

HOUSE FINANCE COMMITTEE
March 11, 2001
12:28 P.M.

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CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 12:28 P.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

Representative Ethan Berkowitz; David Teal, Director, Legislative Finance Division; Karen Rehfeld, Director, Division of Education Support Services, Department of Education and Early Development; Janet Clarke, Director, Division of Administrative Services, Department of Health and Social Services; Eddy Jeans, Manager, School Finance Section, Department of Education and Early Development; Annalee McConnell, Director, Office of Management and Budget, Office of the Governor; Remond Henderson, Director, Division of Administrative Services, Department of Labor and Workforce Development; Ron Hull, Acting Director, Division of Employment Securities, Department of Labor and Workforce Development; Authur Mason, Staff, Representative Cissna; Pat Galvin, Director, Division of Governmental Coordination, Office of the Governor; David Teal, Director, Legislative

Finance Division; Beth Nordlund, Special Assistant, Department of Education & Early Development; Denny Dewitt, Staff, Representative Eldon Mulder.

PRESENT VIA TELECONFERENCE

None

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.

CS HB 103 (FIN) was reported out of Committee with a "do pass" recommendation.

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.

CS HB 104 (FIN) was reported out of Committee with a "do pass" recommendation.

#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.

DEPARTMENT OF EDUCATION

Co-Chair Mulder MOVED to ADOPT DEED-#1.

ADD:

Department	Department Education & Early Development
BRU	Early Development
Component	Head Start Grants

FUND SOURCE	AMOUNT
ILTF	\$100,000

Co-Chair Mulder explained that the amendment would provide increased funding for Head Start Programs. The money will act as match funding in order to bring in \$500,000 in federal funds.

Representative Davies interjected that Head Start has been one of the most studied education programs and has proven to be a highly effective program. He hoped that the State would continue to fund the Head Start Program and capture all federal funding available to that program.

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

Co-Chair Mulder AMENDED and MOVED to ADOPT Amendment DEED-2.

ADD:	
Department	Education & Early Development
BRU	Teaching and Learning Support
Component	Education Special Projects

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund Match	\$20.0

Co-Chair Mulder explained that the proposed amendment would restore \$20.0 to the Americorp Program.

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

Co-Chair Mulder AMENDED and MOVED to ADOPT Amendment DEED-#3.

ADD:	
Department	Education & Early Development
BRU	Pupil Transportation
Component	Pupil Transportation

<u>FUND SOURCE</u>	<u>AMOUNT</u>
AHFC Dividend	\$1,000.0

Co-Chair Mulder explained that the proposed amendment would increase pupil transportation funding. In response to concerns voiced by Representative Croft, Co-Chair Mulder explained that the attempt was to keep the amount of growth to a minimum, recognizing that pupil transportation is a long-term cost. He noted that they recognize that this is an early point in the budget process and that the dividend at this point is a "place" holder.

Representative Davies noted that there is an additional \$1.4 million required to cover the expected pupil transportation

funding. He stated that to fully cover those costs, it will end up coming out of the classroom or some other administrative part of the education budget.

Co-Chair Mulder stated that the local school districts will have to come up with the extra funds. He emphasized that this year, there is \$5 million additional dollars. Last year, there was a one-time fund source of \$4 million dollars. He believed that the State is making significant progress. Most of the pupil transportation costs are related to the five-year contracts. The State has not realized savings from kids taking the bus. The Department has aligned their contracts in the Anchorage area with four or five contract bids.

Representative Davies understood that through that alignment, the rate of growth had been reduced.

Representative Croft interjected that he did have an amendment to fully fund pupil transportation. He commented that he would modify his amendment to reflect action of the Committee on the proposed amendment.

There being NO OBJECTION, DEED-#3 was adopted.

Representative Davies MOVED to ADOPT DEED-#4. Co-Chair Mulder OBJECTED.

ADD:
Department Education & Early Development
BRU Executive Administration
Component Commissioner's Office

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$33.5
I/A Receipts	\$31.4

Representative Davies explained that the amendment would restore the reduction made in Subcommittee to eliminate the part-time Special Assistant in the Commissioner's Office.

Co-Chair Mulder commented that the Subcommittee has been trying to create efficiencies within the Department. He advised that position has been eliminated for three years. He noted that the position does not "go away" even if it is not funded.

Representative Davies argued that the Legislature has been encouraging efficiencies for five years. The Department has been cutting into "bare bones" ability to execute timely work.

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 DEED-#5. Co-Chair Mulder OBJECTED.

ADD:
Department Education & Early Development
BRU Teaching & Learning Support
Component Quality Schools

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Funds	\$2,000.0

Representative Davies explained that the amendment includes funding requested by the Governor's Education Funding Task Force for incentives for high performing schools.

Representative J. Davies spoke to the Task Force, which was a bipartisan task force, well balanced with participants from the PTA and broad ranging task force. They looked at the recommendations from the entire State. It was their opinion in making the transition to the high stake exist exams and increased accountability that the State will need incremental funding. The amendment provides "carrots" for those schools that have shown significant performance.

Co-Chair Mulder countered that the issue did not come before the Subcommittee. He was not convinced that the system would change. The Department has not yet submitted a proposal of how to change the current challenges.

Representative J. Davies stated that was the point of the educational summit that happened last year to address the exit exam. They considered on a district-by-district basis what the results were. He emphasized that a great deal of work had been done on that concern. Following that, the Task Force recommended changes. Those changes cannot be made without additional resources. There must be transition money. He noted that he was surprised that the Subcommittee had not received a presentation by the Task Force. He recommended that the Legislature should provide a forum for the work produced by the Task Force.

Representative Croft interjected that the State can no longer afford to be in status quo with education. He stressed that this is important public policy issue. Vice-Chair Bunde agreed that the State does not want to continue with the status quo situation, however, did not believe that the amendment was necessary.

Representative Harris recommended that the amendment be included in some of the education legislation that is currently floating around the Legislature.

Representative Davies advised that the report had been available since February 1st. The Task Force provided a serious attempt to deal with an imminent statewide problem, identifying problems with education. He asked where the Legislature would identify the fundamental problem.

A roll call vote was taken on the motion.

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

Representative Foster was not present for the vote.

The MOTION FAILED (3-7).

Representative Davies MOVED to ADOPT DEED-#6. Co-Chair Mulder OBJECTED.

ADD:	
Department	Education & Early Development
BRU	Teaching & Learning Support
Component	Quality Schools

FUND SOURCE	AMOUNT
General Funds	\$2,000.0

Representative Davies noted that the amendment includes funding requested by the Governor's Education Funding Task Force for the Center for School Excellence.

He noted that unless the law is changed, beginning in 2002, students must pass a competency exam to receive a diploma in Alaska. In order to be legally defensible, the State must demonstrate that intervention activities have been provided for those students at risk of not receiving a diploma.

Representative Davies noted that there are two issues:

- The test and
- The tools needed to pass the test.

Representative J. Davies commented that the test would be challenged if the State's education system is not improved.

Vice-Chair Bunde noted that Legislative Legal Services have indicated that the Alaska State exit tests are currently, legally defensible. Representative J. Davies stated that there are two issues, one being the test and one being the

educational effort put forward by the State to help pass that test.

Co-Chair Mulder reminded members of changes made in SB 36, and the foundation formula \$4 million dollars addition. Last year, \$6 million dollars a year was added for learning opportunity grants. He surmised that the State has made a substantial contribution to these concerns.

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Representative Davies reminded members of last year's reduction in funds. He mentioned the fixed costs of each school district. He stressed that the school districts have had to make difficult decisions to accommodate these costs. He emphasized that the Task Force were not "casual observers". They made recommendations that the funding was needed. Co-Chair Mulder countered that Representative J. Davies was placing the Task Force at a level of legitimacy that he did not agree with.

Representative Croft reaffirmed that the House Finance Committee was the place where a discussion on education should occur. If money was going to be placed into the education budget, the House Finance Committee is the place where it should happen.

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 DEED-#7. Co-Chair Mulder OBJECTED.

ADD:
Department Education & Early Development
BRU Alyeska Central School
Component Alyeska Central School

<u>FUND SOURCE</u>	<u>AMOUNT</u>
\$1,000.0	General Funds

Representative Davies noted that the amendment includes funding requested by the Governor's Education Funding Task force for distance delivered core courses based on State standards to be offered to high schools with fewer than 50 students.

Co-Chair Mulder countered that there is merit to the focus, however, he did not know how it could be effectively

administered or applied. He observed that he was not comfortable that it could be a service that would be utilized by the rural schools.

Representative Davies emphasized there if there were not an opportunity for the Task Force to have a hearing, there will not be any input regarding these concerns. He recommended that the work of that group be recognized. Co-Chair Mulder commented that the discussion would happen, however, he did not know if the Committee would agree with the outcome of that work.

A roll call vote was taken on the motion.

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

Representative Whitaker and Vice-Chair Bunde were not present for the vote.

The MOTION FAILED (3-6).

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

ADD:
Department Education & Early Development
BRU Early Development
Component Childcare Assistance and Licensing

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$427.6

Representative J. Davies noted that the Subcommittee had reduced the funding for the childcare subsidy program. The reduction represents the state general fund portion of the FY02 budget request, which also included \$3 million dollars from welfare reform savings. If the level of funding proposed is not sufficient to provide childcare subsidies to eligible families, the Department will seek supplemental funding in FY02.

Co-Chair Mulder advised that the childcare wait list has been effectively eliminated. He stated that it is not a mandated function that the State provides any level of funding to that component. He noted that extra funds had been added to that component last year.

A roll call vote was taken on the motion.

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

Vice-Chair Bunde and Representative Whitaker were not present for the vote.

The MOTION FAILED (3-6).

Representative Davies MOVED to ADOPT DEED-#9. Co-Chair Mulder asked if Representative Davies wanted to change the BRU and Component. Representative Davies understood that this was for early involvement. Representative J. Davies stated that he did not want to make those changes as these concerns address parent involvement and early childhood issues.

ADD:

Department	Education and Early Development
BRU	TLS
Component	Special Programs

<u>FUND SOURCE</u>	<u>AMOUNT</u>
General Fund	\$1,000.0

Representative Davies explained that this increment would fund a new program of professional development, parent education, and training opportunities to support parent involvement with their children's literacy development, education, and over all health and development

BETH NORDLUND, SPECIAL ASSISTANT, DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT, explained that the Subcommittee had moved some things from Early Development to Teaching and Learning Support (TLS).

Representative J. Davies noted that the Department objected to making the changes from Early Development to TLS. He emphasized that this is very much an early development issue. The point is to support parents that have very young children to learn more about issues of literacy development.

Co-Chair Mulder explained why these early programs had been shifted to TLS.

Representative Davies restated the amendment with the changes as noted. He MOVED the amended amendment. Co-Chair Mulder OBJECTED.

Co-Chair Mulder stated that the Department did receive a grant for \$2.5 million dollars for a program called Even Start, which could accomplish those goals with that funding. He opposed paying parents to get involved in their children's education.

Representative Davies argued that the reality is that there are many kids for which it is a miracle if they are able to

show up at all. The more help that these children receive at a young age the better off they will be.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Representative Croft MOVED to AMEND DEED-#10, indicating \$15.0 thousand dollars. Representative Croft MOVED to adopt DEED-#10. Co-Chair Mulder OBJECTED.

ADD:
Department Education & Early Development
BRU Early Development
Component Special Programs

FUNDING SOURCE	AMOUNT
General Funds	\$15.0

Representative Croft noted that the amendment would restore the personal services reduction.

Representative Croft commented that the Subcommittee's decrement in general fund, impacts the ability of the Alaska State Community Service Commission to meet their match for administrative funds for the federally funded community service/volunteerism program.

Approximately \$2 million federal grant fund dollars are available to Alaska for the program with a very small administrative match. The reduction would impact the commission's ability to administer funds and meet the Federal program requirements.

Vice-Chair Bunde commented that the program would be able to adequately move forward with the additional funds provided in the previous amendment.

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 DEED-#11. Co-Chair Mulder OBJECTED.

ADD:

Department Education & Early Development
BRU Teaching & Learning Support
Component Quality Schools

FUND SOURCE AMOUNT
General Fund \$74.3

Representative Davies stated that the amendment would fund a full time Education Specialist to administer to the Statewide Correspondence Program.

EDDY JEANS, SCHOOL FINANCE MANAGER, DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT, explained that there has been an increase in statewide correspondence programs being offered by school districts. The Department does not have the staff to oversee and monitor the need of regulations developed for the program.

Representative J. Davies asked if General Education Diploma (GED) students would utilize the services outlined in the amendment. Mr. Jeans stated they would not.

Co-Chair Mulder voiced opposition to the amendment and commented that it was a situation of "loving something to death".

Representative Davies noted that the students are "dragging their feet" and there is no one in the Department to address the problem. Co-Chair Mulder disagreed. Representative Davies emphasized that it is difficult for kids to access services without the proper staff. Co-Chair Mulder commented that it is a question of how much regulation and oversight should be put on the entity.

A roll call vote was taken on the motion.

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

Representative Foster was not present for the vote.

The MOTION FAILED (3-7).

Representative Croft MOVED to ADOPT DEED-#12. Co-Chair Mulder OBJECTED.

ADD:
Department Education & Early Development
BRU Teaching & Learning Support
Component Quality Schools

FUND SOURCE	AMOUNT
General Funds	\$730.0

Representative Croft stated that the amendment includes funding requested by the Governor's Education Funding Task Force for an increase in the Department's capacity to gather and report data for schools and to provide support to schools in the collection and reporting of information.

Mr. Jeans added that the amendment was recommended from the Governor's Statewide Task Force. He noted that the information would be used to identify student's performance.

Co-Chair Mulder did not agree with placing that amount of money would change the current problems that students have in passing the test. He believed that sufficient funding has been added to address that concern.

Representative Davies interjected that the nature of education is changing. The amendment would provide two technical positions that would provide analysis of the data. If the exit exam were to be administered, the funding from the amendment would provide a tremendous amount of information available for educational concerns.

ANNALEE MCCONNELL, DIRECTOR, OFFICE OF MANAGMENT AND BUDGET, OFFICE OF THE GOVERNOR, spoke to the benefits, which the data could provide. She insisted that it is essential that the issues be analyzed and that these tools are available.

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Ms. McConnell responded that the information has been available and pointed out that the Task Force would be in Juneau on the 19th of March.

Representative Croft questioned if the bar is at the right height. He emphasized that this is the time to understand the data.

Representative Davies stressed that setting the cut score is a major issue.

Mr. Jeans noted that book marking would be an on-going expense because the test will have to be re-evaluated. Co-Chair Mulder concluded that Representative Davies' concerns were addressed in the base. Representative Davies responded that the department is requesting additional assistance.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment DEED-13:

Add:

BRU	Teaching & Learning Support
Component	Quality Schools
General Funds	\$2,000.0

Assistance for Low Performing Schools.

This amendment includes funding requested by the Governor's Education Funding Task Force for Assistance for Low Performing Schools.

** Unless changed, beginning in 2002 students must pass a competency exam to receive a diploma in Alaska. In order to be legally defensible, the state must demonstrate that intervention activities have been provided for those students at risk of not receiving a diploma.

Co-Chair Mulder emphasized that the formula has been funded to the statutorily required limit. He noted that enrollment has had a moderate reduction. Property tax assessment increases and federal impact aid have increased, decreasing state support. He acknowledged that the state's contribution has been reduced. He observed that the task force recommended \$34 million dollars in additional contribution. He observed that it would take a head tax of \$250 dollars per working person to pay for the initiative.

Representative Davies pointed out that students would be denied diplomas in the next year. He questioned what would be done to help low performance schools. He stressed that a plan should be in place. He pointed out that some communities are up against the property tax cap and cannot offset the decrease in [state funding]. He maintained that there are good schools in the state of Alaska. The state is above the national average. He stressed that the paradigm for education has shifted.

Vice-Chair Bunde observed that 10 percent of the students do not currently receive diplomas.

Representative Davies responded that there would be a substantial change in procedures [by implementation of the exit exam], in that students that would otherwise receive diplomas would be denied.

Co-Chair Mulder stressed that the change is outcome based and felt that the change was positive. Representative Davies responded that the program is complex and emphasized that there are no simple conclusions.

Representative Hudson asked why the formula is not being addressed to give schools additional funding if that is what is needed. He questioned how funds would be directed to address the concerns identified in the amendments.

Representative Davies agreed that the formula should be addressed and possibly modified. He discussed recommendations of the Governor's Task Force on Education. The Task Force concluded that schools that were designated, as low performing would access the funds based on a plan developed by the Department of Education and Early Development. The funds would be distributed in awards from \$10 - \$100 thousand dollars depending on the size and type of school. The appropriation of \$2 million dollars in grants would be decreased as performance increases.

Representative Croft argued that the funds would be targeted to schools that need them most. He pointed out that legislators wrote the formula and implied that they could change the formula. He maintained that \$14 million dollars of the cost of education is being shifted from the state to local governments through the shift in federal impact aid, addressed in SB 36. He discussed the performance of one of the schools in his district (North Star). He pointed out that the amendment only proposes an additional \$2 million dollars. A \$250 dollar tax per working person would fund all of the Task Force proposals, which would cost \$34 million dollars.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

Representatives Hudson and Williams were absent from the vote.

The MOTION FAILED (3-6).

Representative Croft MOVED to ADOPT Amendment DEED-14:

Add:
BRU Early Development
Component Head Start
General Funds 562.4

This adds in General funds that would support Alaska's Head Start grantees in applying for and receiving a projected \$3,312.0 available in federal program

expansion funds. These federal funds are provided directly to the Head Start Grantees and require a 20% match.

These new federal expansion funds will be used to expand services to approximately 325 children in 6-8 communities.

Absence of increased state funds will require grantees to locate local sources to meet the match requirements.

Representative Croft observed that the amendment was reduced by \$100 thousand dollars previously appropriated by the Committee. He noted that 11 different studies over the last 15 years have shown that Head Start helps children and results in substantial savings.

Vice-Chair Bunde acknowledged the benefit of early educational programs. He noted that local grantees would be required to come up with the match and felt that it was appropriate for local communities to put forward the contributions.

Co-Chair Mulder suggested that local communities could step up to the plate.

Representative Davies pointed out that it is a statewide issue. Anchorage has the biggest number of children that would be served by the program. He observed that only 25 percent of the federal funding is being captured due to a lack of match.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

Representative Williams was absent from the vote.

The MOTION FAILED (3-7).

Representative Croft MOVED to ADOPT Amendment DEED-15:

Add:
Education Support Services
District Support Services
\$350.0 General fund

District Cost Factor Study. This amendment includes funding requested by the Governor's Education Funding Task Force for a District Cost Factor (DCF) Study.

According to the Department, without these funds, the Department will be unable to comply with the statutory requirement to recommend updates to DCFs on a biennial basis.

Representative Croft spoke in support of the amendment. He referred to the Task Force Recommendations. He stressed the need to assure that the cost factors used in the foundation formula are reasonable. He maintained that the cost factors methodology was flawed.

Co-Chair Mulder acknowledged that the request was meritorious. He pointed out that it is a one time cost and suggested that it could be addressed in the capital budget.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment DEED-16:

Add:

Pupil Transportation
\$1,467,00 General fund

This amendment will provide full funding for the projected Pupil Transportation costs for FY02.

The Subcommittee funded Pupil Transportation at 95%. If full funding is not received, the Department will be back with a Supplemental next year.

Representative Croft spoke in support of the amendment. He explained that increases in pupil transportation costs were the result of a single contract. Multiple bids were issued and the cost rate growth has slowed from 12 percent to 2-3 percent. He emphasized the direct impact to schools.

Co-Chair Mulder stated that pupil transportation was funded at the 95 percentile. He thought that there would be additional focus on full funding, but did not think that the state could afford more at the current moment.

Representative Whitaker spoke in support of the amendment.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Hudson, Lancaster, Whitaker, Moses

OPPOSED: Bunde, Foster, Harris, Williams, Mulder

The MOTION PASSED (6-5).

RECESSED

The Committee recessed at 3:01 p.m.

RECONVENED

Reconvened at 3:18 p.m.

Co-Chair Williams MOVED to Rescind the Committee's action in adopting Amendment DEED-16. Representative Croft OBJECTED. Representative Davies spoke against the motion. Representative Croft referred to the open meeting guidelines and noted that some of the majority members met after the previous vote.

Representative Whitaker observed that no vote was taken during the meeting and stated that discussion centered on strategy regarding the education budget. Representative Hudson noted that strategy issues could be discussed during closed-door meetings. Representative Harris agreed that members could iron out differences during closed-door meetings. Representative Lancaster agreed that no votes were taken and a majority was not present at the meeting. Discussion ensued regarding caucus decisions and open meetings.

A roll call vote was taken on the motion.

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

The MOTION PASSED (8-3).

The main motion was before the committee. Representative Croft argued in support of Amendment DEED-16.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

DEPARTMENT OF LABOR

Representative Davies MOVED to ADOPT Amendment LAB-1: ~

ADD
BRU: Employment Security

Component: Job Training Programs	
Fund Source	Amount
Technical Vocational Education Program Funds	\$4,553.8

The Employment Security Division (ESD), Job Training Programs component, requests a FY2002 budget increase of \$4,553.8 from fund code 1151 for the Technical Vocational Education Program (TVEP). This request was inadvertently excluded from ESD's original FY2002 budget submission.

The Technical Vocational Education Program was created July 1, 2000 by state legislation SB289 (AS 23.15 article 7). The Alaska Human Resource Investment Council (AHRIC), housed in the Department of Labor and Workforce Development, was provided oversight, grant administration and regulatory powers over this program. A new TVEP fund account was established and one tenth of one percent from the employee's Unemployment Insurance (UI) tax deposited in the UI trust fund was transferred to the TVEP program. Under the AHRIC's guidance, the program provides vocational training in one or more program elements, including industry specific training, on-the-job training and institutional or classroom training.

The majority of funds will go to vocational programs as identified by the AHRIC, with a focus on training programs and services in high wage and high demand occupation areas. It is anticipated that approximately 1,500 participants will be served with these funds through grantees and contractors.

Representative Davies spoke in support of the amendment. He noted that the request was inadvertently excluded from the department's submission.

REMOND HENDERSON, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT spoke in support of the request. The funding is the result of legislation passed in the previous year (SB 289: Vocational Education). One tenth of one percent of unemployment insurance benefits is directed to the program for vocational education. The request should have been included in the department's budget submission.

RON HULL, ACTING DIRECTOR, DIVISION OF EMPLOYMENT SECURITIES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT discussed the program. He explained that the Council will identify the high wage, high demand occupations that would require training for Alaskans to fill.

Co-Chair Mulder noted that funds were given to the University of Alaska, Kotzebue Technical Center and Alaska

Vocational Technical Center. He spoke in support of continuing the program for another year.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Davies MOVED to ADOPT Amendment LAB-2:

Vocational Rehabilitation
Independent Living Rehabilitation
Add 90.0 GF

Without this increment outreach services for people with disabilities will not be able to expand to rural areas.

Representative Davies spoke in support of the amendment. The appropriation would allow an increase of outreach services for persons with disabilities into rural areas of the state.

Representative Hudson explained that the request was seriously considered. An excess of \$600 thousand dollars were approved for other programs for the department's highest priorities. It was not one of the department's highest priorities.

Representative Davies stressed that the program should be expanded to serve rural Alaska.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment LAB-3:

Office of the Commissioner
Commissioner's office
Add: 10.0 GF

This increment of \$10.0 of general fund money will restore the reduction made in House Finance Budget sub-committee.

Representative Croft stressed that there is very little general fund money in the Department of Labor's budget. Most

of the Occupational Safety and Health Administration (OSHA) programs are federally funded.

Representative Hudson explained that \$10 thousand dollars was taken from the Commissioner's Office to fund an additional hearing officer (at \$93 thousand dollar). The hearing officer was added in order to reduce the backlog of injured worker cases. The deputy commission position was vacant. The Subcommittee felt that the position could be filled at a lower grade.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Moses

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

The MOTION FAILED (2-9).

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Representative Harris MOVED to ADOPT Amendment HSS-1:

DELETE
Medical Assistance
Medicaid Services
3,720,500 GENERAL FUND

ADD
Medical Assistance
Medicaid Services
Tobacco Settlement 3,720,500

Purpose: Appropriately accounts for Tobacco settlement funds to the Medicaid program

Representative Harris explained that the amendment would change the fund source. These funds would replace general funds.

Representative Croft questioned why the funds aren't being used for tobacco cessation programs.

Representative Harris noted that there are \$1.4 million dollars for tobacco cessation.

Co-Chair Mulder noted that many of the affects of tobacco are supported within the Medicaid component. Representative Davies responded that prevention would provide a substantial savings. Only \$1.4 million of the \$20 million received by the state is going for cessation programs. He estimated that \$8 million dollars is needed to be effective.

Representative Harris observed that it is a complicated issue.

Representative Croft MOVED to AMEND the amendment by retaining the general fund appropriation in Medicaid Services and adding \$3,720,500 dollars to State Health Services for Tobacco Prevention and Control. He noted that tobacco cessation programs would then be funded at \$5.1 million dollars.

Co-Chair Mulder spoke against the amendment to the amendment. He pointed out that the tobacco funds are considered as general funds and would count against the cap.

Representative Harris pointed out that some of the freed general fund money would go to provide increases to nurses' salaries in other places in the budget.

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A roll call vote was taken on the motion of the amendment to the amendment.

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

Representative Moses and Representative Harris were not present for the vote.

The MOTION FAILED (3-6).

A roll call vote was taken on the motion to adopt HSS-#1.

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

Representative Moses and Representative Hudson were not present for the vote.

The MOTION PASSED (7-2).

Representative Harris MOVED to ADOPT Replacement HSS-#2. Representative Croft OBJECTED for an explanation from the Department.

DELETE:
Department Department of Health & Social Services
BRU Public Assistance Administration
Component Public Assistance Administration

FUND SOURCE AMOUNT
Federal Receipts \$35.0

BRU Fraud Investigations
Component Fraud Investigations

FUND SOURCE AMOUNT
General Funds \$165.0

ADD:

Department Department of Health & Social Services
BRU Fraud Investigations
Component Fraud Investigations

FUND SOURCE AMOUNT
Federal Receipts \$35.0

BRU Public Assistance Administration
Component Public Assistance Field Services

FUND SOURCE AMOUNT
General Fund \$165.0

Representative Harris testified that the amendment would provide one additional fraud investigator in FY02 budget by allocating a portion of the Field Services budget to Fraud Investigation. He added that the Department did support the amendment.

JANET CLARKE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, spoke to the number of fraud investigators needed and acknowledged that an additional fraud person could be used but was concerned with the transfer from field services. She commented that the amendment provides a "reasonable" alternative to the Department's needs.

Representative Croft WITHDREW his OBJECTION to HSS-#2. There being NO further OBJECTION, HSS-#2 was adopted.

Representative Harris MOVED to ADOPT Amendment HSS-3. Representative Croft OBJECTED.

DELETE:

Department Department of Health & Social Services
BRU Balloon Project
Component Balloon Project

FUND SOURCE AMOUNT
General Fund \$1,386.6

ADD:

Department Department of Health & Social Services
BRU Balloon Project
Component Balloon Project

FUND SOURCE	AMOUNT
Federal Funds (TANF)	\$1,386.6

ADD:

Department	Department of Health & Social Services
BRU	Administrative Services
Component	Unallocated

FUND SOURCE	AMOUNT
\$600,000	General Fund/Mental Health
\$500,000	General Fund

Representative Harris explained that the purpose of the amendment would replace general funds with TANF funds and would then redistribute the general funds to other activities. The balloon project is being extended one year beyond its original agreed date and that it is not intended to be a permanent activity, thus, the use of a temporary fund source would be appropriate.

Representative Davies asked if TANF funds were available. Co-Chair Mulder clarified that these funds were known to be a one-time approach. Representative J. Davies asked if the program would be able to carry out its initial mission in the two-year framework. Co-Chair Mulder stated that it was never the intention that the program would be longer than a two-year funding.

Ms. Clarke identified that the balloon project was started as a temporary solution. She admitted that the outgrowth of the project has been successful within all the departments working together for these kids. The number of adoptions taking place in the State has doubled. Foster care rates are lower than they have been for the first time in four years. The Department claims that the program is working and wants to keep the project going so that those children in foster care can hopefully get permanent homes. She added that the TANF funds are an appropriate fund source to use for the project.

Co-Chair Mulder asked what the Governor's proposed number and spending for TANF funds was and how they compared to the number contained within the FY02 proposed budget. Ms. Clarke did not know.

Representative Davies advised that the Balloon Project saved the Foster Care Program \$750 thousand dollars.

There being NO OBJECTION, HSS-#3 was adopted.

Representative Croft MOVED to ADOPT HSS-#4. Representative Harris OBJECTED.

ADD:

Department Department of Health & Social Services
BRU Public Assistance
Component Adult Public Assistance

FUND SOURCE	AMOUNT
General Fund	\$1,205.1
I/A Receipts	\$ 85.0

Representative Croft commented that the Department had predicted a 4.7% growth rate, while the Subcommittee accepted a growth rate of less than 2% for FY01. He commented that Public Assistance (APA) is a formula-based program and that the Department would have to request a supplemental budget request next session if it is underfunded.

Representative Croft stressed that APA provides cash assistance to needy aged, blind, and disabled adults who meet certain income and resource requirements. People served are over 65 years old or have severe or long-term disabilities.

Representative Harris responded that the Subcommittee anticipates less of a growth rate than the Department does.

Representative Croft noted that the concern is a caseload driven deal. In response to Co-Chair Mulder, Ms. Clarke clarified that the Legislature has always funded Adult Public Assistance.

Representative Croft WITHDREW HSS-#4.

Representative Croft MOVED to ADOPT HSS-#5. Representative Harris OBJECTED.

ADD:

Department Department of Health & Social Services
BRU Medical Assistance
Component Catastrophic & Chronic Illness Assist.

FUND SOURCE	AMOUNT
General Fund	\$734.4

Representative Croft explained that the amendment would restore utilization growth to 10% (\$430.0 general funds) and would restore the Subcommittee reduction in payments to hospitals by \$304.4 general funds. He noted that the reduction taken by the Subcommittee applies to hospital payments. It would be particularly difficult for the smaller hospital facilities to absorb the cut.

Ms. Clarke added that the program serves the very poorest of poor. They have to have less than \$300 dollars of income per month, \$500 dollars in assets and a life threatening

illness. The highest use of the funds is for prescription drugs. Hospitals will have to continue to serve these individuals if they come in their door without payment.

Representative Harris countered that there were difficult decisions that had to be made within the budget. One of the directives given to the Department was that prescriptions services not be reduced. He added that there would be no hospital that will turn down these people.

Representative Croft pointed out that the Legislature was directing the Department to cut some of the payments that they make to hospitals. He stressed that this is an unfunded mandate and that it is clear who will be responsible for paying the costs to the private hospitals. He commented that this is bad policy.

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 (3-7).

Representative Davies MOVED to ADOPT HSS-#6. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU Public Assistance Administration
Component Public Assistance Field Services

FUND SOURCE	AMOUNT
General Fund	\$200.0

Representative Davies stated that the amendment would restore a decrement made by the Subcommittee, which would impact the fee agent services. Currently, the entire budget for fee agents is \$200.0, of which 90% is funded through federal and general fund match sources; only \$21.0 is general fund. The Subcommittee action would have the unintended impact of cutting four existing APA caseworkers that collectively manage an average monthly caseload of 1,200.

Representative Harris indicated that the funding had been added back through passage of HSS-#2.

Ms. Clarke explained that there had been a cut to the base budget. She stressed that this would be a "serious" cut to the program. Ms. Clarke elaborated on the work accomplished

by the program. She noted that the concern had not been addressed in HSS-#2.

Representative Harris stood correct, however, noted that the Subcommittee had taken a reduction, noting that the Department was receiving \$25 million dollars overall. The money was needed in other places in that budget.

Representative Davies countered that of the \$25 million dollars was mostly federal money. Without the general funds, these cases cannot be addressed. Representative Harris countered that half of the money was general fund money. Ms. Clarke reported that the general fund match dollars were not reduced.

A roll call vote was taken on the motion.

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

Representative Foster and Co-Chair Mulder were not present for the vote.

The MOTION FAILED (3-6).

Representative Davies MOVED to ADOPT HSS-#7. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU Purchased Services
Component Foster Care Special Need

FUND SOURCE	AMOUNT
General Fund	\$150.0

Representative Davies explained that the amendment would fund the increment for the Citizen Review and Participation in Six-Month Review Conference.

He added that since the closure of the Foster Care Review Board, an increase required that the Division has absorbed reviews. The Division's goal is to have at least one community member participate in every federally required six-month review conference.

Representative Harris suggested that this was not a high priority of the Department. Representative Davies asked what the choices made by the Subcommittee had been based upon. He asked what is the best thing the State can do for all those children in foster care.

A roll call vote was taken on the motion.

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

Co-Chair Mulder and Representative Foster were not present for the vote.

The MOTION FAILED (3-6).

Representative Croft MOVED to ADOPT HSS-#8. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU Purchased Services
Component Subsidized Adoptions and Guardianship

FUND SOURCE	AMOUNT
General Fund	\$1,069.9

Representative Croft explained that the Subcommittee failed to fully fund the program. Due to the progress of the Balloon Project, adoptions have significantly increased. The Department anticipates the number of children in this program to increase by 14% to 1,518 in FY01, with an additional 14% growth to 1,730 in FY02 (up from FY'00 level of 1,332 and FY'99 level of 1,169).

Representative Harris commented that the Subcommittee attempted to capture all possible federal dollars. He recommended that if the program was short-funded, that concern could be addressed through the supplemental.

Representative Croft strongly urged that this is a worthwhile group of people to spend money on and that if the budget is not funded, the cost to the State will be much greater "down the road".

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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 (3-7).

Representative Croft MOVED to ADOPT HSS-#9. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU Front Line Social Workers
Component Front Line Social Workers

FUND SOURCE AMOUNT
General Fund \$450.0

Representative Croft explained that the amendment would fund the increment for case-note transcription services for social workers statewide.

Representative Croft noted that a pilot project had been initiated last year and the preliminary results indicate that social workers using the transcription services spent a weekly average of 7.5 hours less on completing paperwork. Utah implemented the service and has seen an immediate decrease in the amount of time spent on clerical documentation.

He added that implementation of the service would allow social workers to spend more time in the field and would improve casework management because of the rapid turnaround in entering casework documentation in the files. Basically, social workers call a toll free number and dictate their case documentation at any time from a touch-tone phone. Dictation is digitally recorded, transcribed, and electronically transmitted to the agency's office in less than two business

Representative Harris commented that the request was not a high priority and therefore was not funded.

A roll call vote was taken on the motion.

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

Representative Moses was not present for the vote.

The MOTION FAILED (2-8).

Representative Davies MOVED to ADOPT HSS-#10.
Representative Harris OBJECTED.

ADD:
Department Department of Health and Social Services
BRU Front Line Social Workers
Component Front Line Social Workers

FUND SOURCE AMOUNT
General Fund \$200.0

Representative Davies explained that the amendment would fund the increment for implementation of the risk and safety assessment tool, which was a recommendation of the 1998 Legislative Audit report on social workers.

Representative Harris interjected that it had been a difficult decision to make, however, the Subcommittee submitted that this was not the highest priority and that it did not fit within the budget caps.

A roll call vote was taken on the motion.

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

Representative Moses was not present for the vote.

The MOTION FAILED (2-8).

RECESSED

The Committee recessed at 4:45 P.M.

RECONVENED

The Committee reconvened at 4:55 P.M.

Representative Croft MOVED to ADOPT HSS-#11. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU Juvenile Justice
Component Mclaughlin Youth Center

FUND SOURCE	AMOUNT
General Fund/Mental Health	\$292.5

Representative Croft noted that the amendment would provide services for youth offenders with substance abuse and/or co-occurring substance abuse and mental illness in order to reduce unnecessary and inappropriate detentions. The addition would increase effectiveness of multiple agencies serving the youth through improving interagency coordination and collaboration between:

- Division of Juvenile Justice;
- Division of Mental Health and Developmental Disabilities; and
- Division of Alcohol and Drug Abuse.

Additionally, the amendment would provide transitional services targeted for youth leaving secure juvenile institutions because they require more intensive services, such as transitional housing and treatment services.

Representative Harris commented that he had contacted the Mental Health Trust Board to determine their priorities. He commented that this proposed project was not a top priority for that Board. The Subcommittee did not include the component in the funding list. Co-Chair Mulder noted that when there is a priority for that Board and it is not funded through the operating budget, the Board usually provides the necessary funding.

Representative Croft commented that there are a certain amount of mental health concerns addressed in the operating budget and that was the arrangement with the Mental Health Board that the Legislature would continue an effort. Co-Chair Mulder argued that there had not been a systematic approach used to date.

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 HSS-#12. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU McLaughlin Youth Center
Component Juvenile Justice

FUND SOURCE	AMOUNT
General Fund/Mental Health	\$213.5

Representative Croft commented that the Project is meant to divert alcohol, drug dependent and mentally ill juvenile offenders from being inappropriately and/or repeatedly detained due to lack of services addressing the contributing causes of drug and alcohol dependency and mental illness. The request would be consistent with the Alaska Mental Health Board's emphasis on reducing the criminalization of mental illness.

Co-Chair Mulder commented that this would be a worthwhile goal, which is not necessarily refined yet.

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 HSS-#13.
Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU Johnson Youth Center
Component Juvenile Justice

FUND SOURCE	AMOUNT
General Fund	\$37.0

Representative Davies noted that the amendment would restore \$37 thousand dollars for opening the facility in Ketchikan. The savings was estimated at \$13 thousand dollars. Restoring the \$37 thousand dollars would reflect the more accurate savings amount.

Representative Harris replied that the Department has the ability to save more money than they believe they do. He stated that the Department would probably be able to reach their goal.

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 Croft MOVED to ADOPT HSS-#14. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU Juvenile Justice
Component Probation Services

FUND SOURCE	AMOUNT
General Fund	\$564.5

Representative Croft explained that in 1998, the Alaska Legislature enacted changes to delinquency statutes that shifted emphasis to greater offender accountability and services to victims. The primary agent policing offender accountability and insuring victim services are probation officers. The request would add juvenile probation officers/victim services to reduce highest caseloads in

Anchorage, Bethel, Dillingham, Kenai, Ketchikan, Kodiak and Valdez, to accomplish greater juvenile accountability and victim services.

Representative Harris countered that the program would be adding nine new employees. He added that the State of Alaska cannot afford the extra program proposal.

Representative Croft stressed that juvenile probations services needs more assistance.

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 asked if HSS-#15 would be covered under HSS-#3. Ms. Clarke acknowledged that HSS-#3 would address concerns indicated in HSS-#15.

Representative Davies WITHDREW HSS-#15.

Representative Croft MOVED to ADOPT HSS-#16. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU State Health Services
Component Nursing

FUND SOURCE	AMOUNT
General Fund	\$852.2

Representative Croft explained that the amendment increment for the "Back to Basics" initiative had been funded at 30% of the requested level. The communicable disease problems addressed in the Back to Basics programs such as TB, HIV, Hepatitis, sexually transmitted diseases (STD), and loss in immunization coverage, remain threats to the public's health. Without full funding, some areas will continue to experience disease problems, which could have been identified, treated, and controlled with adequate nursing personnel. He emphasized that the original proposal for eleven nurses and four support staff was modest in terms of the work needed to be accomplished. Current resources are inadequate to meet the demand. He emphasized that this is an increasing population. Representative Croft stressed that the nursing component should be funded to help prevent and contain infectious disease in the State. He warned of the increase in TB cases throughout the State.

Co-Chair Mulder noted that currently the State spends \$25 million dollars on public health. He suggested that these issue should be under control with that size subsidy. Representative Croft countered that with the process of budget cutting over the past few years, the agency is as lean as it can be, which erodes their ability to respond to new situations.

Representative Harris advised that the nurse's component is funded at \$15 million dollars. He pointed out that there were incremental increases.

Ms. Clarke stated that there are significant funds in the Division of Public Health budget. Many of those are federal funds and have other strings attached. She stressed that the Division will continue to address epidemics but what will happen is that other basic programs will suffer. She reminded the Committee that the Back to Basis initiatives addresses multiple concerns, not just TB. Ms. Clarke emphasized that within the Division, not everything can be accomplished.

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 WITHDREW HSS-#17.

Representative Davies MOVED to ADOPT HSS-#18.
Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU State Health Services
Component Epidemiology

FUND SOURCE	AMOUNT
General Fund	\$439.0

Representative J. Davies noted that the Back to Basics initiative was only funded at 30% of the requested level. The communicable disease problems addressed in the Back to Basics programs such as TB, HIV, Hepatitis, sexually transmitted diseases, and loss in immunization coverage remain threats to the public's health. Without full funding the increment would mean that some areas would continue to experience disease problems that could have been identified, treated and controlled with adequate epidemiological personnel. He stressed that TB, Hepatitis A, B and C as

well as several sexually transmitted diseases are on the rise throughout the State.

Representative J. Davies noted that just this week, the Centers for Disease Control and Prevention released national data on the incidence of tuberculosis in the US. Alaska led the Nation with the highest rate of increase of 77% for 2000. There are about 700 Alaskans who have been recently infected with tuberculosis. Measles has also reappeared. Current resources are inadequate to do the epidemiological and laboratory fieldwork that is needed to keep these diseases under control. A tuberculosis outbreak alone would require countless hours of data tracking and follow up work. Fully funding the increment would help control infectious disease in Alaska.

Representative Harris countered that one-third of the requests were funded. He noted that the Subcommittee went after as much federal money as possible.

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 HSS-#19. Representative Harris OBJECTED.

ADD:
Department Department of Health & Social Services
BRU State Health Services
Component Infant Learning Program

FUND SOURCE	AMOUNT
General Fund/Mental Health	\$700.0

Representative Croft noted the funding source change for the Infant Learning Program/Early Intervention Services from I/A to GF/MH.

Representative Croft stated that in FY 2001, the Legislature added \$700.0 in I/A receipts to the Infant Learning Program and the Early Intervention Services in anticipation that a federal grant for Fetal Alcohol Syndrome effect could be used to provide services to the 300-waitlisted children. It was discovered that using federal funds in that manner is not allowed under that grant.

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Representative Croft stressed that if services are delayed 6 months to a year that the advantage of early services would be lost and the child might not be properly categorized as an infant by the time services are provided. He observed that the waitlist was continued last year due to an inability to access federal Fetal Alcohol Syndrome funds.

Representative Harris acknowledged the need and commented that he was committed to looking at the program during the interim.

Representative Davies stressed that failure to fund the request would result in a cut to the program due to the loss of FAS money. He asked that a serious look be taken at this concern.

Ms. Clark clarified that FAS funds came from a grant provided by Senator Stevens. It was an increment last year. The House funded the request in FY01 through general funds. The Senate replaced the general funds with FAS funds. The FAS grants cannot be used for this purpose.

Co-Chair Mulder encouraged the Subcommittee chair, Representative Harris, to review the request during the interim.

Representative Davies reminded members how critical the first three years are. Concerns will have to be addressed more extensively later on, if they are not addressed in the early stages of infancy.

A roll call vote was taken on the motion.

IN FAVOR: Davies, Moses, Croft

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

Vice-Chair Bunde was absent from the vote.

The MOTION FAILED (3-7).

RECESSED

The Committee recessed at 5:40 P.M.

RECONVENED

The Committee reconvened at 6:42 P.M.

Representative Croft WITHDREW Amendment HSS-20.
Representative Harris OBJECTED.

Add:
Public Health Laboratories

State Health Services
\$235,0 GENERAL FUND

Representative Davies MOVED to ADOPT Amendment HSS-21:
Representative Harris OBJECTED.

Add:
State Health Services
Tobacco Prevention and Control
1,600.0 GF

Smoking is the leading cause of preventable death in Alaska, as in the U.S. as a whole. Tobacco is responsible for one out five deaths in smoking accounted for 19.8% of all deaths in Alaska. Alaska has one of the highest smoking rates in the prevalence of 26.1%.

This amendment would increase current level of \$1.4 million to \$8.1 million, the recommended minimum funding level endorsed by the Alaska Tobacco Control Alliance for a comprehensive tobacco control program.

Representative Davies stated that the general funds could be read as tobacco funds.

Representative Harris OBJECTED.

Representative Davies spoke in support of the request.

Representative Harris felt that there is probably close to \$8 million dollars spread through the operating budget for tobacco related programs.

Co-Chair Mulder acknowledged the benefit of prevention, but emphasized that it is ultimately a personal choice. He acknowledged the costs of tobacco to the state [in terms of health related services], but did not feel that youth consumption would be affected by additional funds.

Representative Davies reiterated that the cost to the state is the reason why more funds should be spent. He noted that the state supports reducing alcohol consumption during pregnancy because it saves future state funds. He stressed that it is the same issue.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-7).

Representative Hudson stated that he would like to see information regarding the reduction of smoking related to the increased cost of tobacco.

Representative Davies MOVED to ADOPT Amendment HSS-22:
Representative Harris OBJECTED.

Add:
Alcohol Safety Action Program
Alcohol and Drug Abuse Services
\$1,366.1 G.F

Short Summary:

Alcohol Safety Action Program (ASAP) provides a standardized statewide network of substance abuse screening and case management of civil and criminal cases. ASAP operates as a neutral link between the justice and health care delivery system. This program gets offenders into needed rehabilitation services. Many rural ASAP offices have been closed and this increment would reopen offices in five communities including Bethel and Barrow and will increase funding at ten other locations. This is a much-needed service in rural Alaska.

Representative Davies spoke in support of the request and noted that it would fund the Alcohol Safety Action Program. He stressed that the program enforces sentencing of DWI's. He observed that alcohol is one of the most serious problems facing the state.

Representative Harris observed that the amendment would add eight positions around the state and additional grant funding. He noted that the subcommittee added approximately \$1 million dollars into this component. He added that the subcommittee could not find further funding for the component.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Representative Davies MOVED to ADOPT Amendment HSS-23:
Representative Harris OBJECTED.

Add:
Alcohol and Drug Abuse Grants
Alcohol and Drug Abuse Services
\$1,500.0 GENERAL FUND

Under federal law, known as the Synar Amendment, States receiving a Substance Abuse and Mental Health Services Administration Block grant must meet predetermined targets for enforcing sales of tobacco to minors. The federal mandate for the reporting period federal fiscal year (FFY) 2000 could not exceed 20%. During this period Alaska's non-compliance rate was 34%. This means that minors participating in compliance checks were successful in buying cigarettes 34% of the time. As a result, the State of Alaska has recently been found in non-compliance with Synar and stands to lose up to \$1.5 million in federal substance abuse treatment funds. A Congressional proposal has been approved, which allows for new State tobacco funding as an alternative "penalty

Representative Davies spoke in support of the amendment.

Ms. Clark explained that Congress has allowed a reduced penalty provision. The state of Alaska's could avoid the penalty if the state's enforcement were increased by \$471 thousand dollars. Legislation would have to accompany the funding.

Representative Harris noted that he is working on legislation. He stated that the legislation could take care of the funding.

Ms. Clark clarified that Congress provided that if the rate of tobacco sales to minor were out of compliance that alcohol block grants would be penalized. The problem is that the \$1.5 million dollar penalty [to the state's block grant] will continue if the compliance rate is not brought under control.

Representative Harris noted that the department has attempted to bring their compliance numbers under control. He maintained that enforcement needs to be improved and fines enforced on business that do not observe the statutes.

Representative Davies pointed out that there are not enough troopers to enforce the statutes.

Representative Davies WITHDREW Amendment HSS-23.

Representative Davies MOVED to ADOPT Amendment HSS-24:
Representative Harris OBJECTED.

Add:
Alcohol/Drug Abuse Services
Alcohol/Drug Abuse Grants
\$2,000.0 GENERAL FUND

Short Summary:

The intent of this increment is to eliminate the waitlist for substance abuse treatment by increasing outpatient and residential treatment capacity with a specific emphasis on individuals involved in the criminal justice system. The current need and demand for treatment far exceeds the current treatment capacity. Approximately \$800,000 will be used to increase outpatient treatment capacity by adding 18 outpatient counselors within grantee agencies and approx. 1,200.00 would increase residential treatment capacity by fully funding 54 treatment beds.

Representative Davies noted that there is a waitlist for treatment beds. There are only 10 treatment beds in Fairbanks and 14 in Anchorage. He stressed that the treatment capacity does not exist to support increased enforcement.

Representative Harris acknowledged the need. He observed that there is \$20 million dollars in the budget for drug and alcohol abuse grants. He stressed that it is a major increment and could not be funded.

Co-Chair Mulder questioned if the beds were income eligible.

Ms. Clark clarified that there is a sliding fee scale and a match requirement.

Representative Davies maintained that the status quo is not good enough and reiterated that there is a substantial waitlist.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

Co-Chair Williams was absent from the vote.

The MOTION FAILED (3-7).

Representative Croft MOVED to ADOPT Amendment HSS-25:

Representative Harris OBJECTED.

Add:

Alcohol and Drug Abuse Services
Alcohol/Drug Abuse Grants
\$1,010.5 GE

Short Summary:

The demand for alcohol treatment for youth currently exceeds the availability. Youth residential treatment is available only in Anchorage, Fairbanks and Sitka and all providers have wait lists. Note there are no facilities in rural Alaska. In 1999, more than 2,200 citations were issued for minors under the age of 18 consuming alcohol according to court records. We need to help these youth before the problems are compounded. This funding will be utilized to provide grant funding for approximately 22 youth outpatient and continuing care counselors statewide. This is a much needed expansion and can be viewed as a preventive health care move.

Representative Croft emphasized that the same arguments apply as to the previous amendment, but that there is a greater chance of influencing juveniles.

Representative Harris acknowledged that greater intervention for juveniles would be beneficial, but emphasized that the request could not be funded.

In response to a question by Vice-Chair Bunde, Ms. Clark clarified that there is not a juvenile ASAP program. She observed that treatment does work. There is a waiting list of 80 for adult out patient treatment in Anchorage. She thought that this number had grown. She stressed the affect of juvenile alcoholism on families. Treatment works for about half of the publicly funded cases. Persons referred through ASAP have higher success rates (up to 3/4).

Representative Croft spoke in support of the amendment. He pointed out that the best way to be involved in treatment is to be in treatment.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment HSS-26:

Representative Harris OBJECTED.

Add:
CAASA Grants
Alcohol and Drug Abuse Services
\$426.0 General fund

Short Summary:

The existing ASAP program does not serve minors. There is no mechanism to currently screen or assess juveniles for alcohol dependency. Early intervention of juveniles with alcohol problems would likely reduce future demands on the criminal justice system. In Alaska between 1991 and 1998 there was a 60% increase in alcohol-related injuries for youth. The money will be used to provide screening, assessments and monitoring of court ordered sanctions of minors cited for consuming or possessing alcohol in 6 to 8 communities through grants with community based agencies. Funding is also requested for a PFT juvenile Probation Officer to administer the program.

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Representative Croft spoke in support of the amendment.

Representative Harris noted that the request was heavily debated in the Subcommittee, but was not included in the scarce resources.

Ms. Clark noted that a study found that 3/4 of DWI's and 50% of drug or alcohol cases referred did not commit a second time. Co-Chair Mulder concluded that ASAP is an effective treatment program.

Representative Croft observed that screening is not funded because there is no treatment and that treatment is not funded because there is no screening.

Ms. Clark pointed out that there is no consequence for juveniles.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Davies MOVED to ADOPT Amendment HSS-27:

Representative Harris OBJECTED.

Add:

Rural Services Grants
Alcohol and Drug Abuse Services
\$750.0 GENERAL FUND

Program will provide assessment and referral services at the local level for individuals needing care

provided through hub communities. They provide continued support and aftercare to individuals who return to the community after treatment. The existing program has been successful since it trains local people who can combine their cultural knowledge with alcohol and mental health counseling and intervention skills. Fourteen sub-regional or regional organizations currently participate in the rural Human Services Program through grants from the Division of Alcohol and Drug Abuse. This proposal will fund the salaries, training and supervision, clinical space and support for ten additional workers. Today there are 98 human service workers in 75 communities. The expansion would increase the workers from 98 to 108 and expand the program from 75 to 85 communities.

Representative Davies spoke in support of the amendment. He emphasized that the program is successful because it concentrates on training local people who can combine their local cultural knowledge with alcohol and mental health counseling and intervention skills. He pointed out that a high percentage of those incarcerated in Alaska are Alaskan Native and a high percentage of those (approximately 90 percent) are there for alcohol abuse.

Representative Harris observed that this grant program is funded at \$2.6 million dollars. He acknowledged that the program works, but the increment was denied.

Representative Davies stated that a modest increase in alcohol sales tax would fund many of the requests denied by the Committee.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Croft WITHDREW Amendment HSS-28 (as it was included in a previous amendment):

Add:
API
Institutions and Administration
609.9 GF/MH

Representative Croft MOVED to ADOPT Amendment HSS-29:

Representative Harris OBJECTED.

Medicaid Assistance

Delete intent language: "No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a)."

Representative Croft spoke in support of the amendment. He spoke to the legal issue. He observed that 12 states have reached similar conclusions to the Supreme Court's interpretation of the Constitution on the conditioning of money, which would waive a person's constitutional right. States can choose to not appropriate funds but they cannot condition the funds. He referred to the state of California's Supreme Court decision. All states with an explicit right to privacy have come to the same conclusion. He referred to the Massachusetts' Supreme Court's ruling.

Co-Chair Mulder agreed that it is a constitutional issue, but emphasized that the legislature is the appropriating arm. He pointed out that the alternative is to not provide any funding.

A roll call vote was taken on the motion.

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

Co-Chair Williams was absent from the meeting.

The MOTION FAILED (3-7).

Representative Davies MOVED to ADOPT Amendment HSS-30:

Medicaid Assistance

Delete intent language: "No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a)."

Administrative Services

Delete intent language: "No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a)."

Representative Davies spoke in support of the amendment.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

Co-Chair Williams was absent from the meeting.

The MOTION FAILED (3-7).

Representative Croft MOVED to ADOPT Amendment HSS-31:

ADD

Front Line Social Workers
Front Line Social Workers
General Funds \$228.00

Explanation

Fund pilot project to evaluate effectiveness of
"intensive family preservation" services in Alaska.

As of Jan. 1, DFYS had 1,929 children in its custody
living in foster homes, relative homes, and group homes
and assorted other placements, an increase of nearly 40
percent from five years ago.

This pilot project applies "intensive family
preservation services" to families in crisis in
attempts to change abusive or neglectful behavior
likely to result in child placement. Consequently,
children will be able to remain safely in their homes
and communities, instead of being placed in costly
foster care and/or state institutions.

The pilot project hires a team of 2.5 therapists and a
.5 supervisor that sees 50 families for one year
(\$4,565 per family). Families in crisis are targeted
and a well-prepared caseworker is sent into their home
15 to 20 hours a week. Effectiveness requires keeping
caseloads very low, no more than two or three families
at once and providing families with someone to call 24
hours a day. Crisis family service is ended after four
to six weeks, once the immediate situation is calmed
and the family is linked to longer-term help.

Based on Washington State's Homebuilder's project and
now adopted in over 30 states, "family preservation
services" have demonstrated prevention of inappropriate
and costly placements of children into state custody
and care. This has reduced costs to the state's
juvenile justice, child welfare and mental health
systems.

AUTHUR MASON, STAFF, REPRESENTATIVE CISSNA spoke in support
of the amendment. He noted that the amendment recognizes the
importance of the family structure. Many of the nearly 2,000
Alaskan children in out-of-home placement are from homes

that are unsafe. There are many other children being removed from their families because of a lack of services. Family preservation services are a cost effective alternative to institutional foster care. In the state of Washington, costs for family treatment were shown to be half the cost of caring for a child in the foster care system.

He noted that the amendment would establish a competitive grant fund for 2.5 therapists and 1 half time supervisor. Service costs for a family's 4 - 6 week intervention is \$4,565 dollars. He maintained that the state would save money through the program.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

Representatives Bunde and Hudson were absent from the vote.

The MOTION FAILED (3-6).

Representative Mulder MOVED to ADOPT Amendment UA-1:

ADD	
Agency	University of Alaska
BRU	University of Alaska
Component	Budget Reductions/Additions - System
Fund Source	Amount
ACPE Div	\$2,000.0

Purpose: Increase University funding with portion of the ACPE dividend.

Co-Chair Mulder noted that the amendment would add \$2 million dollars in additional funds to the University of Alaska from the Alaska Postsecondary Education Commission's dividend.

There being NO OBJECTION, it was so ordered.

Representative Davies MOVED to ADOPT Amendment UA-2:

Add:	
Statewide Programs and Services	
Budget Reductions/Additions - Statewide	
\$7,490.8 GF	

Representative Davies spoke in support of the amendment. He noted that the amendment would fully fund the university's request. He noted that President Hamilton concluded that the University of Alaska "hit the wall" in FY96. He stressed that the state needs to make an investment in training

workers and developing new jobs through the university. The university leads the charge on research and development. He emphasized the value placed on the university by the state's founders.

Representative Whitaker spoke in support. Representative Harris expressed support but emphasized that other funding mechanisms would be sought.

Co-Chair Mulder acknowledged the plea for the University of Alaska, but emphasized the budget restraints. He noted that the additional funding for the University is not universally supported. He stated that he would continue to look for additional funding.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

RECESS

The Committee recessed at 7:55 P.M.

RECONVENED

The Committee reconvened at 8:20 P.M.

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

Representative Foster MOVED to ADOPT Amendment DOT-#3:

Replace intent language for the Marine Highway System to read:

The Department is projecting the depletion of the fund prior to the end of the FY02 fiscal year and anticipates that there may be a need to reduce services if that amount is not funded. It is the intent of the Legislature that the Department should take measures to reduce operating costs and increase revenues. If those measures do not allow for the projected 293 to 298 weeks of service, the Department should request a supplemental appropriation.

Explanation:

The expected depletion of the fund is not due to higher fuel prices in fiscal year 2002 adopted. No Objection.

There being NO OBJECTION, it was so ordered.

LEGISLATURE

Representative Moses MOVED to ADOPT the amended Amendment LEG-1.

Delete:
Legislature
Legislative Council \$45.0

Add:
Department of Fish and Game
Administration and Support
Boards of Fisheries and Game
Advisory Committees \$45.0 general fund

Representative Harris OBJECTED.

Representative Moses noted that the request would restore funding to the boards and allow additional meeting days and travel.

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A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment LEG-2. Co-Chair Mulder OBJECTED.

Legislative Operating Budget
Delete: 1,500.0 GF

Legislative Council
Delete: 500.0 CF

Representative Croft observed that other departments have been asked to find efficiencies. The Legislature's carry-forward is \$3 million dollars for FY 02. The amendment would reduce the carry-forward by \$2 million dollars.

Representative Croft MOVED to amend by adding \$2 million dollars to the University of Alaska's budget. There being NO OBJECTION, it was so ordered.

Representative Croft commented that whatever happens to the rest of the departments should also occur in the

Legislature's budget.

Co-Chair Mulder spoke against the amendment. He observed that there has been an attempt to take legislators and legislative committees to rural Alaska. He pointed out that this is expensive, but emphasized the need to unite the state.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Croft, Davies

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

The MOTION FAILED (3-8).

OFFICE OF THE GOVERNOR

Representative Davies MOVED to ADOPT Amendment GOV-1. Co-Chair Mulder OBJECTED.

Add:

Office of the Governor
Governmental Coordination
\$4,500.0 Federal funds

Representative Davies explained that Congress recently appropriated funds for Coastal Impact Assistance (CARA) to oil producing states, including Alaska. Alaska's share is \$12,850.0 of which 35% or \$4,500.0 is directed to county-equivalent coastal political subdivisions (i.e., boroughs and Coastal Resource Service Areas) based on a formula contained in the bill.

Co-Chair Mulder clarified that he did not oppose CARA, but questioned what exactly the funds are appropriating. He thought it would be appropriate to come back to the Legislative Budget and Audit Committee for future authorization. The funds do not have to be appropriated in the next fiscal year. He felt that the process was cumbersome.

PATRICK GALVIN, DIRECTOR, GOVERNMENTAL COORDINATION, Office of the Governor provided information on the request. He stated that the \$4.5 million dollar request constitutes the local portion of the CARA funds for FY02. The state anticipates a total appropriation of \$12.8 million dollars. Federal statute requires that 35 percent go to local boroughs and Coastal Resource Service Areas. The local portion would be appropriated to the state as one pass through grant. The State has no say on what those funds are spent on as long as they meet federal requirements. The state has begun to solicit plans from local entities. The state would place the local plans and passed them on to the

National Oceanic and Atmospheric Administration (NOAA) for approval. He added that the money would be distributed according to a federal formula. It is anticipated that some boroughs will receive a sizeable appropriation based on population.

Representative Hudson concluded that the state's function is receivership for distribution with no determination on how funds are used.

Mr. Galvin explained that the federal formula establishes the appropriation and provides a list of how the money can be spent. As long as the projects fall within the list of allowable projects there is no direction from the state. The National Oceanic and Atmospheric Administration's responsibility is to approve the state plan as submitted.

Co-Chair Mulder expressed his hope that NOAA's review would not be a rubber stamp.

Representative Davies questioned the decision to withhold authorization. Co-Chair Mulder suggested that the projects could come before the Legislative Budget and Audit Committee when the plan is developed.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Davies

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

The MOTION FAILED (2-8).

Representative Croft WITHDREW Amendment GOV-2:

Add:
Office of the Governor
Governmental Coordination
\$66.6 General funds

LANGUAGE SECTION

Co-Chair Williams MOVED to ADOPT Amendment LANG-1:

DIVE FISHERY MANAGEMENT ASSESSMENT. The dive fishery management assessment collected under AS 43.76.150 - 43.76.210 in fiscal year 2001 and deposited into the state treasury under AS 43.76.190(d) is appropriated from the state treasury to the Department of Fish and Game for disbursement under AS 43.76.200 in fiscal year 2002 of the amount collected in each administrative area to the qualified regional dive fishery development association operating within the administrative area in

which the assessment was collected. For purposes of the state accounting system, the amount appropriated in this section may be treated as an appropriation made under the fund source code for receipt-supported services.

Vice-Chair Bunde clarified that the Department of Fish and Game doesn't object to the amendment. Co-Chair Williams noted that the Southeast divers also support the legislation. There being NO OBJECTION, it was so ordered.

Representative Davies MOVED to ADOPT Amendment LANG-2:

Amend Section 10:

* Sec. 10. FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), program receipts defined in AS 44.21.045(b)~ receipts of commercial fisheries test fishing operations under AS 37.05.146(b)(4)(U), corporate receipts of the Alaska Aerospace Development Corporation, and program receipts of the Alaska Science and Technology Foundation that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) if federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) exceed the estimates appropriated by this Act, the appropriations from state funds for the affected program may be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) fall short of the estimates appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Explanation:

This amendment would include Information Services Funds in the types of funds the Legislative Budget and Audit Committee (LB&A) would be able to review.

The Department of Administration is currently evaluating responses to the Request for Proposals for telecommunications services. These are very complex proposals and it now appears that the evaluation process won't be complete until at least June. As a result, the department is unable to predict what impact an award might have on the Information Technology Group (ITG) budget.

One possibility is that payment for some

telecommunications costs which departments currently pay vendors for directly, such as cellular phone charges, might be sent through ITG so the state would have one consolidated payment to a vendor.

While such a movement of funds between state agencies could normally be dealt over the short term as unbudgeted inter-agency receipts, that is not the case with funds transferred to ITG. AS 44.21.045(b) makes it clear that this kind of movement of funds would be subject to review by LB&A.

The department does not know if it would actually need to present a proposal to LB&A and would likely not do so unless it is confronted with a situation where cash-flow constraints become an issue. However, it would be prudent to leave this avenue open should it become.

Mr. Spencer explained that the amendment would add Information Services Fund funds to the list of funds that can go before the Legislative Budget and Audit Committee for a Revised Program - Legislative (RPL) during the interim. He clarified that there are proposals for telecommunication Request for Proposals (RFP) to partnership with private industry. If intent to award were issued discussions would begin with vendors to provide services. Funds in individual budgets that do not go through the Department of Administration, Information Technology Group (ITG) (cell phones, pagers, or long distance charges not on the state network) may want to be consolidated in order for the state to make one payment. The department needs authorization to accept these funds during the interim.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION thought that the authority to approach the Legislative Budget and Audit Committee existed through their enabling statutes in Title 44. He felt that the amendment would be duplicative.

Mr. Spencer stressed that the amendment would clarify their ability to request authorization from the Legislative Budget and Audit Committee.

There being NO OBJECTION, it was so ordered.

Representative Croft MOVED to ADOPT Amendment LANG-3:

Add a new section to read:

Sec. _____. FEDERAL MEDICAL ASSISTANCE PERCENTAGE. If the estimated federal receipts for medical assistance appropriated in sec. 1 of this Act are below 59.8 percent for Medicaid services during the fiscal year ending June 30, 2002, the amount of the shortfall in federal receipts is appropriated from the general fund

to the Department of Health and Social Services for Medicaid services.

Explanation:

This section provides general funds to replace lost federal funds if the federal participation rate for Medicaid (FMAP) service falls below 59.8% during FY2002. While the current rate is 60.16% for federal FY2001, the state FY2002 budget was based on 59.8%. Under current federal statutes Alaska's FMAP rate will drop to 57.38%, a reduction of 2.42% or a loss of approximately \$10 million GF from what is currently budgeted. This drop will occur if Congress does not extend the one-year negotiated rate to future years and will go into effect October 1, 2001.

Representative Croft explained that the amendment provides insurance if the state fails to receive an extension on its Medicaid percentages from Congress.

Co-Chair Mulder observed that the amendment is an open-ended appropriation. He felt that the congressional action would occur.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Davies, Moses

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

The MOTION FAILED (3-8).

Representative Croft MOVED to ADOPT Amendment LANG-4:
Co-Chair Mulder OBJECTED.

Add new section:

"Sec. -. LONGEVITY BONUS GRANT PROGRAM. If the amount appropriated in section 1 of this Act for the longevity bonus grant program (AS 47.45) is not sufficient to fully fund that program for the fiscal year ending June 30, 2002, the amount of the shortfall is appropriated from the general fund to the Department of Administration."

Representative Croft spoke in support of Amendment Lang-4.

Co-Chair Mulder pointed out that the program has always been funded and indicated that it would receive a supplemental appropriation if needed.

A roll call vote was taken on the motion.

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

The MOTION FAILED (3-8).

TECHNICAL AMENDMENTS

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

Delete page 9 lines 7 - 17;
Page 9 line 20 - 10 line 14; and
Page 10 line 17 - page 11 line 5.

Purpose: This eliminates the Capital appropriations from HB 104, which represent last year's capital appropriation with the exception of the appropriation for the Urban Transition Housing Facility (Anchor Arms Project), which is a FY 02 request.

Information on technical change by the Legislative Finance Division:

Intent language on page 3, lines 3 through 8 of CS HB 104(FIN) should be identical to the intent language on page 7, lines 9 through 13 of CS FIB 103(FIN). The language is attached to the Inmate Health Care allocation within the Administration and Operations appropriation in the Department of Corrections. The language in FIB 103 was revised to refer to the legislature rather than to the House Finance subcommittee. The delivered version of NB 104 was run before the revisions were made.

Versions of FIB 104 will print correctly in the future, but I believe the committee should be informed of the correction. Whether to address the revision through a formal amendment or inform the committee of a technical correction is your decision.

DENNY DEWITT, STAFF, REPRESENTATIVE ELDON MULDER explained that capital and operational expenses are both contained in the mental health bill [HB104]. The amendment strips the previous years capital projects and inserts one current capital request as a placeholder, which protects the title of the bill.

Representative Davies questioned why all the requests were not included. Mr. Dewitt explained that last year's capital projects are currently included in HB 104.

Ms. McConnell clarified that the projects submitted in HB

104 are the current year's [FY02] mental health request.

Co-Chair Mulder noted that the intent is to combine the capital and mental health projects into one bill in an effort to work with the Alaska Mental Health Trust Authority.

There being NO OBJECTION, it was so ordered.

Co-Chair Mulder MOVED to allow the Legislative Finance Division to make technical corrections and conforming changes to HB 103 and HB 104. There being NO OBJECTION, it was so ordered.

DEPARTMENT OF ADMINISTRATION

Representative Lancaster MOVED to ADOPT Amendment ADIM-14:

ADD
Department of Administration
Senior Services
Protection, Community Services and Administration.
\$200.0 thousand dollars

Representative Lancaster explained that the amendment would adjust the general fund support for general relief grants. This would allow a small increase to about 150 clients. Co-Chair Mulder explained that a federal grant was received that could be used for Senior Citizens. The additional general funds with the federal funds will address the request contained in Amendment HSS-6.

There being NO OBJECTION, it was so ordered.

Vice-Chair Bunde MOVED to ADOPT the proposed committee substitutes for HB 103 (22-LS0410\L, 3/3/01) and HB 104 (22-LS0411\C, 3/1/01).

There being NO OBJECTION, it was so ordered.

DEPARTMENT OF PUBLIC SAFETY

Representative Croft MOVED to ADOPT Amendment PS-13:

ADD
Department of Public Safety
Village Public Safety Officers
Contracts \$576.0

Representative Croft spoke in support. He noted that the proposal would fund 10 new village public safety officers.

Vice-Chair Bunde argued against the amendment. He noted that a federal grant will provide additional officers and

recommended that the state continue to pursue federal support.

Representative Davies spoke in support. He pointed out that the federal funds only apply to dry villages. The need is more substantial, in some instances, in the wet villages. Many villages will not be covered.

Vice-Chair Bunde argued that the intent is to encourage dry villages. Representative Davies responded by pointing out that it is still legal to buy alcohol in the state of Alaska and noted that state troopers are not taken away from Anchorage or Fairbanks because they sell alcohol.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-7).

Co-Chair Williams MOVED to report CSHB 103 (FIN) out of Committee. There being NO OBJECTION, it was so ordered.

CS HB 103 (FIN) was reported out of Committee with a "do pass" recommendation.

Co-Chair Williams MOVED to report CSHB 104 (FIN) out of Committee. There being NO OBJECTION, it was so ordered.

CS HB 104 (FIN) was reported out of Committee with a "do pass" recommendation.

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ADJOURNMENT

The meeting was adjourned at 9:35 p.m.