

HOUSE FINANCE COMMITTEE  
MARCH 10, 2001  
10:09 A.M.

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TAPE HFC 01 - 48, Side A

CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 10:09 A.M.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair  
Representative Bill Williams, Co-Chair  
Representative Con Bunde, Vice-Chair  
Representative Eric Croft  
Representative John Davies  
Representative Carl Moses  
Representative Richard Foster  
Representative John Harris  
Representative Bill Hudson  
Representative Ken Lancaster  
Representative Jim Whitaker

MEMBERS ABSENT

None

ALSO PRESENT

Senator Robin Taylor; Representative Ethan Berkowitz;  
Representative Beth Kerttula; Senator Alan Austerman;  
Representative Sharon Cissna; Representative Kevin Meyer;  
Representative Gary Stevens; Representative Vic Kohring;  
Larry LaBolle, Staff, Representative Foster; Denny DeWitt,  
Staff, Representative Eldon Mulder; Kenneth Bischoff,  
Director, Division of Administrative Services, Department of  
Public Safety; Annalee McConnell, Director, Office of  
Management and Budget, Office of the Governor; Dwayne  
Peeples, Director, Administrative Services, Department of  
Corrections; Nico Bus, Administrative Services Manager,  
Division of Support Services, Department of Natural

Resources; Dan Spencer, Director, Division of Administrative Services, Department of Administration; Nancy Slagle, Director, Division of Administrative Services, Department of Transportation and Public Facilities; Barbara Frank, Director, Division of Administrative Services, Department of Environmental Conservation; Tom Lawson, Director, Administrative Services, Department of Community and Economic Development; David Teal, Director, Legislative Finance Division.

SUMMARY

HB 103 An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date.

HB 103 was HEARD and HELD in Committee for further consideration.

HB 104 An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date.

HB 104 was HEARD and HELD in Committee for further consideration.

#hb103

#hb104

HOUSE BILL NO. 103

An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date.

HOUSE BILL NO. 104

An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date.

AMENDMENTS:

MILITARY & VETERANS AFFAIRS

COURT SYSTEM

REVENUE

PUBLIC SAFETY  
FISH & GAME  
CORRECTIONS  
LAW  
NATURAL RESOURCES  
ADMINISTRATION  
TRANSPORTATION & PUBLIC FACILITIES  
ENVIRONMENTAL CONSERVATION  
COMMUNITY & ECONOMIC DEVELOPMENT

MILITARY AND VETERANS AFFAIRS

Co-Chair Mulder MOVED to ADOPT MVA-1. Representative Davies OBJECTED for discussion. He asked how the amendment would expand the mission for the Department.

Disaster Planning and Control  
Local Emergency Planning Committee Grants  
\$50.0 ILTF

Co-Chair Mulder explained that the amendment would replace IA/OILHAZ funds eliminated in the Governor's budget and would allow for some emergency planning.

Representative Foster noted that the request was part of the Department's mission. He mentioned that Commissioner's priorities had not included emergency planning consideration.

Co-Chair Mulder interjected that emergency planning had been shifted from the Department of Environmental Conservation to Department of Military & Veterans Affairs. He added that it was a mission expansion.

Representative Davies asked where that Division belongs if it does not belong in the proposed section. Co-Chair Mulder agreed that it was appropriate for it to be located there. Representative Davies reiterated the question of how this would be an expanded role.

Representative Hudson stated that the increment was taken out of the Response Fund during the Exxon Valdez oil spill. The emergency response agencies were established primarily on the basis of putting together oil spill response plans to provide the oversight in the regions. He suggested that this was a request for funding outside of that scope and would expand the scope of those functions.

Representative Foster pointed out that three cents a barrel was placed into that fund and at that time, oil production was double what it currently is.

LARRY LABOLLE, STAFF, REPRESENTATIVE FOSTER, explained the history of the issue and when the transfer from departments occurred. He commented that the issue is if the department is going to do all hazards planning, the three cents cannot be used for that purpose. He exclaimed that this is an unfunded mandate by law. That is the only funding that has gone into those grants. Additionally, the Department is the responding authority for hazards, however, if there were an oil spill, the Department would not be the lead agency.

There being NO further OBJECTION, the amendment was adopted.

Representative Davies MOVED to ADOPT MVA-2. Co-Chair Mulder OBJECTED.

Alaska National Guard  
Air Guard Facilities Maintenance  
\$60.0 GF

Representative Davies explained that the Air Guard Facilities Maintenance component requested an increment of \$60.0 for the management of all State retirement records for Air and Army National Guard employees. Currently, there is no State of Alaska employee to manage the program.

The Air and Army National Guard maintains an active record base of over 3800 members. They also maintain over 108,000 inactive records. The scope of state records management is extensive. Each time a personnel action occurs during the career of an Alaska National Guard member, a corresponding change must occur in that person's state retirement record. Records management also encompasses calculation of retirement eligibility, performing periodic state records audits, and writing and filing any state awards. Perhaps the most critical duty in records maintenance is calculating accurate retirement points for computing guard members retirement benefits.

So far this federal fiscal year, 500 records transactions were filed for Air Guard members alone. Many of these transactions take hours to accomplish. Federal employees, to the detriment of their primary duties, have performed these actions to date.

Representative J. Davies emphasized that it is critical to establish a State of Alaska employee to administer the state program. If not funded, state retirement information for Guard members will continue to be a burden on federal employees that maintain the records when they can. Lack of adequate attention to these records has the potential to

cause late retirement payments to members of the Guard.

Co-Chair Mulder replied that they have functioned without the position and that each Department has been asked to do more with less.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Davies MOVED to ADOPT MVA-3. Co-Chair Mulder OBJECTED.

Alaska National Guard  
State Active Duty

General Fund \$107.0

Representative Davies explained that the Department believes that the Alaska National Guard will see a further erosion of its ability to recruit and retain members from rural areas of the State without a concerted effort in that direction. The Alaska National Guard Scouts have had a long history with the National Guard. He emphasized that they are unique in the nation. The Department is losing ground in these areas and believes this request to fund an Office of Rural Affairs would assist in the continuation of the Alaska Scouts.

Co-Chair Mulder mentioned that in the Language Section of the bill, \$250 thousand dollars had been provided for tuition assistance. He added that last year, seed money had been provided and that it had been effective. He commented that effort had been expanded.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft, Foster  
OPPOSED: Harris, Hudson, Lancaster, Whitaker, Bunde,  
Williams, Mulder

The MOTION FAILED (4-7).

Representative Croft MOVED to ADOPT MVA-4. Co-Chair Mulder OBJECTED.

Alaska Military Youth Academy \$111.8 GF Match

Representative Croft stated that to reduce the Food Service increment by \$111.8 in the general fund match would have a

significant impact on the Military Youth Academy.

He clarified that it would reduce the Academy's chance to have adequate funding for the employees who prepare and serve meals to the cadets in the program. The \$111.8 is needed to help solve the long term staffing problem at the dining facility.

If the reduction remains, the Academy will have to take drastic measures to assure the ability to stay within its overall budget authorization. They might have to consider switching to serving a cold breakfast, a hot lunch, and a sack dinner. The cut would cause a significant disruption to the cadet's training schedule, physical training, and academics. The proposed cut could cause the cadet's cooperative work experience in which they learn culinary skills in the dining facility.

Co-Chair Mulder commented that there had been an allowance in by the Subcommittee. He added that the increment had been allocated the required 40% match.

Representative Davies commented that this issue would continue to reappear in the budget. If the State does not cover State employees appropriately, it will be increasingly difficult to recruit. He stressed that compensation levels are not competitive in the State of Alaska.

Co-Chair Mulder acknowledged that the work that those employees do is a "labor of love" and knew that there exists a "burn out" factor. He noted that the Subcommittee proposed funding for two-thirds of the increase.

Representative Croft commended Representative Foster for doing good job in funding the priorities. He reiterated that this program is wonderful and that it should be funded appropriately. He questioned the right policy choice.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Davies amended MVA-5 to \$40.8; and changed the funding source to ILTF. Representative J. Davies MOVED to ADOPT the amended MVA-5. Co-Chair Mulder OBJECTED.

Disaster Planning and Control  
Local Emergency Planning Committee Grants

\$40.8 ILTF

Representative Davies stated that the Subcommittee had referred the request to the full House Finance Committee for review accompanied with a comment that this is not typically one of DMVA's primary missions and should not come from the general fund allocation for DMVA.

The Governor's budget supported replacing general funds for the FY02 projected shortfall of \$69.8 in Oil & Hazardous Response Funding (OHRF). The shortfall is based on the statutory level of 3% funding from the OHRF. In addition, the Governor's budget addressed the issue of the LEPC's, looking at all hazards by adding \$21.0 more to the general fund as compared to last year's budget.

Representative J. Davies continued, without these funds, the LEPC budgets would have to be reduced proportionately. The consequence of that action would be that the LEPC's would be meeting less and that the State would be less prepared to respond to disasters.

Co-Chair Mulder countered that there is a very limited amount of ILTF this year and the portion not used in MVA-#1 will be used in another amendment during the budget process.

Representative Croft cited a memo from Jan Henry, Coordinator, Office of Emergency Management, Kenai Peninsula, in support of the expanded funding. He spoke to the "bare bones" funding.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Davies MOVED MVA-6 in order to address his concern. Co-Chair Mulder OBJECTED.

Alaska National Guard Benefits  
\$100.0 GF

Representative Davies pointed out, in the Front Section, Section 5, there had been money allocated for this concern. With that understanding, Representative J. Davies WITHDREW MVA-#6. He noted that the Subcommittee had referred the request to the full House Finance Committee for review.

Representative Foster voiced his appreciation for all the cooperation given by the Subcommittee.

THE ALASKA COURT SYSTEM

No amendments.

DEPARTMENT OF REVENUE

Representative Whitaker MOVED to ADOPT REVENUE-1.

Representative Whitaker explained that the purpose of the amendment would add a Deputy Director position to the staff of the Trust Authority. The position would assist the Executive Director in managing the increased workload associated with the transfer of administration of the Office of the Long Term Care ombudsman to the Alaska Mental Health Trust Authority (AMHTA). The Deputy Director will assist in the general day to day management of the Authority, thereby, freeing the Executive Director to devote more time pursuing partnership opportunities which could significantly improve the results gained from the investment of Trust income.

There being NO OBJECTION, REVENUE-#1 was adopted.

Co-Chair Mulder MOVED to ADOPT REVENUE-#2. Representative J. Davies OBJECTED for discussion.

Denny DeWitt, Staff, Representative Eldon Mulder, explained the technical change that the amendment would address. He noted that the printed draft failed to remove language on Page 27, line 22, "Other funds include 125,000 from the Constitutional Budget Reserve (CBR) Fund". The money would be included and counted in the language section in Section 8©.

Representative Whitaker stated that he would not object to the proposed amendment. Representative J. Davies WITHDREW the objection. There being NO further OBJECTIONS, it was adopted.

Representative Davies MOVED to ADOPT REVNUUE-#3.

ADD:

Department	Revenue
BRU	Permanent Fund Dividend
Component	Permanent Fund Dividend

FUND SOURCE	AMOUNT
PFD Fund	\$116.5

Representative J. Davies explained that the House Subcommittee had closed out prior to the amendment submission. There being NO OBJECTION, REVENUE-#3 was adopted.

DEPARTMENT OF PUBLIC SAFETY

Vice-Chair Bunde MOVED to adopt DPS-#1. Representative Davies OBJECTED for a question.

Department of Public Safety  
(Council on Domestic Violence and Sexual Assault)

BRU: Fish and Wildlife Protection  
Component: Enforcement and Investigative Services Unit  
Delete: 150.0 General Fund  
Add: 150.0 Fish and Game

BRU: Alaska State Trooper Detachments  
Component: Alaska State Trooper Detachments  
Delete: 120.0 General Fund

BRU: Council on Domestic Violence and Sexual Assault  
Component: Council on Domestic Violence and Sexual Assault  
Add: 200.0 Federal Funds  
Add: 270.0 General Fund

Vice-Chair Bunde explained that the amendment would add \$450.0 in funding for direct victim services through shelter programs. He added that \$20.0 was used by the Council to provide funding to address administration of the grant. The amendment is possible due to:

- Receipt of \$200.0 in additional grant funding noticed by the federal Office of Mandatory Grants, Family Violence Prevention & Services, subsequent to Subcommittee closeout.
- Elimination of a forecasted shortfall in Fish and Game Fund receipts thereby allowing a net zero fund source change in the Division of Fish and Wildlife Protection that frees up \$150.0 GF that can be reallocated to the Council.
- Reduction to the increment for trooper recruitment efforts by \$120.0. It would reallocate those funds to CDVSA victim services to sustain FY 2001 victim service levels.

Representative Croft claimed that the proposed amendment could alleviate concerns voiced by the Counsel.

Representative Davies asked if those funds would be replaced somewhere in the budget.

There being NO further OBJECTION, DPS-#1 was adopted.

Representative Moses MOVED to ADOPT DPS-#2. Vice-Chair Bunde OBJECTED.

ADD:

Department of Public Safety  
Fish & wildlife Protection  
Enforcement & Investigative Services Unit

<u>FUND SOURCE:</u>	<u>AMOUNT</u>
General Funds	\$1,280.0

Representative Moses advised that the amendment would provide eight new FWP commissioned officers to provide critical fish and wildlife enforcement.

Representative Moses noted that two of the ten FWP State Troopers requested by the Governor are funded by the Subcommittee proposal. Without the approval of all ten FWP troopers improving resource protection in important but minimally patrolled regions of the State would not be possible. Fundamental fish and game management objectives would not be achieved in those enforcement areas unable to be patrolled. Resource users would continue to access those areas without adequate patrol and user contact made by Fish and Wildlife Troopers.

Vice-Chair Bunde agreed, noting that the Subcommittee placed \$320 thousand dollars into the budget for new brown shirt positions.

Representative Croft stated that the State could expect to see the amount of money generated from enforcement decrease as the enforcement commitment goes down.

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Representative Croft recalled that this type of concern is what the State fought for during statehood. He stressed that the increment pays for management.

Vice-Chair Bunde did not believe that this would be a revenue source that the State could predict. Representative Davies interjected that is the issue and should be taken into account. He asked if the State expected any fine recovery from that activity. Vice-Chair Bunde noted that the fines collected go to the general fund.

Representative Hudson noted that there has been concern voiced regarding "creek robbing". There has been a suggestion that the industry that live on the fish, there should be a measure or tax of around 1% for that enforcement cost. He acknowledged that would be a whole new initiative.

KENNETH BISCHOFF, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, concurred that every year there are cases in which those funds are necessary. There is language in the language section of the bill, which

appropriates the funds to the fish and game fund. Every year, there are cases that generate fines. He acknowledged that it became a sensitive closeout issue and that it was an unstable revenue source.

Representative Moses concluded that doubling the number would be not adequate. He emphasized that it is the State's obligation to protect the resource. The non-residents are the "real" violators; it has become a money making deal. The residents are asking for the additional protection to protect the State's resource.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Moses MOVED to ADOPT DPS-#3. Vice-Chair Bunde OBJECTED.

ADD:  
Department of Public Safety  
Criminal Investigations Bureau

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Funds	\$89.5

Representative Moses explained that the money would fund a portion of the costs for one new trooper for the Statewide Drug Enforcement Unit in the AST Criminal Investigations Bureau.

One of the ten new Alaska State Troopers requested by the Governor to funded by general funds was included under the subcommittee proposal in the AST Detachments BRU. Without the additional nine troopers, the Alaska State Troopers' field operations will continue as it has in the past, which is in a purely "reactive" mode. The new trooper positions would have allowed AST to become "proactive" and get involved in "community policing".

Representative Moses emphasized that this funding was seriously needed throughout the State.

Vice-Chair Bunde agreed that further drug enforcement was needed. He pointed out that there is funding for four new blue shirts.

Representative Davies spoke to the need for additional troopers for the category for community policing aspects of the concern. He emphasized how under-staffed the troopers

are throughout the State. He stressed the tragic level of State law enforcement.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams

Co-Chair Mulder was not present for the vote.

The MOTION FAILED (3-8).

Representative Moses MOVED to ADOPT DPS-#4. Vice-Chair Bunde OBJECTED.

ADD:  
Department of Public Safety  
Alaska State Trooper Detachments

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Funds	\$1,350.1

Representative Moses explained that the amendment would fund eight new troopers and related costs. One of the ten new Alaska State Troopers requested by the Governor to be funded by general funds was included under the Subcommittee proposal in the AST Detachment BRU.

Representative Moses stated that without the additional troopers, the Alaska State Troopers' field operations will continue as it has been in the past, which is in a purely "reactive" mode. The new trooper positions would have allowed AST to become "proactive" and get involved in "community policing".

Representative Davies reiterated that the fact is the State is seriously understaffed right now. The State Troopers are totally in an emergency mode. They have virtually no time to do any preventative efforts. He provided a graph of the staffing levels for the State Troopers since 1980. He pointed out the drastic drop since 1987. Additionally, since 1994, the levels have been continually cut, however, the population continues to increase. Representative J. Davies emphasized that the need is very real with the climb of the population.

Representative Lancaster concurred that the need would never decrease and added that the funding source is the concern. He did not believe that it was a program receipt based concern.

Representative Croft commented that this is where the "rubber hits the road" in concerns with public safety. He

reiterated that funding has been flat for a decade, while the population has increased.

Representative Davies emphasized that public safety is a core section of government. He believed that the general fund is the source from which the concern should be funded. He added that a personal income tax could help to address these concerns. Representative J. Davies noted that virtually every other state in the nation has some form of state income tax. That money serves the core functions of government. He stressed that there is a "disconnect" in Alaska's State budget. He predicted that the problems are going to get worse. The question is how can Alaska address the core needs.

Vice-Chair Bunde agreed that public safety is core to central government. He suggested that adequate coverage changes from area to area. He maintained that the proposed budget reflects what the majority of Alaska's citizens believe is adequate.

Co-Chair Williams agreed that the State needs to come up with a long-term fiscal plan. He indicated that he was confident that there would be a plan that would come before the Committee, which would address the "whole" concern.

Representative Moses countered that State government does have the resources to pay for citizen's safety. He advised that he will continue to do what is right for the State, not what will get him reelected to office. He stressed that was an obligation of each representative in State government.

Representative Croft agreed with the need for the long-range fiscal plan. He commented, however, the question before the Committee is if the amount proposed for the operating budget for public safety an adequate level of State spending for public safety.

Representative Hudson made the comparison of spending needs versus the funding stream. He encouraged Committee members to work together to determine that revenue steam.

Representative Whitaker advised that the ability to pay for the service is what the discussion is about. He maintained that during a period of an economic decline, it would be dangerous to propose growth. He believed that State government should provide for economic growth.

Representative Davies agreed that the concern continues to be a fundamental economic problem. He agreed with the need for investments in the basic State infrastructure that allow business to flourish. Currently, the State is constraining business because the State is not issuing permits on time. The Alaskan economy has not achieved a

balance for the economy to work from. He recommended that the Legislature has to prime the pump.

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Representative Davies stated that the numbers are arbitrary and are based on the revenue stream.

Co-Chair Williams reiterated that most of the concerns are valid, however, it is important to keep in mind the long-term fiscal plan. The Governor's proposal recommends spending more than expected revenues. He stressed the need for a long-term fiscal plan. He emphasized the need to keep spending down until there is a long-range plan.

Representative Croft questioned if anyone thought the funding level for the Alaska State Troopers was adequate and emphasized that public safety should be funded.

Representative Moses noted that the state has money in savings accounts, yet basic needs are not being addressed.

Representative Whitaker maintained that there is interest in a long-term plan and estimated that a plan would be developed before the end of the session.

A roll call vote was taken on the motion to adopt DPS-#4.

IN FAVOR: Croft, Davies, Foster, Moses  
OPPOSED: Bunde, Harris, Hudson, Lancaster, Whitaker,  
Mulder, Williams

The MOTION FAILED (4-7).

Representative Moses MOVED to ADOPT Amendment DPS-5:

ADD

Department: Public Safety  
BRU: Alaska State Trooper Detachments  
Component: Alaska State Trooper Detachments

Fund Source	Amount
General Funds	\$838.0

Explanation:  
Fund 8 constables for the rural law enforcement initiative.

The impact of reduction of \$838.0 GF provides no funding for eight new constables requested by the Governor. The intent of this increment request was to establish a local certified police officer presence in rural areas of AST jurisdiction. The Department of

Public Safety has long advocated that successful law enforcement is dependent upon an effort that includes a traditional and regular law enforcement presence as well as other pro-active programs that address educational, social and community concerns. The constables, through their long-term residency in communities promote that concept. Education on important topics such as alcohol, drug and inhalant abuse, boating safety, search and rescue, and domestic violence help build an efficient and responsive public safety presence, thereby improving service and the relationships with individuals in these communities.

Representative Moses spoke in support of the amendment.

Vice-Chair Bunde pointed out that there are \$15 million dollars in federal funds appropriated for VPSO programs. He expressed the hope that these funds would supplant the need for constables. He suggested that current programs be adequately funded before new programs are created.

Representative Davies spoke in support of the amendment. He maintained that the federal appropriation would address VPSO programs and not constable programs. He emphasized that the federal intent is not to supplant the state effort. He emphasized that the constable program is a different approach to solving problems in rural Alaska and should be funded.

Representative Moses maintained that the funds appropriated to the Alaska Federation of Natives (AFN) were not intended to be used for VPSO support. He understood that the funds were intended for alcohol related rural problems.

Co-Chair Mulder pointed out that the request would be an addition to the status quo budget and an expansion of current services. He spoke against the amendment. He questioned if the constable approach would be the most cost efficient.

Vice-Chair Bunde noted that a trooper costs \$160 thousand dollars a year and a constable costs \$130 thousand dollars.

Representative Croft referred to the \$15 million dollars that Senator Stevens secured for rural areas. He noted that the federal funds are limited to dry communities. He did not think that the grant could be used for anything that the state is not already doing. He did not think the grant could be used for constables.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies

OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

Representative Moses MOVED to ADOPT Amendment DPS-6:

ADD

Department: Public Safety  
BRU: Alaska State Trooper Detachments  
Component: Alaska State Trooper Detachments

Fund Source	Amount
General Funds	\$100.0

Explanation:  
Fund three new vehicles for Alaska State Troopers.

The subcommittee proposal to reduce \$100.0 in GF will provide no funding to purchase 3 new trooper vehicles. These new vehicles were to help replace an aging emergency response vehicle fleet.

Representative Moses spoke in support of the amendment and emphasized the need to provide first class equipment.

Co-Chair Mulder suggested that the amendment should be addressed in the capital budget.

Representative Hudson agreed and pointed out that vehicles would come out of equipment fleet replacement funds.

KENNETH BISCHOFF, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION clarified that capital projects are \$25 thousand dollars or more. The request could be a capital project.

ANNALEE MCCONNELL, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR did not think that it would be good policy to fund individual vehicles in the capital budget. Mr. Bischoff explained that the request funds the regular vehicles used by troopers. Ms. McConnell emphasized that it is an on-going expense through the Equipment Fleet. She felt that funding of the request through the operating budget would be consistent with current practice. It is not a one-time item.

Mr. Bischoff explained that agencies are responsible for budgeting for the up front cost of an new vehicles. From that point the agency would pay the Department of Administration for replacement cost, so that there would be enough funds in the capital budget to replace the vehicle.

He noted that the trooper fleet is at a level where replacement needs to be accelerated.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies

OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

Representative Moses MOVED to ADOPT Amendment DPS-7:

ADD

Department: Public Safety  
BRU: Village Public Safety Officer Program  
Component: Contracts

Fund Source	Amount
General Funds	\$828.5

Explanation:

Fund 15% VPSO salary increase as part of the rural law enforcement initiative.

The impact of this proposal is that there will be no salary increase for VPSOs. Turnover rates among VPSOs have been very high. Several actions are needed: (1) improved Trooper oversight; (2) better equipment; and (3) a much-needed salary increase. In the past few years, AST has beefed up "oversight" support of the VPSOs, offered more training, and has purchased better equipment for the current VPSOs. This has in part caused the turnover rate to drop from a rate of 41% in FY1998 to a rate of 29.6% in FY2000. A salary increase is needed to reduce this rate further.

Representative Moses spoke in support of the amendment. HE felt that VPSO's were overdue for an increase.

Vice-Chair Bunde spoke against the amendment. He was not confident that a raise would reduce the turnover rate. He pointed out that VPSO officers have the difficult situation of having to arrest or deal in an enforcement role with their friends and relations.

Representative Davies argued that the turnover rate has been reduced due to improved working conditions: better trooper oversight training, retirement programs and equipment. He suggested that an increase in salary would assist in reducing turnover and is appropriate. He noted that housing is also an issue. He stressed that the fundamental question

would be: is the salary high enough and suggested that studies would show that the raise would be appropriate.

Representative Moses spoke in support of the amendment and noted the difficulty that VPSO offices in the community face when arresting friends and relatives. He added that they are called on at all hours of the night.

Representative Croft noted that the subcommittee recognized the AFN grant and indicated that it could be used to support the raises. He maintained that the grant cannot be used to support the raise. Co-Chair Mulder stated that he is not convinced that it could not be used to support raises in dry areas.

Representative Croft noted that the Subcommittee discussed the request in relationship to use of the federal grant.

Representative Davies suggested that increased salaries at non-dry villages could be matched to dry villages by the grant. He maintained that salaries could not be increased only for dry villages.

Representative Croft stressed that the grant only applies to dry villages.

Representative Davies pointed out that because of the connection between alcohol and crime the need is greater in wet communities.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies, Foster  
OPPOSED: Bunde, Harris, Hudson, Lancaster, Whitaker,  
Mulder, Williams

The MOTION FAILED (4-7).

Representative Moses MOVED to ADOPT Amendment DPS-8:

ADD

Department: Public Safety  
BRU: Village Public Safety Officer Program  
Component: Contracts

Fund Source	Amount
General Funds	\$1,152.1

Explanation:

Fund 20 new village public safety officers as part of the rural law enforcement initiative.

The impact of this proposal is that the number of funded VPSOs will continue at present levels. Currently, there are 73 communities without a VPSO or an Alaska Police Standards Council (APSC) certified law enforcement officer. Without the 20 new VPSOs with support costs, up to 20 rural villages will not have the resident "first responder" to public safety emergencies.

Representative Moses spoke in support of the amendment. He stressed that VPSO's are badly needed in many villages.

Vice-Chair Bunde acknowledged that the federal grant can only be used for dry villages but emphasized that the restriction is a "carrot" to go dry. He argued against the amendment.

Representative Croft stated that it is a poor use of state government to take a federal grant as an excuse not to pay for a core function of state government.

Vice-Chair Bunde pointed out that the VPSO program has been administered by Native organizations.

Representative Moses reiterated that the intent of the grant was to assist communities that wanted to go dry and that the inclusion of VPSO's was an attempt to prevent the shipping of alcohol into these communities. He spoke to the need to reduce bootlegging.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies, Foster, Whitaker  
OPPOSED: Bunde, Harris, Hudson, Lancaster, Mulder

Co-Chair Williams was absent from the vote.

The MOTION FAILED (5-5).

Representative Moses WITHDREW Amendment DPS-9:

ADD

Department: Public Safety  
BRU: Village Public Safety Officer Program  
Component: Support

Fund Source	Amount
General Funds	\$60.4

Representative Davies MOVED to ADOPT Amendment DPS-10:

Alaska State Troopers  
Judicial Services

ADD  
\$3,725.9 GF

Representative Davies spoke in support of the amendment. He observed that the request would support increased court safety. He noted that the Alaska Court System has made the request for a number of years and stressed the need for funding. The program was begun with 30 authorized positions in 1988; there are currently 32 positions. In the past 12 years additional judges have been added in a number of communities.

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Representative Davies continued to speak in support of the amendment. He stressed that demand has increased, diminishing the service. He questioned how long it would be until there is a violent incident. He observed the need for court security officers around the state.

Co-Chair Mulder acknowledged that the request has been before the legislature for a number of years. He recognized that the threat [of a violent incident] exists and added that there are scarce resources. He observed that the state troopers are doing a good job.

Representative Davies pointed out that in Anchorage there are three separate buildings with 40 court rooms and two court security officers.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies  
OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

SENATOR ROBIN TAYLOR noted that the Department of Public Safety has a fleet of five helicopters and two aircraft capable of long-range patrol. One of the aircraft is used to transport the Governor and is not being used for public safety related uses. He maintained that the funding for the aircraft is contained in the Department of Fish and Game's budget and should be transferred into the Governor's budget. He suggested that the transfer would free funding in the Department of Public Safety for trooper use. Senator Taylor noted Petersburg has been without a state trooper for the past five years.

Senator Taylor noted that the Commissioner of Department of Public Safety had removed six officers from their office

space in Anchorage in order to create a suite of offices for the Commissioner's Office.

RECESSED

The Committee recessed at 12:50 p.m.

RECONVENED

The Committee reconvened at 1:20 p.m.

Representative Davies MOVED to ADOPT Amendment PS-11:

Alaska State Troopers  
Search and Rescue

Add  
\$350.0 GF

Vice-Chair Bunde OBJECTED.

Representative Davies spoke in support of the amendment. He noted that the funds would go for avalanche training and search.

Vice-Chair Bunde spoke against the amendment. He suggested that money might not prevent "young males" from taking the risks and that further investment may not prevent further incidents.

Co-Chair Mulder stressed that he is sympathetic to the families that have sustained loss, but emphasized that government cannot protect people from themselves. He emphasized that the avalanches are in remote areas. He did not think the additional funds would prevent incidents.

Representative Croft stressed that there is a difference between outlawing activities and educating people about where the dangers are the worst. Public education fills the gap and reduces risk. He felt it was a small investment. He noted that the amendment would fund the education component. Representative Davies added that the amendment would also fund additional search and rescue equipment.

Representative Davies stressed the need for education and felt that the money would be well spent. Co-Chair Mulder pointed out that registration fees for snowmobiles could be raised with the excess to be spent on an educational campaign.

Representative Hudson agreed that an addition to the licensing fee or a fee on the acquisition of equipment could be used to build a fund to prevent unsafe operations.

Vice-Chair Bunde stated that he would support legislation to address age and speed limitation for use of snowmobiles. Representative Lancaster spoke against further regulation.

A roll call vote was taken on the motion to adopt Amendment PS-11.

IN FAVOR: Moses, Croft, Davies  
OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder

Co-Chair Williams was absent from the vote.

The MOTION FAILED (3-7).

Representative Moses HELD Amendment DPS-12:

ADD

Department: Public Safety  
BRU: Alaska State Trooper Detachments  
Component: Alaska State Trooper Detachments

Fund Source	Amount
General Funds	\$22.7

Explanation:  
Fully fund law enforcement recruitment effort. The subcommittee proposal provides funding for \$127.3 of the \$150.0 needed for law enforcement recruitment.

Representative Croft Held Amendment PS-13 (copy on file.)

Department of Fish and Game

Co-Chair Mulder MOVED to ADOPT Amendment FG-1:

ADD

Agency Dept. of Fish & Game  
BRU Administration and Support  
Component Boards of Fisheries & Game

<u>Fund Source</u>	<u>Amount</u>
General Funds	\$66.6

Purpose: Restores Boards FY01 reduction of \$56.6 and addition of \$10.0.

Co-Chair Mulder observed that there are a number of contentious issues before the Board in the next year. There being NO OBJECTION, it was so ordered.

Representative Moses MOVED to ADOPT Amendment FG-2:

ADD (page 13, line 33):

AGY. Dept. of Fish & Game

BRU. Habitat

COM. Habitat \$100.0 General Funds

PURPOSE: To increase funding for fish and wildlife habitat protection in the context of increasing oil and gas exploration, and to allow the department to try to catch up with early review and permitting functions regarding this exploration.

Representative Moses spoke in support of the amendment. He pointed out that the Division of Habitat is currently behind in their work and emphasized that there would be additional demand with [proposals for] a gas pipeline.

Vice-Chair Bunde pointed out that the request was not a top priority of the Department of Fish and Game. Co-Chair Mulder added additional funding can be appropriated if the gas pipeline comes on line.

Representative Davies acknowledged that it may not be the highest priority of the Department of Fish and Game, but emphasized that it would be a high priority for those concerned with oil and gas exploration. He stressed the impact on permitting. He observed that problems can be avoided when the department works with industry during the initial stages.

Ms. McConnell observed that the funds would be used for items outside of the gas pipeline.

Vice-Chair Bunde felt that permitting would not be adversely affected.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies

OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

Department of Corrections

Representative Mulder MOVED to ADOPT Amended Amendment DOC-1:

DELETE

Agency Dept. of Corrections  
BRU Administration & Operations  
Component Inmate Health Care

<u>Fund Source</u>	<u>Amount</u>
General Funds	\$231.1

ADD

Agency Dept. of Corrections  
BRU Administration & Operations  
Component Inmate Health Care

<u>Fund Source</u>	<u>Amount</u>
PFD Fund	\$231.1

ADD

Agency Dept. of Corrections  
BRU Administration & Operations  
Component Community Jails

<u>Fund Source</u>	<u>Amount</u>
General Funds	\$200.0

ADD

Agency Dept. of Corrections  
BRU Operations and Administration  
Component Anchorage Jail

<u>Fund Source</u>	<u>Amount</u>
General Funds	\$31.1

Purpose: Replace General Funds in Inmate Health Care with PFD Funds. Increase funding to Community Jails by 200.0 and Existing Community Residential Centers by \$31.1.

Co-Chair Mulder spoke in support of the amendment. He observed that the amount of permanent fund dividends funds were recently updated. There being NO OBJECTION, it was so ordered.

Representative Mulder MOVED to ADOPT Amendment DOC-2:

ADD

Agency	Dept. of Corrections
BRU	Administration & Operations
Component	Anchorage Jail
<u>Fund Source</u>	<u>Amount</u>
General Funds	\$600.0

Co-Chair Mulder explained that the Anchorage Jail was short funded. The amendment would bring the appropriation to within \$20 thousand dollars of the original request. He explained that the Anchorage Jail item is broken down into three components: Anchorage Jail, Sixth Avenue Jail, and out-of-state. Transition costs are not evident because the Anchorage Jail is coming on in mid-stream

There being NO OBJECTION, it was so ordered.

Co-Chair Mulder MOVED to ADOPT Amendment DOC-3:

ADD

Agency	Dept. of Corrections
BRU	Community Residential Centers
Component	Existing Community Residential Centers
<u>Fund Source</u>	<u>Amount</u>
General Funds	\$900.0

Co-Chair Mulder explained that the funding source would be general funds. The department's budget would be \$2.1 million dollars above the allocation with the addition of Amendments COR-1 through COR-4. He noted that he was unable to find additional funding sources.

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There being NO OBJECTION, Department of Corrections-#3 was adopted.

Co-Chair Mulder MOVED to ADOPT DOC-#4.

ADD:  
Dept. of Corrections  
Out of State Contracts

Out of State Contracts

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Funds	\$500.0

Co-Chair Mulder explained that the increment would replace the lost Violent Offender Incarceration Funds. He noted that there reason that there was a decrement to the out-of-state contract established in last year's timetable. He stated that next year, there would be one hundred taken from each out-of-state and transition them back into the Anchorage jail. He added that they were conservative in what could be saved.

There being NO OBJECTION, Department of Corrections-#4 was adopted.

Representative J. Davies commented on Department of Corrections-#5 and requested that the Department speak to the concern.

ADD:  
Department: Corrections  
BRU: Out of State Contracts  
Component: Out of State Contracts

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$890.0

DWAYNE PEEPLES, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS, stated that the Governor's proposal had factored in the phasing of prisoners out of Arizona. The replacement of \$500 thousand of loss of federal funds has been adopted. The remaining \$390 thousand dollars would leave the Department a number of beds to be procured in out-of-state beds at about 18 on a 12-month basis.

Representative J. Davies asked if supplemental funding would be considered if the need was there.

Co-Chair Mulder commented that the inmate population has been relatively stable. He added that the Legislature has been willing to meet the Department's needs and that the Subcommittee went the conservative number.

Representative Davies WITHDREW DOC-#5.

Representative J. Davies WITHDREW DOC-#6, which is a duplication of DOC-#3.

Representative J. Davies MOVED to ADOPT DOC-#7. Co-Chair Mulder OBJECTED.

ADD:  
Department Department of Corrections  
BRU Administrations and Operations  
Component Institution Director's Office

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$100.0

Representative Davies explained that the Division of institutions oversees twelve Institutions, ten community residential center contract sites, fifteen community jail contracts, Electronic Monitoring Programs, inmate health care, out-of-state contracts and inmate programs providing incarceration and supervision of approximately 4,500 inmates a month. The Director of Institutions utilizes the two assistant director positions to provide Division management and oversight of the above program areas as well as bringing the Anchorage Jail on-line.

Mr. Peeples added that in addition, the positions assist the Division in development, implementation and operations of juvenile and women's programs within Institutions. The two programs are the fastest growing segments of institutional service demands and that the Director of Institutions requires assistance from these positions to provide overall management. He added that consistent management and oversight are critical to the safety and security of prisoners incarcerated throughout the State and in out of State contract facilities and to the delivery of rehabilitative services.

Co-Chair Mulder responded that the State is no longer dealing with the Cleary compliance issues. He believed that would free up personnel to address other issues.

Representative Davies commented that the need for the management of the prison populations is not going to go away. The State needs to continue to do that management if the State does not want to go into another Court settlement.

Mr. Peeples advised that the Department is going into an aggressive stance in becoming ACL accredited, which would provide for maintenance of nationally accepted standards. He emphasized that one of the requested assistant positions would be addressing that concern.

Representative Davies MOVED to AMEND the amendment to indicate \$100 thousand dollars general funds.

Co-Chair Mulder commented on the budget options that were available to the Subcommittee. He indicated that he had chose to allow flexibility and latitude for management. He

stated that whether the component is funded or not, the function would be filled regardless.

Representative Davies inquired if there would be an unallocated reduction. Co-Chair Mulder replied that the intent is to take a conservative approach.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Davies MOVED to ADOPT DOC-#8. Co-Chair Mulder OBJECTED.

ADD:  
Department Department of Corrections  
BRU Administration and Operations  
Component Inmate Programs

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$226.0

Representative Davies explained that the impact of not funding \$226.0 for the Inmate Substance Abuse Treatment (ISAT) program would be that the Department would not sustain current service levels. A significant number of inmates are incarcerated due to alcohol related behavior issues. Alcohol is a public health problem and the Department needs to pursue continued treatment rather than reduced treatment. The funds do not create new programs but would sustain services at the current level. These services include assessments, education, treatment in individual and group settings, and post release planning for aftercare in the community. The public is pursuing greater penalties and more substance abuse programming for incarcerated felony Driving While Intoxicated (DWI) cases. Representative J. Davies stressed that it would be a step backwards to cut the ISAT programs.

Co-Chair Mulder explained that this should be an increment in the mental health budget and noted that it was not in the House Majority's priority list.

Mr. Peeples commented that the request would handle status quo replacement adjustments for the alcohol and substance abuse contract programs. The program has not received any increase for the last six to ten years; however, there are more and more demands on the programs. He emphasized that this has been an on-going issue for many years.

Co-Chair Mulder responded that there had been dollars placed into that component. Representative Davies stressed that the State is funding a status quo effort. Co-Chair Mulder pointed out that the Department of Corrections budget will increase this year by \$3 million dollars.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Croft MOVED to adopt DOC-#9. Co-Chair Mulder OBJECTED.

ADD:  
Department Department of Corrections  
BRU Administrations and Operations  
Component Inmate Health Care

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$654.0

Representative Croft explained that due to difficulties in recruiting and retaining some of the 84 health care professionals, \$654.5 general fund dollars are needed in the Inmate Health Component to enable the Agency to provide a two-range salary increase to all Nurse's, Licensed Practical Nurse's, and Health Practitioner's working at correctional institutions. He pointed out that Alaska is not competitive in wages paid to health practitioners or skilled and semi-skilled nursing positions. The two-range increase would place the State of Alaska in the competitive arena, but not on the leading edge. Without the funding, the Department will have to reduce medical staff in the 24-hour institutions by approximately 12 to 14 positions.

Co-Chair Mulder explained that last year; the Subcommittee requested that the Department reduce overall nursing levels by ten. The Department reduced the level by seven positions. The Department refused to contract that out. With the proposed pay raise for nurses, he suggested that it would be better to contract it out in the private sector. He believed that the Department views institutions like a "hospital", providing nursing on 24-hour bases. He stated that was not justified.

Mr. Peeples responded that this is a complex issue. He admitted that the Department has provided a "hard" review of the nursing staff. He noted that there has been some reconfiguration. He noted that not all institutions are 7/24 status. In the heavy booking institutions, Title 47

requires a 7/24 status. There needs to be better medical records. There are other things that the Department can do for cost control mechanisms; however, it will take time to "shake-down".

Co-Chair Mulder asked if the ACA standards required the level of nursing that the Department currently provides. Mr. Peeples responded that in a high booking facility, there must be coverage.

Representative Croft questioned how could the Department not provide that 7/24 service. Mr. Peeples replied that the alternative could be a "tele-nurse".

Representative Croft asked if that was how the positions had been reduced. Mr. Peeples stated it was, however, noted that it is very complex issue. There must be a chief medical staff doctor on duty at all times.

Representative Croft stressed that the Department needs the funding to fund the service. He stressed that health care costs are increasing. Co-Chair Mulder interjected that the Subcommittee addressed if there were other ways that the Department could address effective health care.

Representative Davies explained that there is a fundamental difference between the inmate population and us. He emphasized that there needs to be a plan in place to deal with emergencies. The concern is that there are over 80 nurses on staff and salaries that are below the standard. He stressed that is why there is an increasing shortage of nurses.

Co-Chair Mulder reiterated that the Subcommittee is attempting to address these concerns.

Representative Davies asked if this is an issue that the Department has been struggling with. Mr. Peeples explained that there is staff in the institutions that deal with the chronically mentally ill.

Representative Croft reiterated the potential danger that exists without the proposed funding.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Croft MOVED to AMEND DOC-#10.

ADD:

Department	Department of Corrections
BRU	Administration and Operations
Component	Anchorage Jail

<u>FUND SOURCE</u>	<u>AMOUNT</u>	
General Fund	\$650.5	(DELETE)
General Fund/Pr. Receipts	\$230.0	

Representative Croft asked for Mr. Peebles to address the component.

Mr. Peebles explained that the general fund program receipts are the Municipal of Anchorage payments through the State for operating the Anchorage Jail. In the Governor's request, they came in with a different designation. Co-Chair Mulder stated that they came into the Governor's budget as Statutory Designated Program Receipts (SDPR). He noted that would not qualify as statutory language.

Representative Croft clarified that money should go to Department of Corrections. Co-Chair Mulder stated that the money would go into the general fund.

Representative Croft asked if \$650 thousand dollars would be the correct amount of money needed by the Department. Mr. Peebles advised that the reduction from the Governor's request was \$880 thousand dollars to bring open the jail. The Department based its budget plan on that amount.

Representative Croft noted that he would delete the general fund portion of the request. He MOVED to ADOPT the amended DOC-#10. Co-Chair Mulder OBJECTED. He reiterated the intent was to take the conservative approach.

A roll call vote was taken on the motion.

IN FAVOR:	Davies, Moses, Croft
OPPOSED:	Foster, Harris, Hudson, Lancaster, Whitaker, Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT DOC-#11. Co-Chair Mulder OBJECTED.

ADD:	
Department	Department of Corrections
BRU	Administration & Operations
Component	6th Avenue Correctional Center

FUND SOURCE  
General Fund

AMOUNT  
\$670.0

Representative Croft explained that the Sixth Avenue Correctional Center would require \$670.0 thousand general fund dollars to enable it to operate fully in the final year of operations as a state-operated correctional center. When the final construction on the new Anchorage Jail is completed, all Sixth Avenue operations (staff, prisoners, and operating funds) will be transferred to the new facility to enable full operations of that facility. Without the \$670.0 general fund dollars, the new Anchorage Jail facility will be short funded and unable to cover operational needs.

Mr. Peeples stated that bringing up the new Anchorage jail includes three budget components.

- Out-of-state;
- The Sixth Avenue site; and
- The new Anchorage Jail.

The new jail replaces the Sixth Avenue jail. The Department's budget was predicated on recruiting and training staff.

**TAPE HFC 01 - 45, Side B**

Mr. Peeples explained that the new jail would be a pre-trial facility. HB 53 mandate was that the new jail budget financing would be \$6 million dollars plus the existing Sixth Avenue existing budget. He advised that without the proposed component, the operating budget for FY02 would be incomplete to meet the time frames.

Co-Chair Mulder interjected that bringing the new Anchorage Jail on line would not be increasing the number of inmates. He believed that it should be more operational efficiencies. Representative Croft countered that the transition will cost.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

Representative Davies MOVED to AMEND DOC-#12. Representative J. Davies MOVED to ADOPT the amended DOC-#12. Co-Chair Mulder OBJECTED.

ADD:

Department  
BRU  
Component

Department of Corrections  
Administration and Operations  
Community Jails

FUND SOURCE  
General Fund

AMOUNT  
\$200.0

Co-Chair Mulder asked if felon's funds could be used in the proposed manner.

ANNALEE MCCONNELL, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, commented that they could be used for inmate related programs distinct from incarceration.

Representative Davies noted that the contract amounts had been established in 1996 and have not changed in six years while the cost of living has continued to increase.

Co-Chair Mulder explained that this year he had "backed up" and currently the Department contracts nearly \$84 dollars per day. He noted that Dillingham is running at about 135% capacity, Kotzebue is about 110% capacity. He realized that there is prison inmate overcrowding. He believed that the \$200 thousand dollars allocated in an earlier amendment would help to address that concern.

Representative Davies voiced his concern in loosing the beds if the component is not adequately funded. Co-Chair Mulder explained that the reality is less than 50% occupancy at \$84 dollars per day.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Lancaster, Whitaker, Bunde, Williams, Mulder

Representative Hudson was not present for the vote.

The MOTION FAILED (3-7).

Representative Moses WITHDREW DOC-13.

Representative Croft MOVED to ADOPT DOC-#14. Co-Chair Mulder OBJECTED.

ADD:

Department  
BRU  
Component

Department of Corrections  
Administration and Operations  
Office of the Commissioner

FUND SOURCE

AMOUNT

General Funds

\$205.6

Representative Croft explained that the funds would support a Strategic Planner and Special Assistant to the Commissioner. The Strategic Planner position is responsible for supervising several critical public policy issues including, the implementation of HB 214 which was enacted into law last year (the Prisoner Litigation Reform Act).

He continued, the legislation and the Department's commitment to compliance with court mandates in the Cleary suit, make the position essential to continue with Department efforts to implement PLRA and prevent court oversight of institutional activities. In that role, the position was the principal writer of the Department's Long-Range Plan and the person tasked with coordination of American Correctional Association (ACA) accreditation of the institutions in order to mitigate against future lawsuits such as Cleary.

Representative Croft noted that the Special Assistant position is critical to the Office of the Commissioner. The position is tasked with many special projects including policy and procedures, freedom of information act, subpoena for records and legal actions, human resource complaints, media relations, public contacts and responses to legislative inquiries. Without the positions, the Department will not have adequate management staff to implement PLRA and ACA standards and prevent court oversight.

Co-Chair Mulder replied that the Subcommittee had not recommended the strategic planner position. The funding for the special assistant was transferred to Mental Health function. Representative Croft pointed out the substantial decrease to that component. He noted that without the amendment, there would be a 30% reduction to the Office of the Commissioner.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

DEPARTMENT OF LAW

Jim Whitaker MOVED to ADOPT LAW-1.

ADD:

Department

Department of Law

BRU Criminal Division (33)  
Component Third Judicial District:  
Anchorage (2261)

<u>FUND SOURCE</u>	<u>AMOUNT</u>
1007 I/A Receipts	\$200.0

Representative Whitaker explained that the amendment would enable the Division to receive a portion of federal funding to support the joint effort between the Departments of Public Safety and Law in an effort to reduce alcohol related crime through aggressive investigation and prosecution of bootlegging offenses. The funding will provide for one additional prosecutor and related costs in Anchorage. Representative Whitaker noted that the House Finance Subcommittee on the Department of Public Safety had approved the Public Safety portion of this federal funding within their budget.

There being NO OBJECTION, LAW-1 was adopted.

Representative Jim Whitaker MOVED to ADOPT LAW-2.

ADD:

Department	Department of Law
BRU	Criminal Division (33)
Component	Fourth Judicial District

<u>FUND SOURCE</u>	<u>AMOUNT</u>
1007 I/A Receipts	\$300.0

Representative Whitaker explained that the amendment would enable the Division to receive a portion of federal funding to support the joint effort between the Departments of Public Safety and Law in an effort to reduce alcohol related crime through aggressive investigation and prosecution of bootlegging offenses. It would provide for an additional prosecutor, paralegal and related costs in Bethel. Representative Whitaker added that the House Finance Subcommittee on the Department of Public Safety approved the Public Safety portion of this federal funding within their budget.

There being NO OBJECTION, LAW-#2 was adopted.

DEPARTMENT OF NATURAL RESOURCES

Representative Hudson MOVED to ADOPT DNR-1.

ADD:

Agency	Department of Natural Resources
BRU	Oil and Gas Development

Component Oil and Gas Development

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$425.0

Representative Hudson provided information regarding the amendment. He noted that the Division of Oil & Gas had requested an amendment increment of \$425,000 to the FY02 Operating Budget; in order to fund salary increases for key positions in the exempt service. Funding of the increment would allow the Division's professional, oil and gas salaries to be competitive with the salaries of its counterparts in the federal government.

The Division needs to retain these experts because subtle changes in interpretation of geologic and engineering data has the effect of changing the State's royalty revenues by millions of dollars per oil field. Retaining and recruiting people with the necessary skills and experience could greatly affect the return to the permanent fund and the general fund.

Representative Davies voiced support of the amendment.

There being NO OBJECTION, DNR-#1 was adopted.

Representative Davies MOVED to ADOPT DNR-#2. Representative Hudson OBJECTED.

ADD:

Department	Department of Natural Resources
BRU	Statewide Fire Suppression Program
Component	Fire Suppression

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$350.0

Representative Davies stated that not funding the incremental request would have negative impacts on safe and cost effective suppression of wildland fires in Alaska. The increment is needed to supplement the Division's current staff of initial attack firefighters with a trained, qualified and mobile cadre of firefighters. The Division does not have adequate staffing in its forest technician series to meet their responsibility of suppressing wildland fires in the wildland-urban interface areas of the State. During periods of normal fire activity, the Division currently relies on inexperienced emergency firefighters (EFF) to routinely staff its initial attack engines and helicopters. The EFF's are not as well-trained and experienced as forest technicians because they can only be hired when there are fires to fight. They do not have the

opportunity to receive the same level of training and experience as forest technicians.

Trained and highly skilled firefighters have a much better chance of successfully and safely carrying out an initial attack on wildland fires and suppressing them at minimal acres burned and minimal cost. A typical wildland fire in the urban interface can cost anywhere from \$300 to \$5000 dollars if the initial attack is successful. When a wildland fire escapes initial attack and becomes an extended attack or project fire, the costs to suppress them increase exponentially. The 2,777-acre Clear Fire (located near Nenana) that occurred last summer, cost \$2.6 million to suppress. Large fires, such as the Miller's Reach Fire in 1996, could easily cost \$500.0 to \$1,000.0 dollars per day and can last two to three weeks. He advised that the suppression costs for the Miller's Reach Fire was \$15.0 million.

Representative J. Davies noted that wildland fire fighting is a dangerous profession and the use of minimally trained and inexperienced firefighters is ill advised. Consequently, when there is a shortage of firefighters and the Division is forced to rely on EFF, the State is also forced to be less aggressive on initial attack because we will not compromise the safety of any firefighter on initial attack or any other related fire suppression operations. The end result of this fact is that there could be more escaped fires in the urban interface areas. An escaped fire can cost millions of dollars to suppress and result in significant potential loss of public and private property.

The population in Alaska continues to move into and develop the wildland-urban interface areas of the State. Currently, the MatSu Valley is the fastest growing area of Alaska and a great deal of that valley has the potential for more costly urban interface fires like the Miller's Reach Fire in 1996, and Helmaur Road Fire in 1999. An added fire risk is the catastrophic spruce beetle infestation that has decimated timber stands in several areas in the State including the Anchorage Bowl and the Kenai Peninsula. These spruce beetle killed stands of timber overlap with the urban interface areas of the State, thereby, increasing the potential for a disastrous wildland fire should it escape initial attack.

Representative Hudson commented that the Subcommittee did not underestimate the power of early on attacking fires. He noted that it had not been well articulated by the Department. He agreed that the concept is a component that should be considered at a later date.

Representative Lancaster questioned what would be used for equipment and transportation. Representative Davies responded that the Department does have the equipment they need but do not have the staffing. He pointed out that this would be an

increment used during the fire season, and would not be full time positions.

In response to Vice-Chair Bunde, Representative Davies explained that Bureau of Land Management (BLM) has twenty times the staff that the State does. The fact is that the increment would train people to do rapid attacks around the State.

NICO BUS, ADMINSTRATIVE SERVICES MANAGER, DIVISION OF SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES, voiced surprise with the comments of Representative Hudson. He noted that the request had been submitted since the original Governor's budget. He urged that the Committee consider this component, as it is a life safety issue. He noted that the crews do not conflict with the "hot shot" crews and noted that the Department does not have the manpower to implement it.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Bunde, Williams, Mulder

Representative Whitaker was not present for the vote.

The MOTION FAILED (3-7).

Representative Croft MOVED to ADOPT DNR-#3. Representative Hudson OBJECTED.

ADD:

Department	Department of Natural Resources
BRU	Information/Data Management
Component	Information Resource Management

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$72.5

Representative Croft explained that the Land Status Graphic Record system is used by the public and government agencies to access land status information. Although land status records are available on-line, the access is of limited use due to a 9-month update backlog.

He noted that the Department receives an average of 15,000 land transactions that need to be entered in to the Land Status Graphic Record system. The existing average backlog of 9 months is unacceptable to both internal and external users who need these records to be current within 30 days. He advised that the projected FY2002 backlog amounts to over 11,000 pending actions. Representative Croft noted that by

adding one additional cartographer, the backlog workload could be cut about 25% per year.

The primary users of the graphic land records include:

- Mining industry for managing mineral property rights;
- Oil and gas industry to assure public notification of leases, right-of-ways, water rights, and material sales;
- Forest products industry for state timber sales;
- Alaskans looking for land to purchase or lease;
- Agricultural industry for locating specially designated agriculture lands and agriculture land sales; and
- All resource managers, especially DNR managers and staff, who rely on plats for day-to-day permitting decision support and documentation.

Each of these important resource based user communities suffer when dependable land records are not available from the State.

Representative Croft stated that operating staff in the Status Graphic Unit was steadily reduced from 19 positions in 1990 to 10.2 in FY01. While automation has permitted fewer staff to accomplish more work, it cannot fully compensate for the staff reductions. Although each cartographer now produces 50% more output than 12 years ago, an additional cartographer is needed to reduce the backlog. A reduction in the backlog, resulting in more current land records, will have a direct and positive impact on permitting of economic development activities.

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Representative Croft acknowledged that the request would not solve all the problems, but maintained that it would be a step in the right direction.

Representative Hudson noted that this Division has made significant strides in automating and streamlining the system. He acknowledged that there is a nine-month backlog, but explained that the request was not a high enough priority to be funded above other increments.

Representative Harris questioned if it was a priority of the Alaska Miner's Association. Representative Hudson did not know.

Mr. Bus stated that the project is important in determining mining claims, right of ways, and timber sales. Industry has endorsed initiatives funded through the federal government.

The request shows the pictorial display. The capital budget would address the land use database system.

Representative Davies pointed out that the department staff uses the data to answer questions by industry. Failure to fund the request could result in delays.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies, Foster

OPPOSED: Bunde, Harris, Hudson, Lancaster, Mulder, Williams

Representative Whitaker was absent from the vote.

The MOTION FAILED (4-6).

Representative Croft MOVED to ADOPT Amendment DNR-4:

ADD

Department of Natural Resources

Parks & Recreation Management

Parks Management

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$160.0

(\$100.0) for Wood-Tikchik State Park  
America's largest state park, Wood-Tikchik, will continue to be staffed at an embarrassingly low level. Currently one staff person manages an area larger than the state of Delaware, 1.6 million acres. Park use in the past 10 years has steadily climbed and additional ranger staff, assigned to year-round responsibilities, is desperately needed. Without this new position, there will continue to be no routine patrolling in over half the park. This increment also included funds for maintenance of an aircraft (to be secured through the Department of Public Safety at no cost to Parks). Without an aircraft and a ranger/pilot, the upper lake systems will not see regular patrol. The increased conflicts between hunting guides, and between guides and private hunters will continue with no possibility of resolution. Recommendations from the revision of the park management plan to resolve the hunter conflicts and resource impacts from both guided and non-guided park visitors cannot be implemented without a field presence.

(\$60.0) for Park Maintenance

The general condition of the state parks in Alaska is terrible and we are hearing that statement from the public regularly. State Parks has identified \$42 million in deferred maintenance needs in our 120 park units. Last year, one of the outhouses was so rotten a woman fell through and a park road was so bad it broke a motor home axle. While we attempt to keep up with the worst situations, we are now unable to do so. All of the maintenance staff is seasonal. This funding would extend their seasons so they can address more of the maintenance needs of the park system. This increase in person months will be spread throughout the park system and will compliment a CIP request for Park Emergency Repairs. Without this increment, we will simply continue to defer maintenance needs with the hope that those needs involving health and safety don't result in a visitor injury. This increment does not address all of the park maintenance needs, but at this point, even a small amount of additional funding will be immediately put to good use on those problems that can cause the most injury to park visitors and the most liability to the state.

Search & Rescue needs will continue to increase without additional staff to make contact with an ever-increasing number of non-guided visitors from the Lower 48, as well as Alaskans not experienced in wilderness travel. Publicity in national magazines (Outside and Alaska) has drawn attention to Wood-Tikchik as an easily accessible wilderness experience. Air taxi operators rent boats and gear, making travel by those with little or no wilderness experience easy. Contact with visitors before they get into trouble with wildlife, private property, or the weather is the cheapest form of insurance.

Three years ago, the native allotment issue in Wood-Tikchik was solved when conservation easements were offered to the over 100 park in holders. Virtually all the allotment holders took the easement, which allowed the Bureau of Land Management to move forward with conveying the land. Every month, additional patented private land is being conveyed and park staff has a dual responsibility regarding these lands. Many people assume all the land in the park is public land. It is important for many reasons that park visitors understand that there are over 100 parcels of private property averaging 80 acres each. It is also important to monitor the conservation easements to ensure that they are being implemented properly. This, in and of itself, would be a full time job for someone. But it is just one of the many responsibilities of our current sole park ranger.

Revenue generation opportunity at the new boat ramp at Lake Aleknagik will suffer without regular attention to fee compliance. With only one ranger, there will be far less time spent at the boat ramp than if there were two rangers. The boat ramp is the most heavily used facility in the park and ranger presence is needed to ensure smooth operation of a facility that can see upwards of 400 trucks and trailers on a busy weekend. With the needs of the boat ramp taking the current ranger's time and attention, there will be less backcountry patrol.

There is currently NO presence in the park during the winter months. Winter use in the park is growing as snow machine use becomes more reliable and people discover the ease with which one can travel on a frozen lake. Ranger contact with these recreators before they leave (most will leave from the boat launch) to ensure proper equipment and understanding of the weather and terrain could prevent most winter search and rescue operations. Winter activities, such as dog races, are starting to occur in the park and NO staff is available to administer these programs and permits. At risk are park resources.

By legislative direction, the management of Wood-Tikchik is by a management council consisting primarily of local residents. Without someone locally available to keep in touch with these management council members, it is difficult to secure a quorum for meetings. For each meeting held, at least four are cancelled because of quorum problems. This is a highly inefficient use of staff and volunteer time. A year-round staff person in Dillingham would increase the participation by the council through regular in-person contact.

With no staff at the boat launch in the winter, we expect vandalism. From our experience at other sites accessible in the winter, a year-round ranger presence would greatly deter vandalism.

Representative Croft argued in support of the amendment. He stressed that it would be a modest step to support the highest priority areas.

Representative Hudson noted that the subcommittee focused on economic development and the water permitting system. He observed that rangers could be relocated from smaller parks.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies

OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster, Williams

The MOTION FAILED (3-6).

Representative Croft MOVED to ADOPT Amendment DNR-5  
ADD

Department of Natural Resources

Information/Data Management

Interdepartmental Data Processing Chargeback

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$57.5

Technology changes are driving improvements in government business practices; technical expertise is essential for finding reliable solutions to problems identified by DNR staff and the public. Conversely, inadequate staffing means slow response times to solving users' network or computer issues, which in turn cuts worker productivity and limits the value of DNR's services and information to the public. This funding would add one additional data processing technician.

This position is needed to assure an acceptable level of computer support for the Palmer and MatSu staff, especially during the high demand fire season. There are about 93 network devices in Palmer alone, about half of them are at the new Forestry fire facility, the others are in the Recorder's Office, State Parks, and the Division of Agriculture. Also, the Division of Agriculture's Plant Material Center is projected to increase their staffing due to an influx of federal monies and thus will require more computer support.

This increment request only addresses the demands that are critical for maintaining DNR's widely distributed computing and data communications network. DNR staff now support an average of 192 network devices per technical person. An acceptable industry average is 75 devices per technical person. DNR network staff has 2.5 times the industry average workload. Personal computers now have a central role in our office environments, 949 devices are supported across the department; the Computer Information Center staff covers 766 of these. One additional position will drop the ratio to only twice the industry average (vs. the current 2.5 times the industry average).

Without the requested position, the Anchorage staff will have to continue to support the MatSu/Palmer areas. This doesn't provide responsive action to the timing needs of

the Palmer Offices and is an inefficient and cumbersome use of the Anchorage staff.

Representative Croft spoke in support of the amendment. He suggested that statutory designated program receipts would allow the increments to be funded and pointed out that the cap is driving the reduction.

Representative Hudson acknowledged that it would be good to have a permanent full time data processing technician, but emphasized that the budget was reviewed with priorities in mind. He stated that he would support the request if further funding were available.

Representative Davies spoke in support of the amendment. He maintained that the level of support was not sufficient.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies

OPPOSED: Harris, Hudson, Lancaster, Mulder, Williams

Representatives Foster, Whitaker and Bunde were absent from the vote.

The MOTION FAILED (3-5).

Representative Davies MOVED to ADOPT Amendment DNR-6:

ADD

Department of Natural Resources

Minerals, Land & Water Development

Claims, Permits & Leases

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$160.0

Results of recent geophysical exploration indicate the potential for a significant deposit of minerals in the Denali Block area. As the public became aware that DNR recently requested the entitlement of the eastern portion of the Denali Block area to be on BLM's conveyance priority list, the mining industry has communicated considerable interest in assuring that this conveyance occurs. That is, the industry has reinforced the importance of the area to upcoming exploration and expenditures.

Representative Davies spoke in support of the amendment. The area has great archaeological importance and is used

extensively for recreation and subsistence. There is also a significant mineral potential. The mining industry does not want to have to access the area under federal rules.

Representative Hudson explained that the request was difficult for the Subcommittee. He acknowledged the need and emphasized that there is an issue of timing. The request is not a necessity for the next fiscal year.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies

OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, William

Representative Moses was absent from the vote.

The MOTION FAILED (2-8).

Representative Davies WITHDREW Amendment DNR-7

ADD

Department of Natural Resources

Oil and Gas Development

<u>Fund Source</u>	<u>Amount</u>
General Fund	425.0

Department of Administration

Representative Ken Lancaster MOVED to ADOPT Amendment ADMIN-1:

DELETE

BRU: Alaska Longevity Programs Management

Component:Pioneers Homes

Fund Source	Amount
General Funds	\$ 140.5

ADD

BRU: Senior Services

Component:Senior Employment Services

Fund Source	Amount
General Funds	\$ 140.5

Purpose:

The reduction will correct a technical error; funding is for nursing increases addressed through fiscal note in legislation. The increment will fund 144 senior employment positions statewide to cover cost differential of their existing pay levels of low-income

seniors employed through community agencies and the new federally imposed hourly wage limit. (\$6.50)

Representative Lancaster There being NO OBJECTION, it was so ordered.

Representative Lancaster MOVED to ADOPT Amendment ADMIN-2

Public Communications Services  
Satellite Infrastructure

\$750 thousand dollars General fund  
\$550 thousand dollars SDPR

This will allow the department to secure Satellite services and require the department to develop a revenue source for the portion of the satellite used for ARCS. The contract should be limited to a base of 2 years with renewal options. The telecommunication availability is rapidly changing, as is equipment. The state should not lock itself into any long-term contracts without taking advantage of new opportunities that will become available in Alaska within the next two years.

Co-Chair Mulder explained that the amendment relates to the transponder. The issue is the increased ATT contract costs. There are four channels on the transponder: public television, Gavel to Gavel, educational television and The Alaska Rural Communications Service. Six public radio stations and the Emergency Broadcasting System are also beamed. The request would look at the possibility of collecting receipts from the commercial entities utilizing the services. The commercial stations have not been contacted.

Representative Davies pointed out that the amendment is \$300 thousand dollars less than the original request. He added that the statutory designated program receipts are not certain.

Co-Chair Mulder clarified that the actual amount of the contract is \$300 thousand dollars less than the request. He maintained that it was not his intent to interfere with the contract, but to get the accurate amount.

Representative Davies recognized the strategy of forcing efficiencies but questioned the recourse if it cannot be negotiated with the appropriated amount. Co-Chair Mulder responded that that some of the transmission could be blackened.

Representative Davies expressed support for the attempt but questioned what would be jeopardized if commercial entities

were not willing to come up with the funding. He asked if there would be an ability to go before the Legislative Budget and Audit Committee for additional funds.

DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION clarified that the original request was \$1.6 million dollars in general funds. The tariff would not be filled until June. There is currently \$900 thousand dollars. The amendment would provide eight months of service if the contract were negotiated at \$1.6 million dollars. He observed that there would be an opportunity to come before the legislature for a supplemental before the lights are turned off. He observed that previous discussions to collect program receipts have not been fruitful. He noted that the vendor could not be forced. He stressed that the service is essential.

Co-Chair Mulder noted that the current amount paid to AT&T is \$800 thousand dollars. The new proposal is for \$2.1 million dollars.

Representative Hudson noted that a shortfall would not occur before February 2002.

There being NO OBJECTION, it was so ordered.

RECESSED

The Committee recessed at 4:03 p.m.

RECONVENED

The Committee reconvened 5:45 p.m.

Representative Davies MOVED to ADOPT Amendment ADMIN-3:

Leases  
Leases  
Add: 1,900.0 GF

Explanation:  
This would provide full funding of FY'02 request. Leases were short funded last year and there is a FY'01 supplemental request of 1,600.0 GF. Payment will have to be made now or later through supplemental process next year.

Representative Davies observed that this component has been under funded for the past 11 years. The FY01 supplemental was \$1.6 million dollars. He questioned the wisdom of purposely under funding this component.

Co-Chair Mulder acknowledged that the leasing appropriation has been conservative as a means to encourage the department

to achieve some efficiency. Leasing costs have been reduced over the past 15 years. He referred to problems in the Division of Motor Vehicle's lease space. The department needs to pursue a good deal for the state.

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Representative Davies acknowledged the concern, but felt that the Division of Motor Vehicles' lease space was an extreme example. He suggested that steps be taken to cover such instances through the Legislative Budget and Audit Committee.

Representative Lancaster clarified that his allocation did not allow the Subcommittee to fund the component.

Representative Croft pointed out that under-funding would not change where the money comes from it would only move it to the supplemental. It undermines the public's confidence that the budget is being correctly represented.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies  
OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment ADMIN-4:

Leases  
Lease Administration  
Add: 13.5 GF  
55.7 IA Receipts

Representative Croft explained that the amendment would restore the subcommittee reduction by funding one contracting officer position. He stressed that the position is needed to manage the leases.

Representative Lancaster emphasized that the functions have been adequately handled for the past 12 years without the additional positions.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies  
OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

Representative Davies WITHDREW Amendment ADMIN-5:

Public Communications Services  
Satellite Infrastructure  
Add: 1,600.0 GF

Representative Croft MOVED to ADOPT Amendment ADMIN-6:

Senior Services  
Protection, Community Services & Administration  
Add: 447.3 GF

Representative Croft explained that the amendment would fully fund the general relief grants for vulnerable adults at the FY'02 requested level. The cost of this program is entirely dependent on caseload. A supplemental request will be made next year if funding falls short of caseload growth. There is a FY'01 supplemental request of 150.0. He stressed that it supports the poor.

Representative Lancaster noted that the Subcommittee had a lot of debate on the item. The Subcommittee did not have the allocation to cover the cost.

Representative Davies maintained that the cost would be driven to the supplemental due to an arbitrary cap.

Discussion ensued regarding the Governor's statutory amendment deadline.

Representative Davies maintained that the component would be under-funded if the caseload were similar to the previous year. He maintained that the component should be funded at the expected level.

Representative Croft pointed out that the item would be funded as a supplemental. He WITHDREW Amendment DOA-6.

Co-Chair Mulder noted that the Committee had never not funded senior services.

Representative Davies MOVED to ADOPT Amendment ADMIN-7:

Legal and Advocacy Services  
Office of Public Advocacy  
Add: 600.0 GF

Explanation:

This increment will fully fund OPA at the FY'02 requested level. This request is based on overall caseload projections, which indicate this shortfall amount for FY'02. OPA provides legal representation for vulnerable Alaskans and also serves as guardians. Clients include abused and neglected children,

incapacitated adults and indigent criminal defendants when the Public Defender Agency has a conflict of interest.

Representative Davies pointed out that the Subcommittee funded the component below the current year's level of funding and concluded that there would be a need for a supplemental appropriation. He added that the courts drive the caseload. He observed that 60 percent of the money goes to private attorneys.

Representative Lancaster noted that the Subcommittee had a lot of debate on the item and that the department presented a strong case, but the Subcommittee did not have the allocation to cover the cost.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies  
OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment ADMIN-8

Legal and Advocacy Services  
Office of Public Advocacy  
Add: 75.0 GF/MH

Representative Croft explained that the request would fund one of the four guardianship positions requested by the Alaska Mental Health Trust Authority in the mental health budget. He stressed that children and other vulnerable persons receive the services.

Representative Lancaster agreed that the need is growing, but explained that there was not a solid funding source for the appropriation.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies  
OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment ADMIN-9:

Legal and Advocacy Services  
Public Defender  
Add: 825.0

Explanation:

This increment funds items previously reduced or eliminated to meet shortfalls and items specifically noted in the 1998 Legislative Audit review of the Public Defender, including:

474.18 paralegals  
26.7 Kodiak investigator  
183.2 Travel for rural court locations  
100.0 additional computer legal research  
40.0 implement case management system

Representative Croft argued in support of the amendment. He observed that a legislative audit found that the component needed additional support. He maintained that the Public Defender is understaffed and does not have sufficient resources. The amendment would appropriate the level recommended by the Legislative Budget and Audit Committee audit. Eight paralegals would be used as a cheaper way to leverage attorney resources.

Co-Chair Mulder questioned if the average caseload of the prosecutor was greater than the public defender. Representative Croft did not know the average caseload of the prosecutor. Co-Chair Mulder thought that the prosecutor caseload was greater. Representative Davies pointed out that prosecutors have greater resources available.

Representative Lancaster acknowledged that the caseload is great, but the Subcommittee did not have the allocation to cover the cost.

Representative Croft observed that the caseload has increased 47 percent since 1988.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies, Bunde

OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Mulder, Williams

The MOTION FAILED (4-7).

Representative Croft MOVED to ADOPT Amendment ADMIN-10  
Division of Motor Vehicles  
Add: 170.0 CF

Explanation:

This increment would fund increase cost for Polaroid contract and is a continuation of the FY01 supplemental request of \$68.0.

Representative Croft spoke in support of the amendment. He observed that the request would provide photographs for

driver's licenses. He stressed the importance of photos in enforcing underage drinking.

Representative Lancaster noted that the Division has a new building being funded and that there was not enough funding to go around.

Representative Davies expressed concern that new licenses would be issued without pictures.

Mr. Spencer clarified that the statutes require that new licenses have a picture. The request would address renewals. The department is not sure how it would meet the requirement for photographs on new licenses. The department has approximately 6 months of remaining supplies.

Co-Chair Mulder clarified that there were no responses to the department's request for a new contract. Mr. Spencer stated that the vendors did not respond because of the state's low volume and roadless areas. A new proposal will go out in the fall. Other states have also had difficulties.

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A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft, Hudson  
OPPOSED: Foster, Harris, Lancaster, Whitaker, Bunde,  
Williams, Mulder

The MOTION FAILED (4-7).

Representative Davies MOVED to ADOPT ADMIN-11.  
Representative Lancaster OBJECTED.

ADD:  
Department Department of Administration  
BRU Division of Motor Vehicles  
Component Division of Motor Vehicles

<u>FUNDING SOURCE</u>	<u>AMOUNT</u>
General Funds	\$200.0

Representative Davies explained that in FY01, \$200.0 was funded from the Investment Loss Trust Fund (ILTF), a one-time funding source. The FY02 Subcommittee budget report did not replace that funding. Co-Chair Mulder stated that there was an attempt to replace one-time fund sources. He noted that this item was not related to personal services.

Representative Lancaster explained that the requested amount related to five employees. Representative J. Davies countered that would be personal services. He stressed that those people pay there money, which more than pays for the

services the people want. He stressed that there comes a time when "more for less" can no longer be provided. He argued that removing five people from those services would not be good.

Representative Croft recommended using the fees generated by those using these services. He asked that the Committee go \$200 thousand over the cap so that those generating the amount received from those services would be protected.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft, Williams  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker, Bunde, Mulder

The MOTION FAILED (4-7).

Representative Davies MOVED to ADOPT ADMIN-12.  
Representative Lancaster OBJECTED.

ADD:  
Department Department of Administration  
BRU Division of Motor Vehicles  
Component Division of Motor Vehicles

<u>FUNDING SOURCE</u>	<u>AMOUNT</u>
General Fund/Program Receipts	\$118.5

Representative Davies explained that the amendment would fund two staff to conduct performance and financial audits of 704 private vendor partners, including third party testers, dealers, and commission agents.

Representative Lancaster did not believe that there were problems in the referenced area.

Representative Hudson asked the level of performance at this time in the financial auditing. Mr. Spencer replied that at this time, there is very little auditing that occurs. If there is no audit, then there is no awareness whether there is a problem or not.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft, Hudson, Williams  
OPPOSED: Foster, Harris, Lancaster, Whitaker, Bunde, Mulder

The MOTION FAILED (5-6).

Representative Croft MOVED to ADOPT ADMIN-13.  
Representative Lancaster OBJECTED.

ADD:  
Department Department of Administration  
BRU AK. Longevity Programs Management  
Component Pioneers Homes

<u>FUNDING SOURCE</u>	<u>AMOUNT</u>
General Fund	\$2,474.7
Receipts Support Svc.	\$2,633.0

Representative Croft commented that the amendment would fund additional beds at the Pioneers Homes. He pointed out the increased fees paid by the residents at these homes. The beds could be filled if there were proper staff to care for these people. He emphasized that there are unfilled beds in the homes and that the State has a long wait list.

Representative Lancaster countered that even if there are enough people to fill those beds, there are not enough nurses to fill the jobs. He mentioned that most of the folks on the wait list, need one-to-one care. He did not believe that it would be practical.

Representative Croft agreed that a tight nursing market exists. He suggested that market wages needs to be paid. The proposal from the Governor would be to give a preference to veterans. He reiterated that there are empty beds and there are people that want to get into those beds.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft  
OPPOSED: Foster, Harris, Hudson, Lancaster, Whitaker,  
Bunde, Williams, Mulder

The MOTION FAILED (3-8).

BREAK: 7:00 PM  
RECONVENE: 7:35 PM

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Co-Chair Mulder noted that the amendment should be changed to \$879.8 million dollars.

Representatives Williams MOVED to ADOPT DOT-1.  
Representative Davies OBJECTED and asked what it would do.

ADD:  
Department Department of Transportation  
BRU Marine Highway System  
Component Southwest Shore Operations

<u>FUND SOURCE</u>	<u>AMOUNT</u>
Marine Highway Sys. Fund	\$60,000

The Marine Highway Stabilization Component requires additional GF in FY02 in order to maintain baseline service to the public. Current projections indicate the fund balance will reach zero in FY02 unless additional GF is appropriated or service is reduced. Funding of the increment would allow Alaska Marine Highway System (AMHS) to continue service uninterrupted through the end of FY02 - a projected total of 293.1 operating weeks.

He added that the Kennicott Long shoring Expenses, in the amount of \$60.0 Marine Highway System Fund (AMHS) operates from several privately owned facilities and municipal piers in Southwest Alaska and Prince William Sound; State or contract employees are not allowed to handle lines due to a statewide long shoring agreement. The long shoring costs for the M/V Kennicott are quadruple that of the M/V Tustumena. In the winter of 02, the Kennicott will be providing the only service to Cordova and Kodiak for five months due to a scheduled overhaul of the M/V Tustumena.

Co-Chair Mulder replied that \$879.8 million dollars was the amount that the Marine Highway had requested. He noted that there had been concern regarding upcoming increased fuel costs.

Representative Hudson explained that the amendment would provide funding for the items in the amendment.

- \$60,000 dollars for the Kennicott long shore expenses;
- \$819.8 general funds from the AHFC dividend.

Representative Hudson noted that the money would be used to compensate for the fuel expenses and the fact that these monies are no longer available in the Stabilization component Fund.

Co-Chair Mulder requested the correct reference for the amendment.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that the issue would be to keep the same amount of general funds and add the additional money as Alaska Housing and Finance Corporation (AHFC) dividends. New language would need to be added and another \$879.8 million dollars AHFC dividends. The add/delete would be deleted.

Representative J. Davies commented that the language on the Whittier Tunnel appeared to be "mandatory". He requested that the Department speak to that concern.

NANCY SLAGLE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITITES, noted that there is increased activity due to the Whittier Tunnel opening which does pose a problem for the Department in how to cover the terminal operations. If the Department does not receive the additional money to cover those expenses, the Department will have to reevaluate the services that are provided. Some services are more mandatory than others. There will need to be a re-evaluation done by the Department. Ms. Slagle stressed the need for the \$879.8 dollars exists from a variety of reasons. The Stabilization Fund will be out of money next year.

Representative Davies asked if the seasonal employee was a long shore man. Ms. Slagle replied that there was one on contract.

Representative Davies asked the expected revenue increase that the marketing effort will provide. Ms. Slagle replied that the Department had completed a marketing study undertaken by the McDowell Group. That study stated that an operation the size of the Marine Highway System, should have a marketing effort of about \$2 million dollars; the State currently has a marketing effort of about \$150 thousand dollars.

Co-Chair Mulder referenced the marketing plan and recommended that one be submitted for the Legislature to look over. Ms. Slagle noted that the Department is looking at marketing the off seasons, which currently do not generate much revenue.

There being NO OBJECTION, DOT-#1 was adopted.

Representative Moses WITHDREW amendment DOT-#2.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Representative Davies MOVED to ADOPT DEC-#1. Co-Chair Williams OBJECTED.

DELETE:

Environmental Health  
Food Safety and Sanitation  
Statutory Designated Program (\$167.6)

ADD:

Department of Environmental Conservation  
Environmental Health  
Food Safety and Sanitation  
General Fund \$221.3

<u>FUND SOURCE</u>	<u>AMOUNT</u>
<u>General Fund</u>	<u>\$221.3</u>

Representative Davies stated that the amendment would fund one annual routine inspection of the highest risk food facilities. While this is less than the risk based inspection frequency analysis and less than the level recommended by the Food Safety Advisory Committee, it significantly advances public health protection by ensuring the highest risk food facilities will be inspected at least once each year.

Current funding does not adequately protect public health.

- Almost 100% of the risk level four facilities are being inspected only once per year rather than the recommended level of four times per year.
- 49% of the risk level 3 facilities are being inspected once per year rather than the recommended level of three times per year according to the Risk Based Inspection Frequency protocol or twice per year as recommended by the Food Safety Advisory Committee.
- 30% of the risk level 2 facilities are being inspected once per year rather than the recommended level of twice per year according to the Risk Based Inspection Frequency protocol or twice per year as recommended by the Food Safety Advisory Committee.

Co-Chair Williams commented that his office had been working with the Department since the closeouts to address the issue. He acknowledged that there are many problems with the Department because of finances. He noted that his staff would be working to address the concern in Anchorage during the summer.

Representative Davies emphasized that it takes "bodies" to check restaurants.

**TAPE HFC 01 - 47, Side B**

Representative Davies stated that there should be a roughly 50/50 division between user fees and general funds. That was adopted for the other fee structures in the Department of Environmental Conservation. He commented that the determination process should not be "rocket science" to do good business by the Department.

Co-Chair Williams recommended that the facilities should be inspected once every year. He acknowledged that today restaurants are being inspected once every two; he agreed that a problem does exist. Co-Chair Williams stated that to do it correctly, there needs to be additional money added, however, he did not believe that \$221 thousand dollars would "address" the problem.

Representative Croft expounded that people have the right to expect that restaurant inspection be done correctly. He stressed that the job should be done correctly and should be fully funded. Representative Croft did not believe that the funding could be found within the next year, however, stated that the increment would help. He pointed out that outbreaks have occurred this year. There is a problem and he emphasized that the increment is a modest step in the right direction.

Co-Chair Williams commented that he would be working with the Department during the interim. He suggested cooperation in writing up a directive indicating that the State would be doing the inspections. Co-Chair Williams commented that perhaps each community should be responsible for that service.

Representative Croft argued that this service is a statewide obligation and that the recommendation is modest.

Representative Whitaker inquired the net effect of the amendment. Representative Davies understood that they would be statutory designated program receipts that are not attainable allocation and is replaced with slightly more general funds.

BARBARA FRANK, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, agreed that description was correct.

Representative Moses emphasized that this component is a matter of public safety. If it is ignored, it will become a serious problem.

Representative Hudson voiced confusion with the amount allocated in the budget at this time for the service. Co-Chair Mulder explained that the net effect of the amendment would be that the gap would get greater by \$221 thousand dollars.

Representative Croft commented that historically, the fees could be increased providing the authority through the fee structure. The Department did not believe that they could increase the fees again this year. The restaurants are willing to support the inspections. Last year, the authority to increase the fees was not used.

Co-Chair Williams stated that the Legislature tried to fix this concern last year. It did not work and the problem still exists. Co-Chair Mulder interjected that the increment would be a "band aid" on a bigger problem. Representative Davies countered that this would not be a band-aid. He clarified that last year the Division was given a "hallow" appropriation. Co-Chair Mulder countered

that that last year, they were given statutory designated program receipt authority to contract with the cities to do the inspection. Representative J. Davies stated that was not true.

Ms. Frank explained that last year money was given specifically for fresh/frozen seafood inspections. Co-Chair Williams noted that the State was in the same position last year as it is today.

Representative Hudson asked if the Department had authority to establish a designated program, someone had to make the decision not to do that, either the vendors or the department chose not to solicit. He asked who chose not to do that. Ms. Frank clarified that the Department went out to the seafood processors who were the target of the funds, and they were not willing to enter into a contractual agreement. They want "real" money to do real inspection and that money not to be tied to those reasons stated by Representative J. Davies.

Co-Chair Mulder noted that restaurants and seafood processors were being interchanged. He inquired how much went to each. Ms. Frank advised that last year, the \$167.6 was specifically intended to be used for one concern. She noted that the Department does recognize that there is much more that they could do to coordinate their inspections.

Representative Croft thought that Department of Environmental Conservation makes very different inspections than Environmental Protection Agency (EPA). He suggested the task is simple, either do the inspection or not do it.

Representative Whitaker asked what is "highest risk food facilities". Ms. Frank explained that the Department has four different categories of risk facilities. It is based on the relative risk to public health.

Co-Chair Mulder asked if without adoption of the amendment, would the process continue at status quo. Ms. Frank stated it would.

Representative Harris asked if the Department would need \$3 million dollars for the whole system.

Representative Whitaker asked if the requested increment would provide for a yearly inspection at the highest risk food facilities. He asked if there was legal liability in not inspecting those facilities. Ms. Frank explained that she could not speak to the legal liability, however, there needs to be a reduction to the public health risks.

Co-Chair Mulder questioned if the State had ever been sued. Ms. Frank was unaware of it.

Co-Chair Williams asked that the Department work with the Legislature a little more. Ms. Frank stated that the Department would commit to working with the Department.

Co-Chair Williams WITHDREW his OBJECTION and asked the Department to work a little more closely with his office to address the concern. Ms. Frank noted that there would be a commitment for the Department to work more closely with Co-Chair Williams office. There being NO further OBJECTION, DEC-1 was adopted.

Representative Davies MOVED to ADOPT DEC-2. Co-Chair Williams OBJECTED.

ADD:

Department	Department of Environmental Conservation
BRU	Office of the Commissioner
Component	Office of the Commissioner

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$300.0

Representative Davies explained that the funding was a new request to provide the State with a systematic monitoring program of heavy metals and/or persistent organic pollutants in Alaska's seafood products. The safety of seafood products is a growing concern in the United States and Europe.

Without a systematic monitoring program, Alaska will be unable to respond to questions from commercial buyers of Alaska seafood or recreational and subsistence users as to the safety of our seafood products.

Representative J. Davies observed that the State would be unable to respond to federally issued consumption advisories because we would lack the scientific data to dispute them. Our inability to credibly challenge these consumption advisories will ultimately impact the marketing of Alaska's seafood products, which currently enjoy a major marketing advantage over other seafood products because of the perceived purity of our environment.

Representative J. Davies stated that Alaska is one of the few states without some kind of routine monitoring program for heavy metals and/or persistent organic pollutants in its fishery resource.

**TAPE HFC 01 - 48, Side A**

Representative Davies emphasized that the federal return on the state expenditure is great.

Co-Chair Williams noted that the EPA indicated that fish

were contaminated. The Department of Environmental Conservation worked with the EPA to correct the problem. He observed that federal grants might be available.

Ms. Frank noted that the department believes that they could use federal funds for a portion or the entire request. She thought that a 60/40 percent federal/state match program could be utilized. The department looked at acquiring the match through the Commercial Fish Loan Fund. There is sufficient money in the fund to meet the match.

Representative Hudson suggested that it would make a good Alaska Science and Technology Foundation project.

Co-Chair Williams observed that the state cannot control contaminants that come from other areas. Co-Chair Mulder thought that the use of the Commercial Fisherman's Fund has merit. He stated that he "was a little bit afraid of asking questions that I am not sure I want to know the answer to." He emphasized that the focus is to protect the industry.

Representative Foster questioned if the testing is random. Ms. Frank affirmed. The department has found that federal alerts do not generally apply to Alaska. The department wants data to assure that Alaskan fish are clean.

Representative Croft concluded that there is indication that the state of Alaska's fish are clean and that a through check could be used to demonstrate that Alaska's fish are clean.

Representative Harris asked what other states have monitoring systems. Ms. Frank did not know.

Co-Chair Mulder questioned if the department needs statutory budgetary authority to use non-point source funds. Ms. Frank did not think authority was needed for non-point source funds. She observed that the issue is the match authority. She suggested that \$120 thousand dollars in general fund match in the seafood component be replaced with Commercial Fish and Loan Fund receipts. There is already \$175 thousand dollars in the component. This would provide access to cover the general fund match. Authority to expend the general fund match on the seafood-monitoring program would be needed.

Co-Chair Mulder recommended that the amendment be held for further review.

Representative Davies WITHDREW Amendment DEC-2.

Department of Community and Economic Development

Representative Lancaster MOVED to ADOPT Amendment DEC-1:

ADD  
 BRU: Alaska Seafood Marketing Institute  
 Component: Alaska Seafood Marketing Institute  
 Fund Source Amount  
 Receipt Supported Services \$ 700.0

Purpose:  
 In the FY 02 operating budget submission and subcommittee review process, the Department of Community and Economic Development inadvertently neglected to request an increment for the Alaska Seafood Marketing Institute (ASMI) to carry forward their unexpended and unbigoted balance at the end of FY01. ASMI estimates this amount will be \$700.0. This amendment corrects the omission by DCED.

Representative Lancaster explained that the request would allow the carry-forward to be spent in the next fiscal year. There being NO OBJECTION, it was so ordered.

Representative Ken Lancaster MOVED to ADOPT Amendment DCED-2:

ADD  
 BRU: Investments  
 Component: Investments  
 Fund Source Amount  
 Rural Development Initiative Fund \$43.0

Purpose:  
 CHAPTER 117 SLA 00 renamed the Rural Development Fund to the Rural Economic Development Initiative Fund and added, under Sec. 44.88.6000, the Rural Development Initiative Fund as a new program to AIDEA. The Division of Investment will act as the loan-servicing agency for the program. The Division anticipates a cost to administer the program of 43.0. This program will not result in increased staff.

Representative Lancaster explained that the amendment would give the Division of Investments authority to manage a new fund in Alaska Industrial Development and Export Authority (AIDEA). The general fund amount is not affected. There being NO OBJECTION, it was so ordered.

Representative Davies MOVED to ADOPT Amendment DCED-3:

ADD  
 BRU: Qualified Trade Association Contract  
 Component: Qualified Trade Association Contract  
 General Funds 199.8

A reduction of \$199.8 from the tourism-marketing contract will result in a loss of television

advertising and further erosion of the state's ability to compete with other destinations. In addition, the contract requires this amount to be matched by \$85.6 from the private sector for a total loss to the program of \$285.4.

Representative Davies spoke in support of the amendment.

Representative Lancaster observed that the subcommittee funded the item to its ability. Co-Chair Mulder clarified that a step down was anticipated and that it is consistent with the plan as designed.

TOM LAWSON, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT explained that the legislation that was passed do not completely correspond to the step down in the Millennium Plan. The legislation provided a private sector match of 30 percent for FY 01 and FY02. The budget request was based on \$4.8 million because when the legislation passed it was supposed to be matched 30 percent. The department did not think there was supposed to be a step down.

Representative Davies WITHDREW Amendment DCED-4.

Representative Croft MOVED to ADOPT Amendment DCED-4:

ADD

BRU: Regulatory Commission of Alaska  
Component:Regulatory Commission of Alaska  
RCA Receipts 352.9

Addition of seven new positions are needed to ensure that the RCA continues to maintain a high level of service to the utility industries and their consumers in the face of substantial and increasing workload.

The positions to be added are:

Admin Clerk II (Range 8)- Records and Filings Section.

Microcomputer Network Technician I/II Flex (Range 14/16)- I.S. Section.

Communications Common Carrier Specialist (Range 22)- Common Carrier Section.

Consumer Protection and Information Officer I (Range 14)- Consumer Protection & Information Section.

Paralegal Assistant I/II Flex (Range 13/16)- Commission Support Section.

Secretary (Range 11)- Commission Support Section

Utility Engineering Analyst III (Range 19)- Engineering Section.

Representative Croft spoke in support of the amendment. He noted that the increase would be in receipt-supported services to continue their work and reduce the backlog. She pointed out that a change in federal law will bring 600 new rural water/sewage utilities certifications before the RCA. He noted that the additional staff would only result in an increase of .01 cent per month on the bills received.

Representative Lancaster observed that the department received 11 new employees in 1988, when the telephone utility deregulated. He questioned where the program receipts would come from and anticipated that the state would have to pick up the tab if the new utility applications are not received.

Representative Croft WITHDREW Amendment DCED-4.

Representative Croft MOVED to ADOPT Amendment CED-5:

Community and Business Development	
Grants, Claims (ARDOR Grants)	
Fund Source	Amount
General Fund	\$239,320

The ARDOR program appropriation has been \$650,000 since State Fiscal Year 1997. At the time there were 11 ARDORS's sharing the \$620,000 of grant funding, or an average of \$56,364 per ARDORS. For State Fiscal Year 2002, there are 14 ARDOR's, the average grant in the Governor's Budget would be \$44,286.

Considering the inflation increase during this period, each Alaska Regional Development Organization (ARDOR) would have to receive \$61,380 in FY2002 to maintain the same buying power that it had in FY1997 (8.9% inflation increase during this period). The total amount of grants available for FY2002 would have to be \$859,320 (14 x \$61380) to maintain that buying power. This amendment essentially keeps the grants as well as administration costs up with inflation.

Representative Lancaster noted that the request did not come before the Subcommittee. He expressed support for the request but questioned the funding mechanism.

Co-Chair Mulder OBJECTED. He pointed out that the ARDOR program was created to provide seed money for the organizations, with the anticipation that they would be self-reliant.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft  
OPPOSED: Bunde, Davies, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (2-9).

Representative Croft MOVED to ADOPT Amendment DCED-6:

Add new BRU:  
Renters' Equivalency Rebate  
300.0 GF

Representative Croft spoke in support of the amendment. He observed that the program was the rental portion for senior and disabled veteran property tax exemption. The program sent rebates to over 1,000 seniors and disabled veterans in 1998. The average annual payment was \$277 dollars. The program has not been funded for the past two years.

Co-Chair Mulder acknowledged the intent of the program but maintained that the state of Alaska cannot afford the program.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies  
OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,  
Whitaker, Mulder, Williams

The MOTION FAILED (3-8).

HB 103 and HB 104 were heard and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 9:00 p.m.