

HOUSE FINANCE COMMITTEE  
April 24, 2001  
2:24 P.M.

TAPE HFC 01 - 93, Side A  
TAPE HFC 01 - 93, Side B  
TAPE HFC 01 - 94, Side A  
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CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 2:24 P.M.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair  
Representative Eldon Mulder, 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 Gretchen Guess; Representative Gary Stevens; Senator Lyda Green; Senator Robin Taylor; Senator Alan Austerman; Representative Charles Chenault; Dean Guaneli, Chief Assistant Attorney General, Department of Law; Hans Neidig, Staff, Senator Lyda Green; Eddy Jeans, Manager, School Finance and Facilities Section, Department of Education & Early Development; Matt Felix, NCADD, Juneau; Carl Rose, Executive Director, Association of Alaska School Boards, Juneau; Elmer Lindstrom, Special Assistant to Commissioner Perdue, Department of Health and Social Services; Denny Dewitt, Staff, Representative Eldon Mulder.

PRESENT VIA TELECONFERENCE

Mary Marshburn, Division of Motor Vehicles, Anchorage; Dr. Ed MacLean, Assistant Superintendent for the Kenai Borough School District, Anchorage; Chuck Hosack, Deputy Director, Division of Motor Vehicles, Department of Administration, Anchorage; Blaire McCune, Public Defender, Department of Administration; Ernie Hall, Anchorage; Patrick Hickey, Kenai

Peninsula Borough School District, Kenai; Chuck Hosack, Deputy Director, Division of Motor Vehicles, Anchorage.

SUMMARY

HB 105 An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date.

CS HB 105 (EDU) was reported out of Committee with a "do pass" recommendation and with a House Finance Letter of Intent and a fiscal note #1 by Department of Education & Early Development dated 4/23/01.

HB 179 An Act relating to underage drinking and drug offenses; and providing for an effective date.

CS HB 179 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal notes by #2 Department of Corrections, #5 Department of Health & Social Services, #6 Department of Health & Social Services, and new fiscal notes by the Department of Law, the Alaska Court System, Department of Health & Social Services, and Department of Administration.

HB 250 An Act relating to missions and measures to be applied to certain expenditures by the executive branch of state government and the University of Alaska from the state operating budget for the fiscal year ending June 30, 2002; and providing for an effective date.

CS HB 250 (FIN) was reported out of Committee with a "do pass" recommendation and with a zero fiscal note by the House Finance Committee.

CS SB 133(HES) am

An Act relating to a two-year transition for implementation of the public high school competency examination and to establishing a secondary student competency examination as a high school graduation requirement; and providing for an effective date.

HCS CS SB 133 (FIN) was reported out of Committee with a "do pass" recommendation and with a fiscal note #1 by Department of Education & Early Development dated 3/20/01.

HCR 14 Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature,

concerning Senate Bill No. 133, relating to high school competency testing.

HCR 14 was reported out of Committee with a "do pass" recommendation and with a zero fiscal note #1 by the House HESS Committee dated 4/12/01.

#HB105

HOUSE BILL NO. 105

An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date.

REPRESENTATIVE GARY STEVENS noted that Alaska's Public Education Funding Formula is based on a specific dollar amount per student. The base student allocation was established in 1998 as \$3,940 per student and has not been increased since that time. HB 105 increases the allocation by \$101 dollars.

Representative Stevens advised that during the past 14 years, inflation has had an impact on public school funding and that the purchasing power of the general fund education dollars have slowly eroded over time. Although, the State's contribution to the 53 school districts has increased 54% since FY88, the effect of annual inflation, as well as an increase in student enrollment, has negated the growth and the purchasing power of the student dollar has been diminished.

Representative Stevens pointed out that the public school foundation program has lost 13.9% on a student dollar basis since FY88 due to the cumulative effect of annual inflation. HB 105 proposes to recoup some of that loss.

Representative Stevens commented that supporters of a world class educational system for Alaska must agree that, while at the same time inflation is eroding the purchasing power for the student dollar, Alaskans are asking public schools to take on more and more responsibility in three areas.

- First, many parents today regularly drop off their children at school early in the morning and pick them up after work. School personnel today provide not only classroom instruction for these students but also offer the emotional, social, and moral support needed before and after regular school hours at a level unheard of a generation ago. The increased time that a child spends at school increases the responsibility of the local teachers and administrators.

- Secondly, as performance standards and the corresponding assessments become a reality and are accepted as commonplace, each neighborhood school and classroom will be held more accountable for student learning. Children who need extra innovative instruction to master these standards will be identified and teachers will offer appropriate remedial learning opportunities. The added tutoring sessions necessary for some students may be offered within the regular school day or during a Saturday or summer school program. The added accountability is a step in the right direction, but it does have substantial impact on the financial resources of our local school districts.
- Lastly, classroom teachers are on the frontline with the children and must be held accountable for their learning and performance. Alaska's young people deserve to be taught by the very best teachers possible. Alaska's school districts are faced with the responsibility of recruiting and retaining a highly qualified work force at a time when teachers are in short supply, which is not an easy task. The State has an obligation to provide adequate funding to all public school districts so that all school districts can hire and retain quality teachers

Representative Stevens summarized that public education is faced with the unenviable position-assuming greater responsibility with a reduction in the purchasing power of the student dollar. Alaska cannot continue to ask the 53 school districts to meet all these additional responsibilities with a dwindling budget, therefore, additional funding is a necessity. Representative Stevens stressed that the increase of \$101 dollars per student provided the legislation would assist local school districts to meet, and hopefully exceed, the public's expectations and demands.

Representative Davies asked if the 30% inflation costs would be covered. Representative Stevens stated that it would not and that it would be substantially less.

Vice-Chair Bunde asked if the 30% inflation increase had been in the last ten years. Representative Stevens replied that the Anchorage School district had calculated it. He added that there is no way to determine if that was the

correct amount, but emphasized that it was the amount that had been spent.

Vice-Chair Bunde asked how many schools were receiving classroom instruction waivers so that they could put that money into administrative costs. Representative Stevens recommended that the Department answer that question.

Representative Whitaker asked if the 30% inflation factor had included the increase in contributions from local property taxes. Representative Stevens did not know. He reiterated that the figures had been provided from the Anchorage School district.

Representative Hudson inquired when the last time the foundation formula increased. Representative Stevens replied that since 1988, it has increased by 54%.

Representative Davies asked the funding need in various school districts. Representative Stevens replied that there exists a tremendous problem in the school districts. He claimed that it would be a disservice to the entire profession. Putting money into the foundation formula also raises the cap. The cap is the amount that the local districts contribute of their own money for schools. He noted that districts are finding ways to circumvent the cap.

Vice-Chair Bunde noted that not all schools make local contributions. Representative Stevens acknowledged that was true and that some districts receive money for funding outside State contributions.

Representative Harris pointed out that the original number had been reduced and referenced other legislation regarding the costs of running schools. If that legislation becomes a reality, next year education would be funded at a higher level. Representative Harris noted that he supported that legislation. Representative Stevens stressed that it is essential that a study be undertaken as additional costs are pending.

Representative Davies believed that it would be easier to get an increase if the base had been built up. Representative Stevens responded that whatever help could be offered this year would be appreciated.

EDDY JEANS, MANAGER, SCHOOL FINANCE AND FACILITIES SECTION, DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT, clarified that inflation has increased 30% over the past ten years. The Legislature has increased the base allocation by only 5%. The formula self adjusts for the property tax increases. The minimum level for the base student allocation has been determined and the minimum level of revenue that districts need to support education. That money is divided between

pots of federal, local and state dollars. As property values increase, if the base student enrollment is held constant, then the State general fund requirement would decrease. The base allocation to school districts over a ten-year period has only increased by 10%.

Representative Whitaker asked if there has been a one to one reduction in the ratio. Mr. Jeans replied that was close.

Vice-Chair Bunde asked how many school districts were currently requesting money for waivers. Mr. Jeans replied that was the provision which required school districts to spend 70% of their fund on instruction. The districts may apply for a waiver from the State Board of Education if there are circumstances beyond their control. In FY2001, there were 24 school districts applying for waivers. In many of those school districts, there is a dispersed and small population so many sites are being operated with high operational costs. He noted that all 24 waivers were granted.

Vice-Chair Bunde questioned how many single site schools with high overhead there were and how many schools districts that makes no local contribution. Mr. Jeans replied that there are 19 Regional Education Attendance Areas (REAA's) that do not make a local tax appropriation to education. The Administration's position has always been that impact aid is in lieu of property taxes. Those lands have been moved by federal action from the tax rules. Even if those lands moved into boroughs, most of them are still non-taxable and would be used to offset the general fund requirements. In response to Vice-Chair Bunde comment, Mr. Jeans advised that those communities do not make a local tax contribution for their schools through an organized government. They make it through the federal government.

Representative Davies asked what the high operational costs are. Mr. Jeans explained that those costs relate to economies of scale. Some school districts, serve many communities. There is one community that serves over 100 students. They do not have the population to spread the operational costs over. He noted that fuel costs have increased over the past year.

Representative Whitaker referenced federal impact dollars. Mr. Jeans explained that they are called federal impact aid dollars and they are received in lieu of local property taxes. Those properties are non-taxable due to some type of federal intervention. The federal government has come back from their own program and indicated that they recognize their obligation to support education because those properties were moved off the tax roles. If those regions were incorporated into boroughs, those properties still

would not be taxable and they would still generate the federal dollars.

Mr. Jeans pointed out that the last student increase amount occurred in 1993 under the instructional unit method of a 1.7% increase. Over the last ten years, that 1.7% increase plus the 3.3% amount under SB 36 provides the 5% increase.

Representative Davies asked if any urban districts had received some of the federal impact aid. Mr. Jeans stated that there is only six schools districts in the State that do not receive the impact aid. Most of the urban districts do. In the military installations in Anchorage and Fairbanks, the land is non-taxable and generates revenue.

Mr. Jeans addressed the cost differential adjustments. He pointed out cost differences by regions, providing a comparable program. It is not about adequate level of funding. Under the cost differential, there will be shifting in money once the report comes out. There will not be a large increase required as a result of that study. The number will adjust the way that the money is distributed in the formula.

Representative Lancaster asked if it was expected that there would be an increase as a result of that. Mr. Jeans replied that the increase would be modest. Through the foundation program, a \$665 million dollar program in FY02 budget, and the portion that makes up the cost differentials is less than \$70 million dollars. That would be 1/10<sup>th</sup> of the local program.

SENATOR ROBIN TAYLOR advocated that the foundation formula should be increased. He recommended that there needs to be modifications and fine-tuning to that formula. He commented that this would be the best the Legislature will see this year. He noted that the bill that he submitted would raise the formula by \$210 dollars per student. Senator Taylor stated that the bill provides for less than half of what is necessary to adequately fund education. He encouraged members to move forward.

In response to Representative J. Davies, Senator Taylor advised that there are no nurses, no art and music programs, and no physical education programs in the elementary schools in his district. He stressed that there is a disparity in the formula. The formula must be adjusted upward and he proposed that the bill would be a good compromise.

SENATOR ALAN AUSTERMAN voiced his support for HB 105. He stressed that the State must put more money into education. Funding has not been increased for years and it is long overdue. He noted that he had introduced legislation that

provides for a school head tax to help pay for education. He offered to discuss that option.

CARL ROSE, EXECUTIVE DIRECTOR, ASSOCIATION OF ALASKA SCHOOL BOARDS, JUNEAU, voiced support for the legislation. Mr. Rose noted that he had served on the Governor's Education Task Force. That Task Force identified \$34 million dollars that is needed to "do the job". He pointed out that there is one school district in which 58 positions have not been filled. If those positions are not filled, they will be filled with substitutes who are not qualified. He asked what the chances were that those kids would be able to reach the standards with substitute and unqualified teachers.

Mr. Rose suggested that over a period of time, the State has been unable to attract and maintain quality teachers. A future cost model would not reflect the ability to hire and maintain good teachers. That is where the grade is made or not. Mr. Rose voiced support for increasing the number back to the original \$28 million dollars that was contained in HB 105. He stressed that there needs to be a broader view, with a sound fiscal long-range plan. The State needs to broaden the perspective for the future for Alaska. Mr. Rose projected that with the current funding, education will "hit the wall" in four to five years. He emphasized that \$34 million dollars was a modest request.

Vice-Chair Bunde pointed out there is a \$600 million dollar fiscal gap. He stated that whatever is done now, those children will have to pay taxes to fill that gap. Mr. Rose responded that the future holds potential for increased revenue. The ability for the State to pay now and dollars to be leveraged out of the earnings reserve, provide that a number of options could generate a modest rate to offset declining revenues and project a better picture for the future.

PATRICK HICKEY, (TESTIFIED VIA TELECONFERENCE), KENAI PENNINSULA BOROUGH SCHOOL DISTRICT, KENAI, voiced support for the legislation.

Representative Moses noted that he resented the fact of using the "fiscal gap" for not supporting the funding of education. The State should be funding education properly.

Representative Davies MOVED to ADOPT Amendment #1. [Copy on File]. Co-Chair Williams OBJECTED.

Representative Davies explained that the amendment would delete "\$4,041" and insert "\$4,091" to Page 1, Line 6. The change would bring the State closer to the inflated number.

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Co-Chair Williams agreed with Representative Moses that the State should be increasing the amount, he however, pointed out the difficulty increasing that amount would politically cause at this time on the Senate side. He claimed that the "push" to increase the budget came from the public.

Representative Croft questioned with whom the House Finance Committee was compromising with. He stated that if the House Finance Committee agrees that \$150 dollars would be the proper amount, then that is the amount that should be included in the bill and forwarded to the other body. Compromise is an important part of the legislative process. He pointed out that two Senators have already indicated that the number is too low. He emphasized that the appropriate number should be placed into the legislation. Representative Croft added that the formula would generate a reduction to the State's contribution.

Representative Whitaker interjected that the Legislature has begun the negotiation process. He acknowledged that there would be a compromise within any system. He stated that \$20 million dollars would be a reasonable number given the circumstances. Representative Lancaster echoed sentiments proposed by Representative Whitaker.

Vice-Chair Bunde pointed out that regardless the agreed number, it would be impossible to satisfy all parties.

Recess: 3:20 p.m.  
Reconvene: 3:40 p.m.

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

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

The MOTION FAILED (3-8).

Co-Chair Mulder MOVED to ADOPT Amendment #2, the Intent Language. [Copy on File].

Representative Davies noted concern that there would be a separate accounting attached. Co-Chair Mulder explained that his intent was to include "outcome performance based" objectives.

Vice-Chair Bunde noted that there was other legislation that would call for a similar report. Co-Chair Mulder suggested that both pieces of legislation could use the one report.

Representative Davies asked if it was the intent that the language be placed in statute. Co-Chair Mulder replied that it was his preference that the language be included in an intent section in the bill. He added that either way would be okay if it was attached. There being NO OBJECTION, Amendment #2 was adopted.

Co-Chair Mulder MOVED to report out of Committee CS HB 105 (EDU) with individual recommendations, the Letter of Intent and with the accompanying fiscal note. Representative Davies OBJECTED for a comment. He stated that the Minority Caucus believes that the amount proposed was too low. Representative J. Davies WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

CS HB 105 (EDU) was reported out of Committee with a "do pass" recommendation and with a House Finance Letter of Intent and a fiscal note #1 by Department of Education & Early Development dated 4/23/01.

#SB133  
CS FOR SENATE BILL NO. 133(HES) am

An Act relating to a two-year transition for implementation of the public high school competency examination and to establishing a secondary student competency examination as a high school graduation requirement; and providing for an effective date.

Co-Chair Williams advised that there had been a MOTION PENDING on Amendment #2. Vice-Chair Bunde reiterated his OBJECTION.

Vice-Chair Bunde maintained that other states have held to high standards even for the children education without an Individual Education Program (IEP). He stated that the "alternative assessment", determined by each district has two faults. The local school districts may find it cheaper and easier to reduce the standard to the student rather than raising the student to a higher standard. He added that it is a problem because each school board would determine what an assessment is. There is no statewide standard established.

Representative Lancaster commented that the intent of the amendment was to work with the Department and the Alaska State School Board Association.

A roll call vote was taken on the motion.

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

Co-Chair Mulder was not present for the vote.

The MOTION PASSED (8-2).

Representative Croft MOVED to ADOPT Amendment #3. He explained that SB 105 had been pending referral at the time that the amendment was drafted. Representative Croft stated that the amendment was prepared in that context. He noted that he would WITHDRAW Amendment #3 as it was not needed with the passage of HB 105.

Representative Davies stressed that it would not be harmful to have too much money on the table. He pointed out that HB 105 had further Committees to pass through before passage.

Representative Hudson MOVED to report HCS CS SB 133 (FIN) out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCS CS SB 133 (FIN) was reported out of Committee with a "do pass" recommendation and with a fiscal note #1 by Department of Education & Early Development dated 3/20/01.

#HCR14

HOUSE CONCURRENT RESOLUTION NO. 14

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning Senate Bill No. 133, relating to high school competency testing.

Representative Foster MOVED to report HCR 14 out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCR 14 was reported out of Committee with a "do pass" recommendation and with a zero fiscal note #1 by the House HESS Committee dated 4/12/01.

Recess: 3:55 P.M.

Reconvene: 4:15 P.M.

#HB179

HOUSE BILL NO. 179

An Act relating to underage drinking and drug offenses; and providing for an effective date.

REPRESENTATIVE NORMAN ROKEBERG discussed that in 1994, the Legislature enacted the "Use It, Lose It" law (AS 28.15.183) for minors who are caught possessing or using alcohol. If a minor were caught using alcohol, their driver's license

would be administratively revoked for a period of time. In December, in a case State versus Niedermeyer, the Alaska Supreme Court found that taking away a minor's driver's license for possession or consumption of alcohol or a controlled substance, without giving them a trial, was in violation of a minor's constitutional right to due process.

Representative Rokeberg commented that if a minor is caught using alcohol or drugs, they are sent a letter from the Division of Motor Vehicles (DMV) stating that the DMV will not revoke their license until there has been a court conviction for the offense. At present, the district attorney's office is not prosecuting minors caught for consumption of alcohol, because the court system is not prepared to handle jury trials for this type of case.

The effect of the Niedermeyer decision is that minors now go virtually unpunished for possessing or consuming alcohol. The maximum penalty that may currently be enforced on minors who are caught consuming or possessing alcohol is a \$100 fine.

Representative Rokeberg advised that the law would impose appropriate punishments on minors who use alcohol, and will be a deterrent to minors when they consider drinking. Statistics show that the earlier a person begins drinking, the more likely they are to have problems with alcohol later in life. By sending a message early to minors that their actions will not go unpunished, we hope to deter alcohol problems in the future.

Representative Rokeberg continued that the bill would establish a graduated system of punishment for minors who are caught consuming, possessing or controlling alcohol. On a minor's first offense, he/she would be subject to a fine of between \$200-600, would have to attend alcohol information school, and would be placed on probation. For a minor's second offense, the minor would be guilty of repeat minor consuming and would be subject to a fine of \$1000, at least 48 hours of community work service, a three-month license revocation, and probation. A minor's third offense would cause them to be guilty of habitual minor consuming, which would be a Class B misdemeanor, resulting in up to a \$1000 fine and 90 days in jail. In addition, the minor would lose his/her license for a period of six months, would be required to complete at least 96 hours of community work service, and be placed on probation.

Vice-Chair Bunde questioned the "three time" aspect of the legislation and suggested that a second offense should merit serious consequences. Representative Rokeberg explained that the second offense does demand the option for a jury trial and mandates a three-month revocation of the driver's license. He noted that the testimony before the House

Judiciary Committee pointed out that under the current use it or loose it statute, there were juveniles in the State that had up to seven offenses, thus, creating a problem with revocation of licenses. He thought that statute was a failure.

Vice-Chair Bunde referenced the chart distributed and the second offense charges associated with the offense. [Copy on File]. Discussion followed between Vice-Chair Bunde and Representative Rokeberg regarding current law default.

Representative Foster referenced the sponsor statement recommendation for an Alcohol Information School. He inquired how attendance would be mandated. Representative Rokeberg replied that would be mandatory if such a school was available in that area.

Co-Chair Williams MOVED to ADOPT Amendment #1. [Copy on File]. Co-Chair Mulder OBJECTED for discussion.

Representative Rokeberg explained that the amendment would delete all material on Page 2, Line 3, following the word "group", and replacing that language with: "Selected by the court to serve as a sentencing option for persons convicted of a violation under this section". He noted that the Courts had recommended the amendment for greater flexibility.

Co-Chair Mulder WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #1 was adopted.

Representative Davies MOVED to ADOPT Amendment #2. [Copy on File]. Co-Chair Williams OBJECTED for discussion.

Representative Rokeberg stated that the amendment would delete all language on Page 6, Lines 5-6.

CHUCK HOSACK, [TESTIFIED VIA TELECONFERENCE], DEPUTY DIRECTOR, DIVISION OF MOTOR VEHICLES, ANCHORAGE, noted that the Division supported Amendment #2.

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Co-Chair Williams WITHDREW his OBJECTION.

Representative Hudson MOVED to ADOPT Amendment #3. [Copy on File]. Co-Chair Williams OBJECTED for discussion. Representative Hudson asked to amend Amendment #3 by adding "Juneau" to the definition of pilot juvenile alcohol safety action programs. He added that following "Kotzebue", adding the language "for treatment only". He asked if the Alcohol Safety Action Programs (ASAP) had been included in the bill.

Representative Rokeberg replied they were. He added that the amendment would limit the treatment elements. He suggested that the amendment could reduce the cost of the fiscal notes while continuing the concept.

Representative Davies agreed with the intent of the amendment, however, noted that the way in which the amendment had been written would cause problems. He suggested deleting the amendment from the Page 12, Lines 13-14. He believed that could remove all ASAP's from the bill.

ELMER LINDSTROM, SPECIAL ASSISTANT TO COMMISSIONER PERDUE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, stated that the intent of the legislation was to allow for the juvenile alcohol safety action program to continue as originally envisioned and limit obligations for the additional treatment dollars. Mr. Lindstrom claimed that it would be a mistake to delete that language. He commented that the cleanest way would be through intent language which would allow the additional treatment resources in those locations and would allow the fiscal notes to conform to that.

Representative Davies advised that there were additional portions of the amendment that do not work together.

Representative Rokeberg voiced concern with switching from unqualified law to a letter of intent for the program. He voiced concern with the cost containment unless there was a strict review by the HESS budget subcommittee about how that program would be expanded. He reiterated that the letter of intent would not be enough. Co-Chair Williams agreed.

Representative Davies suggested modifying the amendment, on Page 12, omitting that section and inserting a new bill Section #18.

Co-Chair Williams asked that Representative J. Davies and Representative Rokeberg work together to come up with appropriate language.

At-Ease: 4:45 P.M.  
Reconvene: 4:50 P.M.

Representative Hudson WITHDREW the amendment to the amendment. Representative Hudson WITHDREW Amendment #3. There being NO OBJECTION, it was withdrawn.

Representative Davies MOVED to ADOPT a new Amendment #3. He referenced the old Amendment #3 and stated that the new #3 would retain the changes recommended to Page 3, Line 5 and Page 9, Line 29. On Page 12, the delete portion would be struck and then retaining the inserted language. Page 12, Lines 13-4 would read, "Insert a new bill section". The new section would read: "Alcohol Treatment Program". He added

that after "Fairbanks", "Juneau" should be inserted with "for treatment only". All the language on Page 12, Line 15 would be eliminated.

Co-Chair Mulder clarified the amendment would decrease the fiscal note to \$800 thousand dollars.

Mr. Lindstrom spoke to the three fiscal notes from Department of Health & Social Services. He noted that the amendment would reduce note #1 to \$400 thousand dollars and that note #2 and #3 would remain the same.

There being NO OBJECTION, the new Amendment #3 was adopted.

Representative Hudson MOVED to report CS HB 179 (FIN) out of Committee with individual recommendations and with the accompanying fiscal notes with the indicated changes. There being NO OBJECTION, it was so ordered.

CS HB 179 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal notes by #2 Department of Corrections, #5 Department of Health & Social Services, #6 Department of Health & Social Services, and new fiscal notes by the Department of Law, the Alaska Court System, Department of Health & Social Services, and Department of Administration.

#HB250

HOUSE BILL NO. 250

An Act relating to missions and measures to be applied to certain expenditures by the executive branch of state government and the University of Alaska from the state operating budget for the fiscal year ending June 30, 2002; and providing for an effective date.

DENNY DEWITT, STAFF, REPRESENTATIVE ELDON MULDER, provided information on HB 250. He observed that the legislation is the result of work by the House Finance subcommittees. He referred to Page 40, Line 13. He noted that provisions were added to Page 2, Lines 15 and 16. He explained that the language had been added to determine how consumer complaints are tracked and addressed.

Mr. DeWitt commented that a few technical amendments are needed. He explained that the budget was not organized in a manner that allows comparison with the budget bill, which has been changed in HB 250 to allow for the comparisons and formatting of the budget bill as passed by the House. The change is referred to on Page 37, Line 10. There are references in a number of sections that would identify performance measures within the Department of Law. He added that an additional technical amendment would be needed on Page 39, Section 105, Line 17 and 18, noting that the

National Guard Youth Corps had changed its name to the Alaska Military Youth Academy which was not caught in the prepared draft.

Mr. DeWitt advised that there had been other requests for changes and explained that not all were included.

Representative Davies voiced his concern with the change to all of the commissioner's offices. Mr. DeWitt acknowledged that had been included.

Co-Chair Mulder MOVED to ADOPT the technical amendments. There being NO OBJECTION, they were adopted.

Representative Lancaster MOVED to ADOPT Amendment #2. [Copy on File]. He pointed out that it was a technical amendment. There being NO OBJECTION, it was adopted.

Representative Davies discussed Amendment #3, the commissioner's offices on Page 2, Lines 15 and 16. [Copy on File]. He noted his concern that subcommittees did not have the opportunity to discuss those provisions. Representative J. Davies stated that there are agencies that do not make sense.

Co-Chair Mulder argued in support of the change. He observed that some agencies would have more complaints due to the issues involved.

Representative Davies pointed out that most complaints are dealt with at the division level within the departments; however, others come to the commissioner's level. He emphasized that the intent of missions and measures was a "meeting of the minds" which the amendment could represent.

Representative Croft noted that appeals would be separate from the Department of Revenue. Mr. Dewitt explained that the Department of Revenue had indicated that the process was fairly easy to keep track and helpful as a management tool. He advised that it is the Legislature's responsibility to track the commissioner's level.

Co-Chair Mulder stated his support for retaining the provision for one year. He noted that modifications could be made. Representative Davies reiterated that there has not been an opportunity to have discussions and asked that communication be initiated with the commissioner offices.

Co-Chair Mulder stressed that the provision is new and that it is the intent of the Committee to work with the agencies for the refinement of the provisions. He reiterated that it would be an effective tool.

Representative Davies WITHDREW Amendment #3.

Mr. Dewitt reviewed Amendment #4, a technical amendment. [Copy on File]. He explained that the amendment would affect the Department of Military and Veterans Affairs and that the subcommittee chair had agreed them to.

Co-Chair Mulder MOVED to ADOPT Amendment #4. There being NO OBJECTION, it was adopted.

Representative Croft MOVED to ADOPT Amendment #5. [Copy on File]. Co-Chair Mulder OBJECTED.

Representative Croft spoke in support of the amendment. He noted that it would add a new section indicating that:

"The mission of the Alaska State Legislature is to create a balanced state budget, encourage public participation in government and work to preserve and further the general health, economic vitality, educational needs and growth for the people of the state of Alaska".

Co-Chair Mulder stated that he supports the intent of the amendment, however, suggested that it would be difficult to hold the legislature accountable for items that they do not have direct control over.

Representative Davies argued that the Legislature should manage and control revenues through other measures.

Representative Croft noted that it is difficult to craft missions and measures which are significant and broad enough to be important. He commented on the need to have open discussion on the amendment and the "art of the process".

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A roll call vote was taken on the motion.

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

Representatives Moses, Whitaker, and Williams were absent.

The MOTION FAILED (3-5).

Representative Davies MOVED to ADOPT Amendment #6 on Page 31, Line 15, deleting that language. He noted that measure had not been discussed in subcommittee. Representative Harris agreed that the language could be deleted. There being NO OBJECTION, Amendment #6 was adopted.

Representative J. Davies requested that Mr. DeWitt repeat his previous statement regarding Department of Natural Resources. Mr. Dewitt explained that there was a substantive change to the measure of inventory. He added that there were additional minor areas of concern. The percentage change language was removed.

Representative Hudson MOVED to ADOPT a language change on Page 42, Line 28, deleting "claims", and inserting "location". There being NO OBJECTION, it was adopted.

Co-Chair Mulder pointed out that the bill has a zero fiscal note.

Vice-Chair Bunde MOVED to report CSHB 250 (FIN) out of Committee with individual recommendations and with the accompanying zero fiscal note. There being NO OBJECTION, it was so ordered.

CS HB 250 (FIN) was reported out of Committee with a "do pass" recommendation and with a zero fiscal note by the House Finance Committee.

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#### ADJOURNMENT

The meeting was adjourned at 5:30 P.M.