

HOUSE FINANCE COMMITTEE
March 26, 2001
1:52 PM

TAPE HFC 01 - 62, Side A
TAPE HFC 01 - 62, Side B
TAPE HFC 01 - 63, Side A

CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 1:52 PM.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Carl Moses

ALSO PRESENT

Nancy Slagle, Director, Division of Administrative Services, Department of Transportation and Public Facilities; Barbara Ritchie, Deputy Attorney General, Department of Law; Dean Guaneli, Chief Assistant Attorney General, Department of Law; Chuck Hosack, Deputy Director, Division of Motor Vehicles, Department of Administration; Dan Spencer, Director, Division of Administrative Services, Department of Administration; Alison Elgee, Deputy Commissioner, Department of Administration; Kathryn Daughhete, Director, Administrative Services Division, Department of Law; Tom Lawson, Director, Administrative Services, Department of Community and Economic Development; Nico Bus, Administrative Services Manager, Division of Support Services, Department of Natural Resources; Dwayne Peeples, Director, Administrative Services, Department of Corrections; Annalee McConnell, Director, Office of Management and Budget, Office of the Governor; Karen Rehfeld, Director, Division of Education Support Services, Department of Education and Early Development; Eddy Jeans, Manger, School Finance and Facilities Section, Department of Education and Early Development; Kenneth Bischoff, Director, Division of Administrative Services, Department of Public Safety; Larry

Dietrick, Program Manager, Prevention and Emergency Response Program, Department of Environmental Conservation; Commissioner Will Evan, Regulatory Commission of Alaska, Department of Community and Economic Development.

PRESENT VIA TELECONFERENCE

Yvonne Chase, Deputy Commissioner, Early Education, Department of Education and Early Development.

SUMMARY

HB 116 An Act making supplemental appropriations and making and amending other appropriations; and providing for an effective date.

HB 116 was heard and HELD in Committee for further consideration.

HOUSE BILL NO. 116

An Act making supplemental appropriations and making and amending other appropriations; and providing for an effective date.

DEPARTMENT OF LAW

Section 10

JUDGMENTS AND CLAIMS. The sum of \$478,700 is appropriated from the general fund to the Department of Law to pay judgments and claims against the state for the fiscal year ending June 30, 2001.

BARBARA RITCHIE, DEPUTY ATTORNEY GENERAL, DEPARTMENT OF LAW spoke to the department's FY01 supplemental request for Judgments and Claims. They are all general fund obligations of the state of Alaska. The judgments and claims come from both the criminal and civil divisions.

Ms. Ritchie noted that the amended request is \$674,144.30 thousand dollars, which funds 19 cases. Co-Chair Mulder asked for additional information on item #18, Dillon and Findley, P.C itf Hawken Northwest Inc, and the ADEC, J.V. v. State. Ms. Ritchie explained that the case is an award on damages by an administrative hearing officer. The Department of Environmental Conservation has paid a portion of the award. The remaining amount is \$142,912.00 thousand dollars. The case is the result of a lease to acquire laboratory space for the Department of Environmental Conservation's Juneau laboratory. The case claimed that the state interfered with the selection of the lending mechanism and delayed approval of the financing package. The original recover sought was \$13 million dollars. The case went to a

hearing. The hearing officer conducted a 15-day hearing and the officer awarded \$194 thousand dollars against the state of Alaska. The Commissioner of Administration took the recommendation of the hearing officer. The amount is a finding that the state has the obligation to pay rent and for some special windows.

In response to a question by Representative Croft, Ms. Ritchie clarified that some of the award was paid by the Department of Administration from funds held back from the contract amount.

Ms. Ritchie discussed section 4 in HB 117.

The sum of \$240,000 is appropriated from the general fund to the Department of Law, civil division, for investigation and prosecution of the claims of state and municipal agencies against the Bank of America and certain other affiliated banks, and for litigation related to the allocation of public safety resources for the fiscal years ending June 30, 2001 and June 30, 2002.

She explained that the department would need a supplemental appropriation of up to \$175 thousand dollars with an extended lapse date to FY02. She gave further back ground information. The issue began in California. California found mismanagement by the Bank of America and failure to default or return to the state unclaimed properties where bondholders failed to show up. The state is also seeking penalty and interests for breach of contract. The state has claims exceeding \$100 million dollars. The state participated in a three-day mediation meeting in Juneau, which did not resolve the issue. The state intends to file litigation by the April 20, 2001 deadline. The department has in-state counsel and counsel in the state of California. There are a number of municipalities involved. The Alaska Industrial Development and Export Authority (AIDEA) and Alaska Housing Finance Corporation (AHFC) are also involved. The legislature has also provided statutory designated program receipts to allow reimbursements by municipalities. The cost of litigation is high but the stake is high. The state of California received \$188 million dollars in their case. The complaint needs to be filed in Alaskan courts by April. Ms. Ritchie reiterated that the supplemental amount needed could be as high as \$175 thousand dollars. She stated that it would not exceed the original request for \$240 thousand dollars.

Section 19

AR13907-00 AHFC Outside Counsel 340.83

KATHRYN DAUGHHETEE, DIRECTOR, ADMINISTRATIVE SERVICES DIVISION, DEPARTMENT OF LAW noted that the department has a ratification of \$340.83 dollars in section 19.

DEPARTMENT OF ADMINISTRATION

Section 1

- (a) The sum of \$1,678,700 is appropriated from the general fund to the Department of Administration for the leasing program for the fiscal year ending June 30, 2001.

DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION discussed section 1(a). He noted that the practice over the past 11 years has been to short fund the leasing budget in the hopes that the department could reduce spending. The FY01 reduction was \$1.9 million dollars.

Representative Croft questioned if the practice of under funding leasing should continue. Mr. Spencer responded that leases are built on a forecast that cannot be absolutely predicted in advance. The Department succeeded in reducing the total cost of leases by \$250 thousand dollars. He noted that the total budget is \$43 million dollars. In response to a question by Representative Croft, Mr. Spencer discussed items that affect the department's ability to anticipate lease costs. He concluded that the department would prefer to have the full lease cost funded, but that it is difficult to identify the true cost.

- (b) The sum of \$1,791,000 is appropriated from the general fund to the Department of Administration, office of public advocacy, for operating costs for the fiscal year ending June 30, 2001.

Mr. Spencer observed that the request is higher than the FY01 amount that was under-funded: \$600 thousand dollars. Child in need of aid cases are taking longer to litigate. The department anticipates another projection in April. The charges reimburse private attorneys for contract services.

Representative Hudson questioned if there is a standard charge for private services. Mr. Spencer explained that there is a three-year contract with 45 vendors around the state. Attorneys are paid between \$60 - \$80 dollars an hour. The amount of hours per case is the unknown issue.

- (c) The sum of \$77,401.93 is appropriated from the general fund to the Department of Administration, office of public advocacy, for the fiscal year ending June 30, 2001, for payment of unpaid bills for services received in fiscal year 2000.

Mr. Spencer noted that the FY00 supplemental for the Office of Public Advocacy did not fully cover the costs of the program; they were short by \$7.4 thousand dollars. These bills are eight months overdue. He stressed that they have underestimated the appropriation necessary in the last two years.

- (d) The sum of \$380,300 is appropriated from the general fund to the Department of Administration, public defender agency, for operating costs for the fiscal year ending June 30, 2001.

Mr. Spencer pointed out that the Alaska Public Defenders Agency's budget has been reduced over time, while they have had the same or a growing caseload.

- (e) The amount necessary to fully fund the longevity bonus grant program for the fiscal year ending June 30, 2001, estimated to be \$1,100,000, is appropriated from the general fund to the Department of Administration.

Mr. Spencer noted that the latest estimate amount needed in the supplemental is \$1.3 million dollars. The department looks at the forecast every month.

- (f) Section 1, ch. 135, SLA 2000, page 2, line 9, is amended to read:

Anchorage Pioneers' Home	1,535,000
Ventilation and Humidification]
System Emergency Repair and	
Upgrade (ED 10-25)	

Mr. Spencer observed that there was a capital project request for Ventilation and Humidification System Emergency Repair at the Anchorage Pioneers' Home of approximately \$1.5 million dollars in the FY01 budget. An appropriation of \$250 thousand dollars from AHFC dividends and \$880 thousand dollars in pioneer home receipts were included in the FY01 budget. The pioneer home receipts were based on a forecast that the department would collect \$440 thousand dollars in receipts beyond their authorization. The department committed to starting the project. The department estimates that it will be \$200 thousand dollars short in FY01 pioneer receipts. The department did not have \$440 thousand dollars extra pioneer home receipts; the department had \$285 thousand dollars in excess receipts. An engineer provided a true estimate. It would cost \$1.5 million dollars to do the first phase of the project. He stressed the difficulty of forecasting the residents' ability to pay.

- (g) Section 2, ch. 135, SLA 2000, page 60, lines 18

and 21, is amended to read:

General Fund Receipts	1,995,000
Receipt Supported Services	285,000

Mr. Spencer explained that section (g) would allow any excess pioneer home receipts collected in the current fiscal year to lapse into the general fund. The project would be fully funded. Any extra pioneer receipts would go back into the general fund. The first phase cost is \$1.5 million dollars.

- (h) The sum of \$87,000 is appropriated from benefit systems receipts to the Department of Administration, division of retirement and benefits, group health, for additional litigation costs for the fiscal year ending June 30, 2001.

ALISON ELGEE, DEPUTY COMMISSIONER, DEPARTMENT OF ADMINISTRATION discussed section (h). She noted that the request would cover the preparation of a lawsuit that has been scheduled for September. The request would be supported by retirement funds. The suit has been brought against the state by three organizations representing retirement groups over the constitutionality of changes that were made to the retirement health benefit program. In response to a question by Representative John Davies, Ms. Elgee explained that the Retirement Board underwent an extensive review of the retiree medical health program. The Board recommended changes that were adopted including increasing the lifetime maximum allowable for a retiree, payment of round trip airfare, and increased out patient reimbursement for mental health services. These were offset by a \$50 dollar increase in the deductible and increased co-pays on prescription drugs. The organizations behind the suit claim that the changes represent a diminishment of benefits.

- (i) The sum of \$150,000 is appropriated from the general fund to the Department of Administration, division of senior services, for costs of protective services for vulnerable adults for the fiscal year ending June 30, 2001.

Ms. Elgee noted that the request reflects caseload growth in the general relief program.

- (j) The sum of \$614,000 is appropriated to the Department of Administration, division of senior services, for family caregivers grants and for developing assisted living programs in rural Alaska for the fiscal year ending June 30, 2001, from the following sources:

Federal receipts	\$564,000
Statutory designated program receipts	

50,000

Ms. Elgee explained that section (j) is made up of two different grant increases for the Alaska Commission on Aging under the Division of Senior Citizens. Congress adopted a new provision called the Family Caregivers Act. The request authorizes new federal funds of \$564 thousand dollars. The state will receive the funds in subsequent years through the nutrition, transportation and support services programs to give additional support for caregivers. The grants would go to non-profits throughout the state and can be used for a variety of services. The second piece is for \$50 thousand dollars in statutory designated program receipts through the Robert Wood Johnson Foundation. It is a three-year grant. The grant would be used to expand assisted living in rural Alaska. Both of the grants are included in the FY02 budget.

- (k) The sum of \$287,200 is appropriated from the general fund to the Department of Administration, division of motor vehicles, for the boating safety program and increased operating costs for the fiscal year ending June 30, 2001.

Mr. Spencer discussed section 1(k). The request has two elements. The first is \$68 thousand dollars for contracts with Polaroid to produce driver's licenses and ID cards. The second portion is \$219.2 thousand dollars for the Boat Registration program. The Boat Registration program went into effect January 1, 2001. The department has incurred \$219 thousand dollars in startup costs and more is expected. The cost for the state of Alaska takeover of data from the Coast Guard for registration was more expensive than anticipated. The program also affects non-powered boats. The fiscal note forecasted an increase in revenues of \$933 thousand dollars once the program was fully in place for a full fiscal year. The estimate was based on assumptions of unregistered boats brought into the program. Representative Hudson recalled that the fiscal note anticipated 300,000 boat registrations. The half-year estimate was \$433 thousand dollars for FY01. The fiscal note was developed on general fund program receipts. The Division of Motor Vehicles generates approximately \$37 - \$40 million dollars in receipts. Boating registration receipts were reclassified from general fund program receipts to statutory designated program receipts.

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Mr. Spencer stressed that the change to statutory designated program receipts has created difficulty in cost accounting. He acknowledged that the \$219 thousand dollar figure is an estimate. The Coast Guard database is a known factor. Projections will be updated at the end of the month. Every

boat dealer that sells more than three boats a year is required to collect the registration fee.

Co-Chair Mulder maintained that a shortfall in the Division's budget is being credited back to the boat registration program. He asked what costs were incurred that should be considered.

Ms. Elgee noted that the fiscal note anticipated \$471 thousand dollars in startup costs. The initial costs included reprogramming for the Coast Guard database, additional nonpermanent employees for the seasonal fluctuation, and equipment. The Coast Guard database took more effort than anticipated. At the time of the fiscal note the Coast Guard database contained 33,000 boats. There was an expansion of powerboats to a total of 50,000 to 100,000 boats. The fiscal note used an estimate of 75,000 powerboats. An additional 100,000 non-powered boats were included. The entire registration period is three years. Revenue was based on 58,300 annual boat registrations.

CHUCK HOSACK, DEPUTY DIRECTOR, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION testified via teleconference. He explained that the contract cost to reprogram the computers was \$148 thousand dollars. The division projects \$192 thousand dollars in revenues. Additional costs deal with bringing boat dealers on line. Employees have contacted boat dealers and provided training and materials. Boat registration forms and decals added to costs. Additional employees were also hired to handle the increase. He emphasized that employees must be hired and trained in advanced. The department's cost for outreach is \$21 thousand dollars. There were six positions added between October and December of 2000. He did not have the exact personnel costs, but estimated them at \$144 thousand dollars. The personnel costs would be for approximately 9 months. Owners can also register at the regular Division of Motor Vehicles counters.

Co-Chair Mulder questioned how many registrations have come through mail v. over the counter. Mr. Hosack pointed out that only those currently registered with the Coast Guard would come over the mail. The majority of registrations are from new registrations, such as non-powered boats.

Co-Chair Mulder clarified that revenues have not gone to education programs to date. The department anticipates taking in more revenues than needed to fund the program. Mr. Hosack agreed and pointed out that reprogramming costs are one time.

Ms. Elgee noted that due to the legislation funding is coming to the Department of Natural Resources, Division of Parks. The Division of Parks would be used for the education effort. Mr. Spencer thought that the department had received

some funding from the Department of Natural Resources to offset initial costs. Mr. Hosack clarified that the Department of Administration cannot receive further federal funds from the Department of Natural Resources to close the gap.

Representative Hudson noted that the startup costs were estimated. He thought that boat registration fees would cover the costs. He anticipated that there would be a surplus of funds in the coming year. He noted that 30 new life jacket sites are coming on, many in rural Alaska. He stressed that the whole picture will look better in the future due.

Co-Chair Mulder questioned what the division would do if the funds were not received. Mr. Hosack responded that the division would have to cut back on the personnel they have for the program. Some vacant positions have been held open. If these positions remain vacant there would be longer lines at the Division of Motor Vehicle offices.

Co-Chair Mulder noted that the fiscal note showed some temporary positions. He questioned if they would go away. Mr. Hosack clarified that there were two nonpermanent positions that would go away after 12 months. The six additional permanent full time positions would remain unless reductions are needed due to non-receipt of funds.

Section 9(A)

(1) the sum of \$75,000 to the Department of Administration, pioneers homes;

Mr. Spencer noted that the department is requesting \$75 thousand dollars to fund fuel costs at pioneer homes. The request would fund additional fuel for the Juneau, Sitka, Ketchikan and Fairbanks homes.

Section 18(a)

Administration \$ 14,157.61

The Department of Administration has miscellaneous claims from the prior fiscal year. The department also has stale dated warrants. If a program receives a bill after their funds have lapsed or if the bill is more than a year old it must be paid in this way. Warrants that are more than two years old must also be paid under this section.

Co-Chair Mulder noted that there are claims from as far back as 1982. He questioned if the department tries to balance the books and find claims. Mr. Spencer noted that the claimant must come forward with the claim.

Section 19(1)

AR3530-90 Older Alaskan Commission \$693.00

Mr. Spencer noted that the Older Alaskan Commission provided services based on federal funds that were not received.

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

Section 2

- (a) The sum of \$16,000 is appropriated from federal receipts to the Department of Community and Economic Development, Division of International Trade and Marketing development, for an Alaska seed potato storage facility feasibility study for the fiscal years ending June 30, 2001 and June 30, 2002.

TOM LAWSON, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT discussed section 2(a). The request would analyze market demand in Taiwan and look at the state of Alaska's production capability and storage needs. The request would evaluate whether further state funds should be invested.

- (b) The sum of \$144,800 is appropriated from Regulatory Commission of Alaska receipts to the Department of Community and Economic Development, Regulatory Commission of Alaska, for additional operating costs for the fiscal year ending June 30, 2001.

Mr. Lawson observed that the receipts would cover unanticipated costs tied to relocation of the agency. Costs are associated with increased building lease costs, pipeline case workload, information management system and moving expenses for staff.

Representative John Davies asked if the receipts already exist. Mr. Lawson replied that the request would not result in a rate increase.

COMMISSIONER WILL EVAN, REGULATORY COMMISSION OF ALASKA, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT testified via teleconference. He clarified that the money is already being collected.

Section 9(a)(12) and 9(d)

Mr. Lawson spoke to a proposed amendment to section 9(a)(12) to add \$1,546,319 million dollars to the Power Cost Equalization Fund. Section 9(d) would also be a new section to appropriate this funding. As a result of increased fuel

costs the program is expected to cost \$1,546,319 million dollars more in FY01. This would maintain funding at the same reimbursement level.

Representative Lancaster stated that he would get additional information on the request.

Section 12

(a) Subject to (b) of this section, the amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6508 during the fiscal year ending June 30, 2000, is appropriated to the Department of Community and Economic Development [COMMUNITY AND REGIONAL AFFAIRS] for the fiscal years [YEAR] ending June 30, 2000, June 30, 2001, June 30, 2002, June 30, 2003, and June 30, 2004, for grants under the National Petroleum Reserve - Alaska impact program.

Mr. Lawson observed that the funding was passed in the operating budget but that it is associated with capital projects. Section (a) would amend the appropriation to CIP funding. This would extend the lapsed date to June 30, 2004.

(b) The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6508 during the fiscal year ending June 30, 2001, estimated to be \$1,728,015, is appropriated from federal receipts to the Department of Community and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact program.

Mr. Lawson discussed section (b). Section (b) represents funds that the department has received for FY01. Ten projects have been approved. The total amount remaining that has not been appropriated from the National Petroleum Reserve - Alaska account is less than \$1,728,015 million dollars. The department has not received its second payment. The second payment should bring the amount to \$1,728,015 million dollars. The state anticipates receiving the same amount in FY02. He acknowledged the Legislature's previous request for a list of projects and explained that the request was made in the supplemental to allow the proposed projects to be listed.

DEPARTMENT OF CORRECTIONS

Section 3

The sum of \$650,000 is appropriated from the correctional industries fund (AS 33.32.020(a)) to the Department of Corrections for costs associated with the

correctional industries program for the fiscal year ending June 30, 2001.

DWAYNE PEEPLES, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS discussed section 3. The request would fund supplies for use by inmates to produce products for sale. The majority would be used in the Mt. McKinley meat plant. The request is also reflected in the FY02 budget.

Section 18

Corrections \$5,836.84

Mr. Peeples spoke to Section 18, stale dated warrants and miscellaneous claims. He noted that the majority are for medical bills.

Section 19 (a)(3)

AR50979-00 RSAT Prog Female Offenders \$24,276.30

Mr. Peeples spoke to Section 19 (a)(3), a ratification request for the Inmate Programs. The request is the result of a coding error. In FY00 a Reimbursable Services Agreement (RSA) was executed between the Department of Corrections and the Department of Public Safety. The invoices were charged to the wrong program.

ALASKA COURT SYSTEM

Section 4

The sum of \$41,900 is appropriated from the general fund to the Alaska Court System, Alaska Commission on Judicial Conduct, for attorney fees for the fiscal year ending June 30, 2001.

ANNALEE MCCONNELL, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR noted the request is the result of a disciplinary hearing against a judge. The matter is still pending.

Co-Chair Mulder asked if there was a way to make the activity self-sustaining. Ms. McConnell did not know of a way to make the activity self-sustaining, but offered to provide research. If the request was not funded, the \$18 thousand dollars would remain unpaid. She noted that it would be difficult for the Alaska Commission on Judicial Conduct to absorb the reduction due to the small size of its budget. Co-Chair Mulder suggested that lapse balances in the Alaska Court System might be used to pay the amount.

MILITARY AND VETERANS AFFAIRS

Section 5

The sum of \$680,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300(a)) for core emergency preparedness and operations costs.

NICO BUS, ADMINISTRATIVE SERVICES MANAGER, DIVISION OF SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES discussed section 5. The request would capitalize the Disaster Relief Fund; \$630 thousand dollars would fund core services in the Division of Emergency Services. This is a recurring amount. He observed that \$50 thousand dollars would be used for satellite imaging, as needed.

Co-Chair Mulder asked if it was reflected in the operating budget. Mr. Bus responded that it is a one-time request. The satellite imaging funds would only be spent in the event of an incident. Satellite imaging costs could range between \$2 - \$4 thousand dollars and would be used for search and rescue. The federal government would cover costs under FEMA.

Representative Hudson questioned if the Disaster Relief Fund is depleted. Mr. Bus responded that there is very little state money remaining. There are some federal funds but they must be used for federal disasters. The department used to request \$1 million dollars a year. Discussion ensued regarding the Miller's Reach Fire. There was approximately \$20 million dollars in federal reimbursement.

DEPARTMENT OF NATURAL RESOURCES

Section 7

FIRE SUPPRESSION. The sum of \$10,750,100 is appropriated to the Department of Natural Resources for fixed costs and incurred fire suppression expenditures for the fiscal year ending June 30, 2001, from the following sources:

General fund	\$4,768,400
Federal receipts	\$5,981,700

Mr. Bus noted that the state's average fire suppression costs is approximately \$11 million dollars. The department's operating budget contains \$3.2 million dollars for fire suppression. The department requests a supplemental for the previous fire activity. No funding is requested for May and June.

Section 19 (b)

(b) The expenditures by the Department of Natural Resources for fire suppression for the fiscal year ending June 30, 2000, (AR37313-00 Fire Suppression) are

ratified in the amount of \$4,299,492.91.

Mr. Bus noted that this request provides ratification for fire suppression costs for May and June of FY00. In response to a question by Co-Chair Mulder he noted that some fix costs for aviation contracts are included in the amount.

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MILITARY AND VETERANS AFFAIRS

Section 9(a)

(2) the sum of \$109,400 to the Department of Military and Veterans' Affairs, Army guard facilities maintenance;

Mr. Bus noted that the Military and Veterans Affairs has additional fuel costs in Section 9(a). Mr. Bus noted that the request would cover the state portion of the heating cost for the various armories.

DEPARTMENT OF NATURAL RESOURCES

Section 9(a)

(3) the sum of \$54,000 to the Department of Natural Resources, division of parks and outdoor recreation;

Mr. Bus noted that the Department of Natural Resources also has additional fuel costs for the Division of Parks.

Co-Chair Mulder noted that the cost of heating fuel has come down from the peak level anticipated.

In response to a question by Representative Lancaster, Mr. Bus noted that the supplemental period goes through July 1999 - June 2000.

Section 13

The sum of \$100,000 is appropriated from the general fund to the Department of Natural Resources, recorder's office, for operating costs for the fiscal year ending June 30, 2001.

Mr. Bus noted that the cost is associated with relocation in Palmer. The office will move in with the Division of Agriculture in Palmer. This is a one-time expense that is not covered by the Department of Administration because it is a negotiated lease contract.

Co-Chair Mulder questioned what would happen if the request were not funded. Mr. Bus noted that the department would

have to make it up out of their recorder's office expenses.

Mr. Bus clarified that ratifications are adjusted amounts based on actual costs. Discussion ensued on the ratification process. The legislature is notified every 30 days on cost of fire suppressions.

Co-Chair Mulder observed that the Committee would look at appropriating more money in the supplemental to avoid the need for ratifications for fire suppression.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Section 6

- (a) Section 1, ch. 133, SLA 2000, page 8, lines 12 and 13, is amended to read:
K-12 Support 675,748,900646,542,300
Foundation Program 667,422,700

KAREN REHFELD, DIRECTOR, DIVISION OF EDUCATION SUPPORT SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT discussed section 6(a). She noted that the request reflects the actual current year foundation entitlement based on the October student count. There is only one student count, however, the department refines and updates the number based on federal impact aid payments up to March 1.

- (b) The sum of \$2,111,400 is appropriated from the general fund to the Department of Education and Early Development for pupil transportation for the fiscal year ending June 30, 2001.

Ms. Rehfeld noted that the balance of Section 6(a) would be made available for the pupil transportation shortfall in item 6(b).

- (c) The sum of \$5,500,000 is appropriated from federal receipts to the Department of Education and Early Development for the childcare assistance and licensing program for the fiscal year ending June 30, 2001.

Ms. Rehfeld observed that the department did not request sufficient federal authorization. The department did not anticipate the increase in the current Childcare Development Funds.

Co-Chair Mulder pointed out that they are additional federal funds that are not Temporary Assistance to Needy Families (TANF) funds.

YVONNE CHASE, DEPUTY COMMISSIONER, EARLY EDUCATION, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT testified via

teleconference. She noted that the state received notice from Congress that the funds were available as Congress completed its budget. Written notification did not occur until the first of the calendar year.

- (d) The sum of \$4,700,000 is appropriated from federal receipts to the Department of Education and Early Development for the special and supplemental services program for the fiscal year ending June 30, 2001.

Ms. Rehfeld that the request provides federal authorization for Title 1 funds for special education. In response to a question by Representative Hudson, Ms. Rehfeld noted that there is sufficient general funds in the budget to cover the state match for the childcare development funds.

Ms. Chase clarified that there is no state match requirement for the new funds. There is maintenance of effort and state match requirement for the overall program. The total is approximately \$6,436 million dollars.

EDDY JEANS, MANGER, SCHOOL FINANCE AND FACILITIES SECTION, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT noted that the impact aid count is in the process of its finale reconciliation and would be ready the end of the week.

DEPARTMENT OF PUBLIC SAFETY

Section 9

- (4) the sum of \$102,000 to the Department of Public Safety, fish and wildlife protection;
- (5) the sum of \$71,400 to the Department of Public Safety, Alaska state troopers;

KENNETH BISCHOFF, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY noted that the department has two requests for addition fuel funding.

Section 14

- (a) The change in funding source made through the amendment in (b) of this section is for the fire service-training program.
- (b) Section 3, ch. 133, SLA 2000, page 47, line 5, is amended to read:

Statutory Designated Program Receipts	949,500
Receipt Supported Services	23,900

Mr. Bischoff noted that the request would provide a fire service training position in Fairbanks.

- (c) Section 1, ch. 135, SLA 2000, page 18, lines 19 -

20, is amended to read:

Crime Lab	207,100	207,100
Equipment Replacement and Remodel (ED 99)		

Mr. Bischoff noted that the crime lab has received a federal grant of \$1.250 million dollars that requires a \$460 thousand dollars state match. The request would re-title an existing crime laboratory equipment appropriation to qualify for the match.

Section 18

Public Safety 1,095.56

Mr. Bischoff noted that the department has miscellaneous claims of 1,095.56 thousand dollars.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Section 17

LARRY DIETRICK, PROGRAM MANAGER, PREVENTION AND EMERGENCY RESPONSE PROGRAM, DEPARTMENT OF ENVIRONMENTAL CONSERVATION discussed proposed amendments for sections 17(a) and (b) to take care of day tank problems in the Northern and Central regions. Two Department of Transportation and Public Facilities CIP projects for underground storage tanks with balances would be used to reappropriate the balances. The reappropriation would be for \$270 thousand dollars from the Oil and Hazardous Substance Release Prevention and Response Fund.

ADJOURNMENT

The meeting was adjourned at 3:43 p.m.