on recent and future graduates so that a performance matrix may be established for each degree program offered by the University. Information should include the number of students who graduate, when they are employed in a related field of study and at what salary, what their debt load was upon graduation, and other demographic information.*

UA Institutional Research and Planning has created a matrix to display all the requested data. Each university is reviewing the data currently available and developing a process to update the data on an annual basis. The next updated report will be available around mid-January 2015.

*It is the intent of the legislature that the University of Alaska carefully review every program and reevaluate and implement benchmarks with measurable outcomes, delete any unnecessary programs, implement streamlining and efficiency measures, conduct a systemwide audit, implement and conduct rigorous employee evaluations using best practices, strongly consider fiscal impacts during employee labor contract negotiations to help lower costs, attain and implement cost-savings in travel policy, maximize energy and heating efficiencies in buildings, and sell, lease, or repurpose buildings for maximum utilization.*

1) Program review-carefully review every program and reevaluate and implement benchmarks with measurable outcomes, delete any unnecessary programs

Response: Program review is part of the Board of Regents' policy and every program is reviewed on a periodic basis. In addition, in 2013 each campus began a special review in light of state budget guidance, using measurable outcomes, efficiency and core mission benchmarks with which to judge necessity and, if appropriate, deletion.

2) Implement streamlining and efficiency measures

Response: Underway. Information is collected from each university every September as part of the annual budget process. Streamlining and efficiency measures are listed by university. In addition, the process involved in conducting Shaping Alaska's Future (P01.02.060) is predominantly aimed at streamlining and efficiency as well, and progress will show up in the associated metrics.

3) Conduct a systemwide audit

Response: Per Board of Regents' policy (P05.03.026), UA's chief audit executive presents the annual system-wide audit plan to the Board of Regents' Audit Committee for review and approval. The University also contracts with an independent firm to conduct an annual audit of the financial statements and a Federal Single audit. In addition, House Bill 30 included a requirement for the Division of Legislative Audit to conduct performance reviews of the University beginning in 2018.

4) Implement and conduct rigorous employee evaluations using best practices

Response: Per Board of Regents' policy (P04.07.030) the performance of each employee is evaluated annually. Each of the three universities and UA Statewide have a performance evaluation process in place.

5) Strongly consider fiscal impacts during employee labor contract negotiations to help lower costs

Response: UA labor and wage rates are historically below state wage rates. Today they are even well below UA rates for FY11 and earlier. We continue to work labor contracts carefully with regard to wages.

6) Attain and implement cost-savings in travel policy

Response: The University of Alaska has focused on limiting travel costs over the last three years by investing in video conferencing and associated equipment to offset travel expenses. Cost avoidance for travel expenses across the entire UA System for FY14 alone was estimated at \$858K. UA travel costs are made challenging given athletic and research needs. When the legislature reduced UA's travel budget by \$1.1M to pay operation and maintenance

bills, that decision removed UA's ability to find additional significant travel savings in FY15 that were not already considered. UA will certainly continue to examine travel costs.

7) Maximize energy and heating efficiencies in buildings

Response: Beginning in 2011, all three UA universities selected an energy service company through a competitive RFP process to perform energy audits on our campuses across the state. For example, Siemens Corporation was the successful bidder on the UAF projects and completed the Investment Grade Energy Audits. UA routinely evaluates the latest methods for reducing building operating costs during upgrades, and uses energy efficiency in selecting new construction designs.

8) Sell, lease, or repurpose buildings for maximum utilization

Response:

UAA

UAA sold its interest in the Diplomacy building and will save significant lease costs in FY16 when more UAA offices are consolidated into the UA office building at 1901 Bragaw Street. UAA has also focused on better leveraging of existing space. A prime example of this is the Wendy Williamson Auditorium. UAA recently rehabed the interior with improved lighting and seating. The upgrades included IT infrastructure upgrades and acoustical improvements, making the auditorium more conducive for academic use. Today, several large classes of 150-200 students are being conducted in this venue, allowing UAA to consolidate courses that had been taught in multiple, smaller sections.

UAF

UAF will demolish the outdated large animal quarters as a part of the upgrade project which remodels the Irving building to accommodate the Vet Med 2+2 program in fall 2015. Proceeds from the intended sale of Geist Road acreage is planned to benefit the early childhood education program.

UAS

UAS sold the Bill Ray Center and consolidated programs into existing campus space. It is considering sale of the Auke Bay administration building as a means to further consolidate and upgrade space on the core campus.

UA will continue to take aggressive advantage of real estate development opportunities.

**OFFICE OF THE GOVERNOR  
Operating Budget (CCS HB266)**

**Executive Operations/Domestic Violence and Sexual Assault**

*It is the intent of the legislature that the Office of the Governor delivers a report on the results of the domestic violence and sexual assault initiative through December 31, 2014, along with effectiveness and efficiency performance measures that are developed with a numerator and denominator format, to the legislature by February 17, 2015.*



The Office of the Governor intends to deliver a report on the results of the domestic violence and sexual assault initiative through December 31, 2014, along with effectiveness and efficiency performance measures that are developed with a numerator and denominator format, to the Legislature by February 17, 2015.

#### **Sec. 5. LEGISLATIVE INTENT.**

*It is the intent of the legislature that the amounts appropriated by this Act are the full amounts that will be appropriated for those purposes for the fiscal year ending June 30, 2015.*

Departments are informed of the Legislature's intent and instructed to comply.

#### **Sec. 9. PERSONAL SERVICES TRANSFERS.**

*It is the intent of the legislature that agencies restrict transfers to and from the personal services line. It is the intent of the legislature that the office of management and budget submit a report to the legislature on January 15, 2015, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the first half of the fiscal year ending June 30, 2015, and submit a report to the legislature on October 1, 2015, that describes and justifies all transfers to and from the personal services line by executive branch agencies for the entire fiscal year ending June 30, 2015.*

OMB will prepare and submit personal services transfer reports to the Legislature in accordance with the statement of legislative intent.

#### **Sec. 23. OFFICE OF THE GOVERNOR.**

*(a) If the 2015 fiscal year-to-date average price of Alaska North Slope crude oil exceeds \$70 a barrel on August 1, 2014, the amount of money corresponding to the 2015 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (c) of this section, estimated to be \$13,500,000, is appropriated from the general fund to the Office of the Governor for distribution to state agencies to offset increased fuel and utility costs for the fiscal year ending June 30, 2015.*

*(b) If the 2015 fiscal year-to-date average price of Alaska North Slope crude oil exceeds \$70 a barrel on December 1, 2014, the amount of money corresponding to the 2015 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (c) of this section, estimated to be \$13,500,000, is appropriated from the general fund to the Office of the Governor for distribution to state agencies to offset increased fuel and utility costs for the fiscal year ending June 30, 2015.*

*(d) It is the intent of the legislature that a payment under (a) or (b) of this section be used to offset the effects of higher fuel and utility costs for the fiscal year ending June 30, 2015.*

The Office of the Governor, Office of Management and Budget, prepares the allocation and distribution of the funds made available to State agencies in this section for fuel and utility costs in accordance with the appropriation language.

**ALASKA COURT SYSTEM**  
**Operating Budget (CCS HB266)**

**Judicial Council**

*It is the intent of the legislature that the legislative committees may assist the Alaska Judicial Council in public outreach throughout the communities of Alaska through facilitation of public meetings and outreach to augment the Alaska Judicial Council's work on all activities including selection and retention of Judicial officials. This support may include office space, video and telecommunications, and any other accommodation deemed reasonable by committee chairs. The chairs may expend funds in assisting non-advocacy public outreach.*

As part of its retention evaluation of the fourteen judges who stood for retention in November of 2014, the Council scheduled a statewide public hearing to hear testimony from members of the public. For many years the Legislature has graciously allowed the Council to use the Legislative Information Office's statewide public teleconference network for this purpose, and in the past it has provided funding for paid advertising to encourage public comment. This year, without paid advertising, Council staff worked closely with the Legislative Information Office to publicize the hearing. However, for the first time in memory, no members of the public testified. Only one person in the entire state attended the hearing. In past years, turnout for these hearings has been good, with scores of people from all areas of the state typically giving testimony. Without any public testimony, the Council members were deprived of important information about the qualifications of the judges standing for retention, and members of the public who might have wished to comment were not heard.

The Council also held public hearings to obtain public comment about judicial applicants. These hearings occurred in the location of the vacancies. They were held in courtrooms, so legislative office space was unnecessary. The courtroom teleconferencing capability was used, so the LIO teleconferencing system also was not necessary. In the absence of paid advertising, the Council posted notices on its web site and on the state's on-line system, issued a press release, and posted paper notices in the courthouses. Nevertheless, the Council experienced a dramatic decrease in public participation in these hearings. For example, virtually no members of the public attended the public hearing to provide feedback to the Council on the Bethel community's views on the applicants for the Bethel judicial vacancy.

The intent language allows the committee chairs, at their discretion, to expend funds to assist the Council with its non-advocacy outreach. Although the Council appreciates this offer, it does not allow the Council to plan placement of notices advertising its public hearings.

Finally, the Council is required by law to evaluate judges standing for retention and to make that information available to voters. The intent is to enable Alaskans to make informed decisions when they vote on the retention of judges. It is important for voters to understand the exhaustive process the Judicial Council uses to evaluate judges standing for retention. Voters who understand the Council's evaluation process will understand that they can access the detailed evaluation materials for themselves to make an informed vote. Alternatively, voters will understand that they can access the Judicial Council's recommendations if they do not wish to review the voluminous evaluation materials themselves. This year, the Council

did not use any paid advertising to publicize its retention recommendations or judicial performance evaluation information.

**Legislative Fiscal Analyst Comment:** In FY13 the legislature reduced the Judicial Council's advertising budget by (\$20.0) UGF with an additional decrement of (\$19.0) UGF in FY14, essentially zeroing out the Council's advertising budget. The Council asserts that without any advertising funds, they cannot effectively inform the public on judicial retention recommendations. Although attendance at public hearings decreased during the 2014 election cycle, the Judicial Council does appear to have met the intent of requesting legislative support for public outreach.

**Sec. 7. LEGISLATIVE INTENT RELATING TO RECIDIVISM PLAN.** *It is the intent of the legislature that the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System continue to work collaboratively to identify common clients who are being released from correctional institutions and*

*(1) develop and implement a comprehensive, complementary, nonduplicative plan for providing substance abuse, mental health, housing, and employment services to those who are released from correctional institutions;*

*(2) use the plan to assist the Department of Corrections, Department of Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, and Alaska Court System in improving treatment and other outcomes for recently released inmates with the goal of reducing correctional system recidivism rates;*

*(3) gather and analyze data on the substance abuse, mental health, employment, and housing services needed and the services provided to the released clients;*

*(4) propose effectiveness and efficiency measures for the new plan; and*

*(5) jointly report on plan implementation and data findings to the legislature by February 2, 2015.*

The Alaska Court System continues to meet and collaborate with the Departments of Corrections, Health and Social Services, Labor and Workforce Development, the Alaska Mental Health Trust Authority, and the Alaska Housing Finance Corporation in conformance with the intent language found in Section 7 of CCS HB 266. We are on track to report to the legislature by February 2, 2015 on our implementation plan and findings.