

AMENDMENT #1

FY13 OPERATING BUDGET AMENDMENT

OFFERED IN: The Senate Finance Committee

TO: HB 284 / HB 285

OFFERED BY: Senator Hoffman

Part A

Add the following subsection to the FUND TRANSFERS section after (d):

The sum of \$50,000,000 is appropriated from the general fund to the Alaska marine highway vessel replacement fund (AS 37.05.550).

Effective Date 6/30/12 (FY12)

Part B

Add the following subsections to BUDGET RESERVE FUND section

(a) The sum of \$1,750,000,000 is appropriated from the general fund to the statutory budget reserve fund (AS 37.05.540).

Effective Date 6/30/12 (FY12)

(b) The sum of \$250,000,000 is appropriated from the general fund to the statutory budget reserve fund (AS 37.05.540).

Effective Date 7/1/12 (FY13)

Part C

Add subsections to section 26. RETIREMENT SYSTEM FUNDING.

(d) The sum of \$500,000,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement trust fund for payment of public employees' retirement system unfunded liability.

(e) The sum of \$500,000,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the teachers' retirement trust fund for payment of teachers' retirement system unfunded liability.

(f) The sum of \$50,000,000 is appropriated from the general fund to the judicial retirement trust fund (AS 22.25.048) for payment of the judicial retirement system unfunded liability.

Effective Date for Part C is 6/30/12 (FY12)

PART D

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Community and Regional Affairs
ALLOCATION: Community and Regional Affairs

ADD: \$200,000 General Fund Match, 1003

EXPLANATION: This amendment adds funding to the Division of Community and Regional Affairs for a Named Recipient Grant to Kawerak, Inc. The grant will be used to cover administration and 50% match to the federal Essential Air Service program for the city of Diomede.

PART E

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Corporations, Business & Professional Licensing
ALLOCATION: Professional Licensing

DELETE Intent Language:

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 submit a six year report annually to the legislature that includes at least the following information for each licensing board: revenues from license fees; revenues from other sources; expenditures broken out by direct expenditures, RSAs for investigations, RSAs for other services, interdepartmental cost allocation plans, departmental cost allocation plans and internal cost sharing plans; number of licensees; carryforward balance and proposed license fee increase/decrease.

ADD Intent Language:

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 submit a six year report annually to the legislature that includes 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.

EXPLANATION: This amendment clarifies intent language that was added by the Senate Finance Subcommittee.

PART F

DEPARTMENT: Education & Early Development
APPROPRIATION: Teaching & Learning Support
ALLOCATION: Early Learning Coordination

ADD: \$250,000 GF (1004)

EXPLANATION: The funding added to the grants line for the Parents as Teachers program is to support pre-kindergarten, parent-based programs throughout the state.

The House added \$250,000 UGF as one-time funding. The Governor did not request additional funding for the program but \$300,000 is included in the base budget for the Parents as Teachers program.

PART G

DEPARTMENT: Education & Early Development
APPROPRIATION: Teaching & Learning Support
ALLOCATION: Early Learning Coordination

ADD: \$400,000 GF (1004)

EXPLANATION: The funding added to the grants line for the Best Beginnings program is to strengthen and expand early learning partnerships, expand

the Imagination Libraries, and provide additional parent resources to increase public engagement in early literacy and learning.

The House added \$250,000 UGF. No additional funding was included in the Governor's Amended budget for Best Beginnings but \$612,500 is included in the base budget for this program.

PART H

DEPARTMENT: Fish and Game
APPROPRIATION: Commercial Fisheries
ALLOCATION: Headquarters Fisheries Management

ADD: \$300,000 General Fund (1004)

Explanation: This project will provide for genetic-based stock composition estimates of sockeye salmon harvested in Chatham Strait, Icy Strait, and District 15 fisheries. \$300,000 annually is needed for four years. The sockeye stock composition data from the commercial fisheries would, in conjunction with existing escapement monitoring projects, provide for more complete run reconstruction for the stocks.

The six reporting groups identified as being important in this study include Chilkat River, Chilkoot River, Taku River, northern Chatham Strait (conglomerate of several small stocks), Port Snettisham (Crescent Lake/Speel Lake/Snettisham Hatchery), and "Other" (sockeye salmon not included in any of the other reporting groups). Mixed stock fishery samples will be collected from selected purse seine harvests (e.g., statistical area 112-16 Hawk Inlet shoreline, 112-14/114-27 Augusta/Whitestone shoreline, and 112-17 west Admiralty shoreline), the District 15 drift gillnet fishery, and other area fisheries harvesting sockeye salmon. Fishery harvests will be sampled to achieve levels of precision and accuracy sufficient for fishery management. Approximately 9,600 samples are expected to be used annually for mixed stock analysis.

In addition to mixed stock fishery samples the Department will attempt to obtain baseline genetic samples from several (Hasselborg, Gut, Lake Eva, Sitkoh, Kutlaku, and Pavlof) small sockeye systems in Chatham Strait. These populations are not yet adequately represented in the sockeye salmon genetic baseline.

PART I

DEPARTMENT: Office of the Governor
APPROPRIATION: Office of Management and Budget

Insert Intent Language:

It is the intent of the legislature that the office of management and budget develop a plan to address the declining balance of the oil and hazardous substance release prevention and response fund. The plan should include an analysis of prior expenditures from the fund for the remediation of state owned contaminated sites and a proposal to expeditiously remediate state owned contaminated sites.

PART J

DEPARTMENT:	Health and Social Services
APPROPRIATION:	Office of Children's Services
ALLOCATION:	Children's Services Management

ADD: It is the intent of the legislature that \$200,000 GF be used for the Education and Training Voucher program within the Independent Living Program.

Explanation: The House added the above intent language and \$200,000 UGF for the Education and Training Voucher program within the Independent Living Program. The Senate Subcommittee added the funding but not the intent language.

PART K

Add a subsection to Sec. 14. DEPARTMENT OF HEALTH AND SOCIAL SERVICES.

(b) The sum of \$5,000,000 is appropriated from the general fund to the Department of Health and Social Services, public assistance, energy assistance program, for the purpose of making payments under AS 47.25.621 - 47.25.626, for the fiscal year ending June 30, 2013.

Explanation: This amendment appropriates \$5 million of UGF for the Energy Assistance program. This funding is in excess of the statutory formula and exceeds the amount required to fully fund all applications for assistance for Alaska affordable heating payments under AS 47.25.621 - 47.25.626, and will be distributed according to AS 47.25.623(d)(2).

PART L

DEPARTMENT: Health & Social Services
APPROPRIATION: Human Services Community Matching Grant
ALLOCATION: Human Services Community Matching Grant

ADD: \$200,000 GF 1004

EXPLANATION: Increase funding by \$200,000 (from \$1,685,300 to \$1,885,300) to keep pace with increasing costs and need.

PART M

DEPARTMENT: Health & Social Services
APPROPRIATION: Community Initiative Matching Grants
ALLOCATION: Community Initiative Matching Grants

ADD: \$150,000 UGF 1004

EXPLANATION: This amendment increases UGF in this component by \$150,000 (from \$744,300 to \$894,300) to keep pace with increasing costs and need.

PART N

DEPARTMENT: Transportation and Public Facilities
APPROPRIATION: Highways, Aviation and Facilities
ALLOCATION: Central Region Highways and Aviation

DELETE: \$897,400 of Unrestricted General Funds (Fund Code 1004)

ADD: \$897,400 of Vehicle Rental Tax Receipts (Designated General Funds – Fund Code 1200).

EXPLANATION: The House budget utilized Vehicle Rental Tax Receipts (derived from car rentals) in the amount of \$850,000 for maintenance of roads in the Central Region. This amendment matches the House level and adds the remaining available receipts (\$47,400) for road maintenance in FY13.

PART O

LTC and TEAME bargaining unit agreements (see following page).

FY2013 OPERATING BUDGET AMENDMENT

OFFERED IN: The Senate Finance Committee

TO: CSHB 284(FIN)
CSHB 285(FIN)

OFFERED BY:

ADD: Amend the SALARY AND BENEFIT ADJUSTMENTS section as follows:

SALARY AND BENEFIT ADJUSTMENTS. (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2013, of the following ongoing collective bargaining agreements:

- (1) Alaska Public Employees Association, for the confidential unit;
- (2) Alaska State Employees Association, for the general government unit;
- (3) Alaska Public Employees Association, for the supervisory unit;
- (4) Alaska Vocational Technical Center Teachers' Association, National Education Association, representing the employees of the Alaska Vocational Technical Center;
- (5) International Organization of Masters, Mates, and Pilots, for the masters, mates, and pilots unit;
- (6) Inlandboatmen's Union of the Pacific, Alaska Region, for the unlicensed marine unit;
- (7) Marine Engineers' Beneficial Association;
- (8) Public Safety Employees Association, representing the regularly commissioned public safety officers unit;
- (9) Public Employees Local 71, for the labor, trades, and crafts unit;**
- (10) Teachers' Education Association of Mt. Edgecumbe.**

(b) The operating budget appropriations made to the University of Alaska in sec. 1 of

this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2013, for university employees who are not members of a collective bargaining unit and for the terms of the current agreements for the fiscal year ending June 30, 2013, providing for the staff benefits for university employees represented by the following entities:

(1) Alaska Higher Education Crafts and Trades Employees, Local 6070, APEA/AFT (AFL-CIO);

(2) University of Alaska Federation of Teachers;

(3) United Academics-AAUP/AFT;

(4) United Academics-Adjuncts;

(5) Fairbanks Firefighters Association, IAFF Local 1324.

(c) If a collective bargaining agreement listed in (a) of this section is not ratified by the membership of the respective collective bargaining unit, the appropriations made by this Act applicable to the collective bargaining unit's agreement are reduced proportionately by the amount for the collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

(d) If a collective bargaining agreement listed in (b) of this section is not ratified by the membership of the respective collective bargaining unit and approved by the Board of Regents of the University of Alaska, the appropriations made by this Act applicable to the collective bargaining unit's agreement are reduced proportionately by the amount for the collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

EXPLANATION:

The State of Alaska has reached agreement on bargaining unit terms with the Public Employees Local 71, for the labor, trades, and crafts unit, and the Teachers' Education Association of Mt. Edgecumbe.

OFFERED IN: The Senate Finance Committee

TO: CSHB 284(FIN)
CSHB 285(FIN)

OFFERED BY:

DEPARTMENT: Various
APPROPRIATION: Various
ALLOCATION: Various

ADD:

LTC and TEAME Agreements	LTC	TEAME
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Total	4,342.1	73.8
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Line Item Breakout

Personal Services	4,301.9	73.8
Services	40.2	0

Funding Source Breakout

1002 Fed Rcpts (Fed)	129.4	0
1003 G/F Match (UGF)	61.1	0
1004 Gen Fund (UGF)	2,001.1	0
1005 GF/Prgm (DGF)	93.1	0
1007 I/A Rcpts (Other)	175.3	73.8
1024 Fish/Game (Other)	1.6	0
1026 HwyCapital (Other)	384.5	0
1027 IntAirport (Other)	656.3	0
1033 Surpl Prop (Fed)	2.1	0
1037 GF/MH (UGF)	115.5	0
1052 Oil/Haz Fd (DGF)	2.3	0
1061 CIP Rcpts (Other)	640.0	0
1076 Marine Hwy (DGF)	21.3	0
1081 Info Svc (Other)	3.3	0
1108 Stat Desig (Other)	19.5	0
1147 PublicBldg (Other)	16.3	0
1172 Bldg Safe (DGF)	15.5	0
1200 VehRntlTax (DGF)	3.9	0

Funding Summary

Unrestricted General (UGF)	2,177.7	0
Designated General (DGF)	136.1	0
Other State Funds (Other)	1,896.8	73.8
Federal Receipts (Fed)	131.5	0

Back-up
Part D



Little Diomede, AK

Little Diomede is perhaps the most remote community in the United States, sitting on an island in the Bering Sea approximately one mile from the Russian border. Diomede does not have an airstrip; rather it has a landing pad for a helicopter.

While Evergreen Helicopters has a continuing mail contract, the United States Postal Service does not require Evergreen to provide passenger service. In July of 2009, Evergreen Helicopters suspended passenger service to and from Little Diomede Island (it was previously allowing space-available seating), and switched to the use of a small single engine helicopter to deliver the mail. Residents of Diomede had no air passenger service until conditions allowed for an ice runway to be constructed, five months later. The ice runway gave out in May of 2010, and Diomede residents were again left without air passenger services. Teachers were stranded in Diomede and people who had traveled from Diomede to Nome for medical services were also stranded in Nome. In the fall of 2009 and 2010, the Bering Strait School District had to resort to using a fishing vessel to ferry teachers to Diomede; one of these trips took 36 hours and required an additional 16 hours of waiting for seas to calm enough for the teachers to debark the vessel. Without regularly scheduled passenger services, Diomede residents lack basic services that the State of Alaska provides. For example, the Office of Children's Services is unable to travel there to investigate reports of harm, and the Alaska State Troopers are unable to respond to criminal activity. One year a child accidentally shot and killed himself in Diomede. Alaska State Troopers had to wait until the mail run helicopter was able to travel to Diomede, several days later -- and the family was required to leave the body of the deceased boy in the exact position where he died until AST was able to arrive. The boy's body was transported to Nome in the cargo hold because the small helicopter used to transport mail only had one additional seat besides the pilot's.

This is not just a quality of life issue for the approximately 130 residents and 5 teachers who live there; it is also an issue of life and safety. In 1998, a small skiff traveling 28 miles from Wales to Diomede with four adults and two children disappeared; their bodies were never recovered. In 2009, when Evergreen suspended passenger services, a National Guard helicopter was used to fly medical personnel to Diomede to provide immunizations due to a swine flu scare. That same year, two people needing urgent medical attention were transported on a Coast Guard board and a fishing vessel, only because the vessels happened to be in the area at the time. In June of 2010, Evergreen halted all air services due to maintenance issues with its helicopter, leaving Diomede residents without basic essentials such as

food and baby formula. On June 28, 2011, the Alaska National Guard was called in to transport an infant and two high-risk pregnant women in need of immediate medical attention.

The Requested \$200,000 Budget increment is to cover both the administrative costs and the necessary 50% match to the federal Essential Air Service program for the community of Diomede. Essential Air Service is a U.S. government program enacted to guarantee that small communities receiving regularly scheduled air services in the United States prior to the Airline Deregulation Act of 1978 maintain commercial service. Its aim is to maintain a minimal level of scheduled air service to these communities that otherwise would not be profitable. Based on the June 1, 2009 figures, 45 Alaska communities were served under the program with subsidies amounting to \$12,631,188, with no match requirement from the State of Alaska.

Since Diomede was not serviced by a scheduled carrier at the time of deregulation, it is only eligible for a 50% subsidy match. (There was no heliport and the only runway was a winter runway on the ice at the time of deregulation.)

The grant to Kawerak, Incorporated, is to cover the costs related to the administration of a tri-party Essential Air Services agreement on behalf of the City of Diomede and includes the required 50% match to the federal Essential Air Services program.

An Essential Air Services contract would not provide free transportation. It would only subsidize a portion of the cost of a seat fare, but by doing so, would secure regular services. Currently, the cost of a round-trip ticket between Diomede and Nome on Evergreen is \$640 – but this is only if there is space available. Kawerak, Inc., with technical assistance from DOT, will put forth a request for proposals for once per week regularly scheduled helicopter passenger services to/from Nome and Diomede, and subsequently negotiate a contract amount to secure the services. The carrier would project the amount of revenue generated from passenger service and apply that toward the cost of operation.

Supporting Exhibits

- A. City of Diomede Disaster Declaration
- B. Norton Sound Health Corporation Letter October 9, 2009
- C. Alaska Federation of Natives Resolution 2010
- D. Kawerak, Inc. letter to USPS April 25, 2011
- E. Kawerak, Inc. letter to Essential Air Services and Domestic Analysis Oct 5, 2009
- F.