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### Committee Aide:

Brooke Ivy 465-6578 30th Alaska State Legislature House Finance Budget Subcommittee Department of Administration FY18 Operating Budget

# DEPARTMENT OF ADMINISTRATION FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT February 21, 2017

# SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the Department of Administration held six meetings with the Department, including one joint overview with the House State Affairs Committee, during the review of the FY2018 budget request.

### **RECOMMENDATIONS:**

The Chair of the House Finance Budget Subcommittee for the Department of Administration submits a recommended operating budget for FY2018 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)	
Unrestricted General Funds (UGF)	\$68,850.0
Designated General Funds (DGF)	\$30,462.3
Other Funds	\$233,166.8
Federal Funds	\$4,122.9
Total	\$336,602.0

The Unrestricted General Fund (UGF) difference from the FY2015 Management Plan to the FY2018 House Subcommittee budget recommendation is a reduction of \$17,180.2, a 20 percent decrease.

From the FY2017 Management Plan, the Subcommittee recommendation reflects a total decrease in Unrestricted General Funds of \$3,104.7, a 4.3 percent reduction.

### **Positions:**

Permanent Full-time	1,142
Permanent Part-time	14
Temporary	26
Total	1,182

## **Budget Amendments:**

The following <u>budget amendment</u> is submitted by the Subcommittee Chair to the House Finance Committee for consideration:

1) Reduce Available UGF for Training and Educational Conferences, <\$12.5>1004

**UGF.** The Department of Administration historically spends an average of \$37.2 in the Services line item of Labor Agreements Miscellaneous Items. This allocation is identified by the Department as funding "training, educational conferences, agency memberships, and employee tuition." While accommodating provisions in certain bargaining unit agreements, these services are not statutorily required, nor are they integral to the Department's mission or efficiency goals. Reducing the FY18 general fund authorization for Services will encourage the Department to operate more efficiently to meet their mission of providing consistent and efficient support services to state agencies.

# **Statutory Change Proposals:**

The following <u>statutory change recommendations</u> are also submitted to the House Finance Committee for consideration:

For Consideration by House State Affairs Committee:

- 1) **Streamline Alaska Public Offices Commission Reporting Statutes.** Since the FY15 Management Plan, the Commission's budget has seen a 42.2% reduction in UGF, resulting in a reduction of six positions (5 PFT, 1 PPT). It has become apparent that streamlining reporting requirements would better ensure the Commission's ability to fulfill its mission and more efficiently serve the Alaskan public.
  - Revise AS 15.13.374(c) to extend the response time for advisory opinion requests from seven days to ten working days.
    - This change would allow the Commission additional time to increase efficiencies by avoiding pulling staff from one time-sensitive project to another, while still fulfilling requests within a reasonable timeframe.
  - Consider amending AS 15.13.030(7), AS 15.13.040(g) and AS 15.13.090(c) and repealing AS 15.13.040(k) to reduce redundancies, inconsistencies and inefficiencies in reporting and filing requirements.
- 2) Increase Alaska Public Offices Commission Ability to Collect Fees from User Groups. While the Commission's GF/Program receipt authority has been increased from \$120,000 to \$245,300 proposed, the additional receipts are uncollectable without increasing statutory authority to increase current, or establish new, fees.
  - Add a new subsection in AS 15.13.400 to formally define the term "entity." Add a new subsection within AS 15.13.050 instituting a registration fee for groups, nongroup entities and "entities."
    - This change would define a new class of persons making independent expenditures intended to influence the outcome of elections that do not technically fall within current definitions of "group" or "nongroup entity."
    - Providing this collection authority would generate revenues from the user groups whose activities take the most significant portion of the Commissioner's staff time to track.

- Explore the impact of adding subsections within Chapter 15.13 instituting fees for Public Officials Financial Disclosures, Legislative Financial Disclosures and Candidate Registrations, while considering exemptions for municipal-level office holders.
  - Implementing a fee for public officials, legislators and candidates would bring in revenues from additional user groups to support important Commission operations. It was expressed by Subcommittee membership the importance of considering exceptions, where appropriate, to avoid cost-prohibitive filing and potential inefficiencies.

# 3) Standardize Minimum Age in Division of Motor Vehicles (DMV) Waivers.

- Amend AS 18.65.310(g) to change eligibility for identification card fee waivers from 60 years and older to 65 years and older.
  - At the recommendation of Legislative Finance, this change would establish a qualifying age matching that in AS 28.10.411(f), increasing consistency for the Division in granting exemptions for this population.

# 4) Modify Discounts/Exemptions for DMV Vehicle Registration Fees.

- Amend AS 28.10.421(d) to increase the vehicle registration fee for municipal governments and charitable organizations from \$10 to \$50.
  - Under current statute, vehicle registration fees for municipal and charitable organizations are reduced from \$100 to \$10 per vehicle. In FY15, this \$90 discount was used for 5,543 vehicles, resulting in lost annual revenue of \$498,870. In the January 2017 Indirect Expenditure Report, Legislative Finance recommended a review and modification of this discount rate first enacted in 1978.
- Repeal AS 28.10.481(i) to remove the \$100 per vehicle exemption for amateur radio exemptions.

# For Consideration by House Judiciary Committee:

# 5) Consider an Affidavit of Assets for Public Defender Services.

- Examine whether it is desirable to institute a requirement that persons requesting a public defender must sign an affidavit showing that they qualify for a public defender based on their assets.
  - Under AS 18.85.120, it is unclear whether individuals must provide asset information in writing to the court when seeking public defender services. Additional confirmation that requestors are indigent may avoid burdening the public defender agency with clients who are capable of paying for their own attorneys, or waiving public defender fees unnecessarily.

# 6) Consider a Nominal Fee for Child In Need of Aid (CINA) Case Appeals.

- Consider amending Appellate Rule 209 and AS 18.85.500 to include a nominal fee for appealing a Child In Need of Aid case to the Alaska Supreme Court.
  - Between 20 and 30 CINA cases are appealed to the Supreme Court each year, with decisions rarely reversed (roughly one each year). Public defenders may counsel a parent that their chance of winning on appeal is extremely low, but if the parent decides to appeal, the public defender

must comply. These appeals consume significant resources in courts--the Supreme Court has hired staff with the sole task of dealing with CINA appeals. They consume roughly half of the budget of the Department of Law's Opinions, Appeals, and Ethics section. They also impact Public Defender agency resources. It may be worth investigating the benefit of instituting a nominal fee to help ensure CINA case appeals that go forward are those that have the greatest chance of success.

# **OTHER INFORMATION:**

The Subcommittee discussed a variety of issues during the meetings. Those not put forward in this report for consideration by the House Finance Committee include, but are not limited to:

1) **Modification of Senior Vehicle Registration Exemption.** An amendment proposal was discussed that would have modified the vehicle registration fee exemption for senior citizens 65 years and older, as provided in AS 28.10.411(f). In FY15, this \$100 discount was used for 6,629 vehicles, resulting in lost annual revenues of \$662,900. While a modification to this indirect expenditure may be worth examining, the Subcommittee did not feel it had sufficient information to determine its full impact on Alaska's seniors.

# **GOVERNOR'S AMENDMENTS:**

The subcommittee chair recommends that the House Finance Committee consider approval of the following attached amendments from the Governor:

- 1) Accept Governor's Deletion of Deputy Commissioner (02-1040) No Longer Needed, <\$173.6> 1004 UGF <\$15.5> I/A Receipts
- 2) Accept the Governor's Revised Structure Moving SATS from ETS to Office of Info Tech
- 3) Accept the Governor's Revised Structure Moving ALMR from ETS to Office of Info Tech
- 4) Accept Addition of New Federal Grant to Comply with Commercial Motor Vehicle Safety Act, \$500.0 1002 Federal Receipts

### **ATTACHED REPORTS:**

The House Finance Budget Subcommittee for the Department of Administration adopts the attached reports:

- Allocation Summary Report (All Funds) Between FY2018 Governor and House Subcommittee (HSub)
- Transaction Detail Report House Structure (HSub Amends), including Governor Amendments

Respectfully submitted,

Representative Jason Grenn, Chair House Finance Budget Subcommittee for the Department of Administration