

MINUTES
SENATE FINANCE COMMITTEE
February 20, 2001
7:01 PM

TAPES

SFC-01 # 19, Side A
SFC 01 # 19, Side B
SFC-01 # 20, Side A

CALL TO ORDER

Co-Chair Dave Donley convened the meeting at approximately 7:01 PM.

PRESENT

Senator Dave Donley, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Jerry Ward, Vice Chair
Senator Lyda Green
Senator Gary Wilken
Senator Lyman Hoffman
Senator Loren Leman

Also Attending: JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services; BOB LABBE, Director, Division of Medical Assistance, Department of Health and Social Services; MIKE MAHER, Director, Division of Administrative Services, Department of Revenue; DEVIN MITCHELL, Debt Manager, Treasury Division, Department of Revenue; KURT PARKAN, Deputy Commissioner, Department of Transportation and Public Facilities; DWAYNE PEEPLES, Director, Division of Administrative Services, Department of Corrections; CHRIS CHRISTENSEN, Staff Counsel, Office of the Administrative Director, Alaska Court System; DAN SPENCER, Director, Division of Administrative Services, Department of Administration; ALISON ELGEE, Deputy Commissioner, Department of Administration; TOM LAWSON, Director, Division of Administrative Services, Department of Community and Economic Development; ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor

Attending via Teleconference: From Anchorage: BRANT MCGEE, Public Advocate, Office of Public Advocacy, Department of Administration; BARBARA BRINK, Director, Public Defender Agency, Department of Administration; GREG WOLF, Director, Division of International

Trade and Marketing Development, Department of Community and Economic Development; NAN THOMPSON, Commissioner and Chair, Regulatory Commission of Alaska, Department of Community and Economic Development

SUMMARY INFORMATION

SB 73-SUPPLEMENTAL APPROPRIATIONS/AMEND APPROP.

The Committee heard from the Department of Health and Social Services and the Department of Revenue, the Department of Transportation and Public Facilities. The bill was held in Committee.

SB 74-FAST TRACK SUPPLEMENTAL APPROPRIATIONS

The Committee heard from the Office of Management and Budget, the Department of Corrections, the Alaska Court System, the Department of Administration, and the Department of Community and Economic Development. The bill was held in Committee.

#SB74

SENATE BILL NO. 74

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

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Department of Health and Social Services

Section 5 (a)

Department of Health and Social Services

Energy Assistance Program Budget Review Unit (BRU)

Additional federal funds for Low Income Heating and Energy Assistance (LIHEAP) grants.

\$3,351,300 federal funds

JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services, testified that these federal funds are a result three unbudgeted releases in December 2000. One release, she explained, came about after an increase in the block grant by the US Congress as a result of the Balanced Budget Act. She stated that the other two increases relate to contingency funds that were released to all 50 states due to the high costs of fuel.

Ms. Clarke remarked that the entire amount would be distributed as

grants to approximately 8,600 households and that all households that qualify under the low-income guidelines would receive these funds.

Section 5 (b)

Department of Health and Social Services

Medicaid BRU

Replace FY 01 funds, which had to be used in July to pay prior year Medicaid claims to assure continuous payment of claims in April.

\$8,970,100 federal funds

\$6,030,000 statutory designated program receipts

Ms. Clarke testified this request is for claims received in June 2000, which the department did not have sufficient authorization to pay. She noted that the item has been "pushed forward" into FY 01.

Co-Chair Donley asked if the department, "used 2001 funds to pay off 2000 debt."

Ms. Clarke explained that in the state's accounting system, the Medicaid program is operated on a "cash-basis". She elaborated that the department pays bills when they are received rather than the date of service. She stated that these bills were received in June 2000, and that because the department did not have adequate funds to pay them, the department delayed payment until July 2001.

Senator Leman wanted to know if any of the payments made were for services not authorized by the legislature within the last two years.

Ms Clarke assured that they were not. She stated that the services are all authorized under the Medicaid statute.

Senator Green asked if the supplemental request arose from an underestimate of the need for services, the number of patients served, or increased expenses.

Ms. Clark replied all were a factor and remarked that the department "severely underestimated" the amount of Medicaid claims in FY 00. She noted that although the legislature appropriated a supplemental request during the last legislative session, the cost of Medicaid services consistently rose above what the department predicted.

Senator Green commented that \$22 million was appropriated the previous session and, added to the \$15 million request before the Committee, the FY 00 underestimation totals \$37 million.

Ms. Clarke stressed that the original appropriation was based on the lowest possible caseload and expenditure scenario.

Senator Green wanted to know if the increases were a reflection in the number of people requiring services, if more services were being provided to a static number of patients, a matter of increased medical costs, or a combination.

Ms. Clarke replied that it is a combination of an increase in the number of patients being served and higher medical costs. She noted the increases in pharmaceutical costs plus the increased utilization of medical services.

Senator Green asked if a particular state or federal action accounted for the increase in the number of participants.

BOB LABBE, Director, Division of Medical Assistance, Department of Health and Social Services, explained that federal requirements play a part in the increase. He gave prescription drug mandates as an example where the state has little choices. He also noted the increasing costs of health care for the disabled along with the larger elderly caseload. However, he pointed out the legislative decision to expand coverage to more children under the KidCare program. He stated that medical costs are going up faster than anticipated and that the percentage increases are consistent across the nation.

Senator Green asked how much of the underestimation is attributed to KidCare costs.

Mr. Labbe responded it would take time to get that information.

Senator Green requested those figures.

Co-Chair Donley asked for an explanation of the \$6,030,000 statutory designated program receipts (SDPR). "Where did that number come from?" he asked.

Ms. Clarke offered a brief explanation of the Pro-share program.

Co-Chair Donley expressed that he was more interested in knowing why that dollar amount was requested.

Ms. Clarke responded that the \$15 million that the department could not pay in FY 01 is a combination of federal funds and state matching funds. She explained the \$6 million SDPR would be used as a state match to claim the \$8.9 million federal funds, which is a

60/40 percent ratio. She continued that the revenue, or the cash the department would receive for the SDPR, comes from the Pro-share program.

Co-Chair Donley again asked if the \$6 million figure is an estimate and if the state already has that amount in SDPRs.

Ms. Clarke referred to testimony given the previous legislative session where the department stated that the Pro-share receipts it could generate are governed by the "upper limit calculation." She reminded that if the department pays out \$18 million, \$10 million is returned which could be freed for state match purposes. She said the department calculated that upper limit in the spring of 2000 to be \$20 million. She relayed that over the previous summer, the federal government became interested in states' use of the Pro-share funds and considered shutting down the program. As a result, she stated that the department recalculated its upper limit as \$28 million in July 2000.

Ms. Clark spoke of the overlap between the state and federal fiscal years. She remarked that it is in the state's best interest to make an additional Pro-share payment to offset the increased upper limit calculation during the first quarter of the state's FY 01, which is the final quarter of the federal fiscal year.

Senator Wilken relayed that his office has been contacted several times with complaints that the Family Centered Services has been closed for the remainder of the fiscal year due to lack of funds. He asked if any of the supplemental appropriation would be used to reopen the center

Ms. Clarke replied that the facility was impacted by the department's action the previous summer to immediately pay all valid Medicaid claims. She admitted that there was a "gap in payment" to nonprofit agencies such as the Family Centered Services and as a result of cash-flow problems.

Senator Wilken wanted to know if the facility would be further affected before the end of FY 01.

Ms. Clarke stated that assistance, including technical training and support, has been given to the facility to ensure the Medicaid claims are correct so they could be paid promptly.

Mr. Labbe added that several meetings have been held and a plan was being devised to maintain the facility's viability. He warned that without adequate funding through the supplemental budget, there would continue to be cash-flow problem in the Medicaid program,

which impacts the provider community.

Senator Wilken then asked if the \$15 million requested in the governor's fast track supplemental budget is adequate funding to avoid future shut downs.

Mr. Labbe stated that the \$15 million request only addresses the Pro-share payment made in July 2000. He stressed that additional funds were requested in SB 73, the regular supplemental budget request.

Senator Green did not understand why this request needed to be included in the fast track supplemental.

Ms. Clarke responded that the department has a cash-flow problem with the Medicaid program because the department was making larger Pro-share payments than anticipated.

Senator Green referred to the method under which Pro-share operates and how the funds are reinvested, and asked if federal funds replace state funds.

Co-Chair Kelly explained, "We are matching federal money with federal money."

Senator Green then asked if there is a net use of state funds or if the federal funds were just shifted.

Ms. Clarke replied that the state funds are needed initially to make the first payment.

Senator Green wanted to know if the state really needed to expend funds.

Ms. Clarke answered the state had to make the up-front payment to a government operated hospital, which would retain ten-percent of that payment and return 90-percent to the state. She continued that the 90-percent could then be used as a state match to reimburse the initial payment, and therefore requiring no general funds.

Senator Green found it difficult to consider this fast track request, without also considering the regular supplemental request at the same time. She expressed that the state could not continue to pay for Medicaid in this manner. She was concerned about the impact in the future.

Ms. Clarke stressed that the department operates the program in accordance with all requirements and would continue to do so until

the rules change. She emphasized that eligible participants are entitled to services.

Senator Green asked if the guidelines were set in federal mandate or state statute.

Mr. Labbe replied that it is a combination of both and explained there are mandatory services and mandatory client groups under the federal Medicaid program and that there are also state options on services and groups.

Senator Green wanted to know if the state has cost-containment control only over the state-option portions of the program.

Mr. Labbe mentioned the options including reimbursement levels paid to providers.

Senator Green asked if the state or the federal government determines "how you get in the front door", or "who qualifies for what services".

Mr. Labbe responded that the state chose to participate in the Medicaid program several years after the federal system was established. As a result, he said, in order to participate, the state had to agree to cover certain people and to provide certain services. He noted that the state added additional services and groups of people who qualify for the program.

Senator Green then asked if the state has investigated cost containment options to possibly curtail this "upward spiral".

Mr. Labbe shared that the department has a "fairly aggressive" utilization management program and he detailed the provider reviews conducted and software packages utilized. He stressed that Alaska has one of the better systems in the country for editing incoming claims from providers. He qualified that there is a large caseload and general service costs. He spoke of the state statutes and regulations that govern reimbursement for hospitals and nursing homes. He opined that the state's reimbursement rates were "not unreasonable".

Co-Chair Kelly referenced action taken by the legislature and the department for FY 99 to refrain from funding abortions through the state. He asked if the funds in question were being used for that purpose.

Ms. Clarke responded that none of the funds contained in the fast track supplemental were intended for that purpose.

Co-Chair Kelly then asked if during the exchange of Pro-share funds with the federal government, the funds are always contained under the Hyde Amendment or whether at any time they could be used for public funding of abortion. He wanted to know, "does it ever change from federal money?"

Ms. Clarke did not know.

Co-Chair Kelly requested the witness provide an answer sometime during the legislative session.

Ms. Clarke delved into one reason this item was included in the fast track supplemental. She stated that the US Congress has taken steps to shut down the Pro-share program, and that the program is in a transition stage. She pointed out that the Health Care Financing Administration (HCFA) issued regulations in January 2001 that would severely curtail the Pro-share program. She shared that the Department of Law advises that if the additional Pro-share payment were made within 60 days, when the regulations become effective, the payment would fall under the upper limit contained in the current guidelines. If payment were delayed, she warned, the payment would be subject to the updated regulations and therefore only be eligible for \$20 million federal funds.

Department of Revenue

Section 9 (b)
Department of Revenue
Administration and Support BRU
Emergency replacement of air conditioner in computer room
\$31,500 general funds

MIKE MAHER, Director, Division of Administrative Services, Department of Revenue, testified that the current system is over 19 years old and has been experiencing malfunctions. He spoke of \$13,000 in repairs invested in the system and the \$3,000 to \$4,000 damage caused to computer systems as a result of overheating malfunctions. He shared that the servicing company has stressed that the unit has exceeded its usefulness. He listed the permanent fund program and the Tax Division as important programs that depend upon the system.

Co-Chair Donley asked if the department had existing funds that could be used for this purpose.

Mr. Maher responded that the department did not have dedicated funds and had planned to upgrade the system to try to extend its

life for a couple more years, before the recent troubles arose.

Senator Leman referred to mineral deposits found in the water flow system and wondered if that could be the cause of some of the malfunctions.

Mr. Maher was unsure whether the system had a water filter, but stated that part of the difficulties were with the water flow as well as the building's booster pump failures, which automatically cause the system to shut down.

Senator Leman asked if the corrosion of piping was a problem for the entire building or just this area.

Mr. Maher answered that it was affecting the entire building, which he stressed is over 30 years old.

Section 10 (a)

State Debt

Appropriate remaining balance of the general obligation bond redemption fund to the debt retirement fund
\$102,200 other funds (source not specified)

Section 10 (b)

State Debt

Additional appropriation needed to meet FY 01 debt service obligations.
\$639,800 general funds

DEVIN MITCHELL, Debt Manager, Treasury Division, Department of Revenue stressed the need to meet the state's obligations related to its Certificates of Participation in the School Debt Reimbursement program. He testified that the reason this item is included in the fast track supplemental request is because the payment is due before the regular supplement funding is appropriated. He warned that if the funds were not provided in a timely manner, the state would be unable to pay on its obligations.

Mr. Mitchell explained that because two different programs utilize the debt retirement fund, one being the School Debt Reimbursement program, which reimburses municipalities for their debt, the state has issued a large amount of debt in the past several years as a result of HB 281 and SB 11 from the twenty-first legislative session. He detailed that the Department of Education and Early Development must make an appropriation request based on an estimation of the required reimbursement based on the municipalities' estimates of their annual debt issuance. He stated

that the Department of Education and Early Development's estimate is \$4 million, but that part of the appropriation appears to have been accounted twice in the FY 01 budget. He stated that the department had been able to use funds carried forward from previous years to address this in the past, but that this would not be possible in the current year, due to the double accounting of the funds.

Department of Transportation and Public Facilities

Section 11 (4)
Department of Transportation and Public Facilities
Northern Region Facilities BRU
Deadhorse Combined Facilities project funded from the
Federal Aviation Administration lease
\$53,600 federal funds

KURT PARKAN, Deputy Commissioner, Department of Transportation and Public Facilities, testified that the department anticipated the Federal Aviation Administration (FAA) funds for the joint use of the Deadhorse facility for the FAA flight service station. He stated that the department has a Memorandum of Understanding with the FAA regarding the 35-year lease of a portion of the state-owned facility. He added that the FAA pays the maintenance costs of that building, which is the reason for this appropriation.

Section 11 (3)
Department of Transportation and Public Facilities
Capital BRU
DeLong Mountain airport access study
\$281,900 federal funds

Mr. Parkan detailed the "earmarked" project from the Alaska Congressional delegation, which is located on the Chukchi Sea near Kotzebue and serves as the port for the Red Dog Mine. He spoke of the difficult access to the mine, noting that the funds would be used to study the feasibility of constructing an airstrip to provide access to the mine and surrounding communities. He stressed the need for the fast track approval due to the impending lapse of the grant.

Senator Austerman noted the \$9.4 million construction estimate and wanted assurance that there is no match requirement from the state.

Mr. Parkan affirmed that there is no state funding requirement and listed other projects that also qualified. He stressed that the department would not conduct the study but rather funnel the funds to the Alaska Industrial Development and Export Authority (AIDEA).

Senator Wilken wanted to know if the constructed airport would be restricted to certain users.

Mr. Parkan did not know specifically, but noted that facilities built with federal funds are required to be publicly accessible.

Senator Wilken understood that the Delong Mountain Road is not accessible for all users and requested the witness investigate the matter.

Mr. Parkan agreed to do so.

Senator Wilken then asked who would maintain and operate the facility once it was constructed.

Mr. Parkan responded that AIDEA is taking full responsibility and would contract for that service.

Senator Wilken asked if the Red Dog Mine/Cominco would be responsible.

Mr. Parkan stated he would ask about the relationship between AIDEA and Cominco and whether the corporation would provide some reimbursement.

Senator Wilken requested answers to these questions.

Senator Hoffman asked if this project were approved, would it affect other airport projects contained in the six-year plan?

Mr. Parkan answered that it would not.

Section 11 (1)
Department of Transportation and Public Facilities
Capital BRU
Fairbanks International Airport equipment storage maintenance
facility to be funded with Passenger Facility Charges
\$905,000 International Airports Revenue Fund

and

Section 11 (2)
Department of Transportation and Public Facilities
Capital BRU
Fairbanks International Airport safety and maintenance
equipment to be funded with Passenger Facility Charges
\$1,065,000 International Airports Revenue Fund

Mr. Parkan explained that the state's international airports had begun to charge Passenger Facility Charges (PFC) maintenance fees to passengers after receiving approval from the FAA in October 1999. He shared that the department submitted a request to exempt those travelers residing in communities not connected by a road system and the subsequent decision to delay collection of the fees until this exemption was enacted. He detailed the process of gaining approval, which was received in April 2000.

Mr. Parkan then addressed the need for the fast track approval caused by the FAA requirement that the state must expend funds within two years of the initial approval date of October 1999. He noted that the department must have a contract in place, and the equipment purchased before the deadline. He continued that a second reason for fast tracking the funds is to capture part of the summer 2001 construction season and build an enclosed building before winter with final work completed during the winter of 2001. He said that if the project were delayed a year, the cost of the project would rise due to inflation.

Section 11 (5)
Department of Transportation and Public Facilities
Capital BRU
Copper River Highway work done under the Consent Agreement
\$400,000 general funds

Mr. Parkan explained this is the final piece of the consent decree of the lawsuit pertaining to construction along the highway and that it would settle the lawsuit and allow construction projects to continue. He warned that if this payment were not made, the matter would return to court and all previous progress would be lost.

Senator Hoffman wanted to know the cost of not making this payment.

Mr. Parkan could not anticipate the amount, but noted that the department's attorney's fees are "extraordinary" even when not involved in a lawsuit.

Senator Hoffman wanted information from the Department of Law regarding the consequences if the case were to continue.

Senator Green assumed that some of the Copper River Highway projects included in the supplemental budget could have been anticipated and therefore spared from the supplemental or fast tracked budgets.

Mr. Parkan replied that discussions with the US Corps of Engineers

occurred in the fall of 2000 and that the funds should be appropriated to capture the summer construction season.

Co-Chair Donley commented, "We're finally trying to build a road somewhere and this is what happens."

SFC 01 # 19, Side B 07:48 PM

#SB 73

SENATE BILL NO. 73

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

Department of Corrections

Section 3

Department of Corrections

Correctional Industries Production Cost BRU

Increase for materials used in the Correctional Industries programs

\$650,000 Correctional Industries fund

DWAYNE PEEPLES, Director, Division of Administrative Services, Department of Corrections noted that this item is also included as an increment the governor's proposed FY 02 operating budget. Mr. Peoples detailed the funds would be used for selling meat products in the Mt. McKinley Meat Plant, flat goods production in the Hiland Mountain Woman's Facility, and for increased furniture production at the Wildwood and Spring Creek Correctional Centers.

Alaska Court System

Section 4

Alaska Court System

Judicial Conduct BRU

Legal fees for formal disciplinary hearing

\$41,900

CHRIS CHRISTENSEN, Staff Counsel, Office of the Administrative Director, Alaska Court System, stated that he did not represent the Judicial Conduct Commission.

ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor, explained that the Commission held a disciplinary hearing for a judge and that this supplemental request

is to pay the Commission's legal expenses associated with the hearing.

Department of Administration

Section 1(a)
Department of Administration
Leasing BRU
Shortfall in amount funded for leases with the private sector
\$1,678,700 general funds

DAN SPENCER, Director, Division of Administrative Services, Department of Administration, stressed this request would be approximately \$2 million less than any year since FY 88. He reminded how the legislature has consistently appropriated less than the projected costs for leasing expenses with the understanding that savings would be sought.

[Note: teleconference connection extremely poor. Most of the testimony is inaudible.]

Section 1(b)
Department of Administration
Office of Public Advocacy BRU
Shortfall in current year funding exacerbated by increased costs, especially for Child in Need of Aid and guardian ad litem cases
\$1,791,000 general funds

BRANT MCGEE, Public Advocate, Office of Public Advocacy, Department of Administration, testified via teleconference from Anchorage that for the 16 of the past 17 years, a supplemental appropriation has been necessary due to the inability to precisely predict the number of cases the Office would receive each year. He stated that this request would fund operations for the remainder of the fiscal year.

MR. McGee explained that the caseload increased 28.8 percent from FY 00. He remarked that this increase is primarily a result of the balloon project to move children through the state custody system and into permanent placement. The OPA's statutory obligation in this process, he continued, is to provide a guardian ad litem to the children involved and council to many of the parent's involved, particularly when the custody rights of one parent are challenged, but that the other parent's are not necessarily in question. He elaborated that this occurs with some cases of abuse inflicted by one parent, because the other parent is entitled to OPA assistance.

Mr. McGee noted that these cases are primarily civil matters as

well as are Child in Need of Aid cases. He detailed the subsidy costs as well as the percentage of full attorney fees paid by the OPA. He noted that the OPA contracts pay between \$65 and \$80 per hour. He stressed that the sole advantage of the OPA in the marketplace is its practice of paying in a timely manner on a 30-day cycle.

Section 1 (c)
Department of Administration
Office of Public Advocacy BRU
Replenish current year funding used to pay remaining FY 00 costs
\$77,400 general funds

Mr. McGee testified that this request is to cover payment of services provided in FY 00, but not invoiced until FY 01.

Senator Green relayed discussions in a recent meeting with the Department of Health and Social Services regarding the balloon project and asked if the OPA has received funding from the Department of Health and Social Services to cover costs related to the project.

Mr. McGee affirmed.

Senator Green asked if this supplemental request is for expenses in addition to those the Department of Health and Social Services funds cover.

Mr. McGee 's referred to cost overruns.

Senator Green asked if the balloon project payments to the OPA appear in the regular budget.

Mr. McGee affirmed.

Co-Chair Donley inquired about the 28 percent increase in caseload.

Mr. McGee clarified that in addition to an increased caseload, some cases were lasting longer than anticipated.

Co-Chair Donley asked why the cases were taking longer to resolve.

Mr. McGee replied there is no proof, but anecdotal evidence indicates that Child in Need of Aid cases are more vigorously litigated, and therefore require more guardian ad litem time. He explained that the Balloon project cases involve the termination of custody and because of this are seriously litigated.

Mr. McGee expounded on the reason for the lengthier cases due to provisions contained in HB 375, passed by the previous legislature that impose strict time limits for obtaining permanent placement for the children in question. He stated that the OPA had predicted that the caseloads could be handled within the shorter timeframes because the amount of work would not increase significantly. However, he said the shorter timeframes increased the likelihood of litigation. He opined that the parents were more likely to challenge the termination of custody, when actually faced with losing their children.

Senator Green commented that the intent of the Balloon project was to eliminate the back log of cases, process the cases more quickly and eventually reduce the number of cases; knowing that there would always be some incoming cases. She wanted to know if a decrease in the number of cases could be expected.

Mr. McGee agreed it could and noted that the Balloon project has been successful and the backlog has been significantly decreased. He detailed the office is on the third set of cases, but that these would have a higher cost to resolve. He added that this program includes the Department of Law, Department of Health and Social Services, the OPA, the Public Defender Agency and the Alaska Court System.

Senator Green wanted to know if, because the backlog is now eliminated and the OPA is only handling the new cases, would there be an advantage to reconsidering the provisions of HB 375.

Mr. McGee clarified that the backlog has been reduced but not eliminated and that he thought the timeline should actually be shorter. He qualified that no one has agreed with him on that point. He predicted that if the adjudication time were closer to 30 days, there might a decrease in litigation over time. He also noted that with the Balloon project as well as in other cases, the OPA not only provides a guardian ad litem, but also is responsible for paying contractors to represent one or both parents in those cases. He stated that it is more common that the OPA provides council for one parent, but that it does occasionally provide for two.

Co-Chair Donley asked the percentage of the attorneys in these cases are not paid by the state.

Mr. McGee replied that there are not very many cases. He spoke of a recent case that involved a private attorney representing the adoptive family.

Co-Chair Donley wanted to know the "standard" and asked if there is an economic standard that determines with the OPA does not get involved.

Mr. McGee replied that the court makes such a determination subject to the same indingency standards that apply to qualification for a public defender in criminal cases. He noted that the Child in Need of Aid cases involve an "overwhelming majority" of poor people.

Co-Chair Donley asked the success ratio of cases with the state's involvement.

Mr. McGee answered, "It depends on how you measure success." He elaborated that in some instances, the parents involved are able to correct the behavior that precipitated the custodial challenge.

Co-Chair Donley asked if the OPA was pursuing more of these cases then necessary. He again asked the witness what he considered an appropriate success ratio.

Mr. McGee phrased, "how many of these cases does the court find that the same justice to be to take custody of the child, is unjustified." He answered there are very few such cases. Typically, he added that those cases are resolved at the probable cause phase where the judge determines the family was improperly interfered with.

Section 1 (d)
Department of Administration
Public Defender BRU
Provide remaining funds needed for basic operations in current
year
\$380,300 general funds

BARBARA BRINK, Director, Public Defender Agency (PDA), Department of Administration, testified via teleconference from Anchorage explaining the reason for the request is due to an increased caseload and an increased workload. She stated that in the previous year, the agency handled over 19,200 new cases in addition to approximately 6,000 pending cases. She cautioned that half-year projections indicate a continued caseload growth.

Ms. Brink stressed that the types of cases that are increasing are the most time consuming and resource intensive cases usually requiring extensive litigation and forensic work. These, she noted, include Child in Need of Aid cases. She informed the Committee that the PDA represents parents in situations where the Division of Family and Youth Services removes a child from the home. She cited

the Alaska Court System 2000 Annual Report as showing a six percent increase of these cases in Anchorage, 17 percent increase in Bethel and 47 percent increase in Ketchikan. She stated that serious consequences, such as the loss of a child, and shorter time frames due to new legislation, appear to have increased litigation in these cases.

Ms. Brink continued that serious felony cases have increased as well. She again cited data from the Alaska Court System report: cases in Anchorage have increased nine percent, Palmer has increased 12 percent and Bethel has increased 36 percent. She pointed out that because of the serious consequences in these cases, such as mandatory imprisonment, these cases are less likely to settle without litigation.

Ms. Brink emphasized that the PDA cannot control caseload increases or workload increases. She explained the process where the Alaska Court System makes an indigency determination, stressing that the PDA cannot decline a case. Rather, she said, the US and Alaska Constitutions, statutes and Rules of Professional Responsibility require work be done to satisfy providing the effective assistance of counsel.

Ms. Brink detailed the increasing contractual costs as follows.

- Discovery: the costs of police reports and other evidence from the Department of Law
- Travel: 13 offices cover 45 additional remote courts sites for regular court sessions with few competitive travel providers
- Interpreters/Forensic Experts
- Telecommunications:
 - Many clients are incarcerated hundreds of miles from their lawyer (e.g. Anchorage-Palmer, Kenai, Seward; Barrow-Fairbanks)
 - The Department of Corrections Evercom entails expensive long-distance charges for basic attorney client consultation

Ms. Brink pointed out that none of the funds in the supplemental request address the serious deficiencies noted in the Division of Legislative Budget and Audit report issued the previous year identifying inadequate staffing, uncompensated overtime, support staff ratio and lack of technology. She spoke of the maintained vacancies in Anchorage, Palmer, Barrow, Kotzebue and Ketchikan. She cautioned that the PDA could not continue this practice for much longer. She noted that each lawyer is currently responsible for 80-

150 clients at any given time, many with immediate court hearings and other pressing needs.

Section 1 (e)
Department of Administration
Longevity Bonus BRU
Current estimate of amount needed to fully fund Longevity
Bonus formula program
\$1,100,000 general funds

Mr. Spencer noted that the language detailing this item is different than previous longevity bonus related language. He stated that this request appropriates from the general fund, the amount necessary to fund the Longevity Bonus Grants program, however much that may be. He reminded that in the previous year, a projected amount was calculated, but was then amended several times. He explained that the legislature, over the past several years, has under-funded the grants appropriation for this item in the initial budget. As grant payments are made, he said, the department then revises the forecast based on the last check run to calculate the amount needed through the end of the fiscal year. He gave examples of how the estimated need of \$1.1 million made in December 2000 has changed after the last check run and is currently \$1.3 million.

Mr. Spencer stated that the department could not anticipate how many checks would be written in any given month. He stressed the inability to predict what participants would travel out of the state and for how long. He assured that the department would continue to provide monthly forecasts to the legislature. He warned that if this item were not appropriated, the department would not be able to provide the last payment to the program's participants.

Senator Green asked about "pro-ration" language and asked what would be necessary to implement such a system.

Co-Chair Donley explained that statutory changes that provided a pro-ration formula for the Longevity Bonus Program would be required.

Section 1 (f) and (g)
Department of Administration
Pioneer Homes BRU
Complete the Anchorage Pioneer Home emergency heating and
ventilation system repairs, including replacing the unrealized
program receipts previously appropriated.
\$1,000,000 general funds
(\$595,000) Receipt Support Services

Mr. Spencer reminded the Committee of the previous legislature's appropriation of \$250,000 Alaska Housing Finance Corporation (AHFC) receipts, and up to \$880,000 pioneer home receipts, to upgrade the ventilation and humidification systems at the Anchorage Pioneers Home. He stressed that the existing system is in poor condition with temperatures reaching 100-degrees in the bathing areas that serve a clientele with an average age of 87 years old. He noted that the original request was for \$1.4 million, and that the \$880,000 appropriation was based on a projection of the collected pioneer home receipts without spending authority, made at the time the budget was passed. This projection, he elaborated, was made in April 2000 and calculated an over-collection in FY 00 of \$440,000. In fact, he shared, \$285,000 was over-collected. He continued that the appropriation was for two years and used the \$440,000 assumption for the second year as well.

Mr. Spencer summarized that the (f) supplemental budget request would fully fund the first phase using the existing \$250,000 AHFC receipts plus the \$285,000 pioneers home receipts and an additional \$1 million general fund. He stated that completion of phase one of the project would alleviate the more urgent problems.

Mr. Spencer then addressed the companion supplemental request, (g), explaining this item adjusts fund receipts in another portion of the operating budget. He said that in addition to allowing the project to proceed, this item would reduce the amount of program receipt authority in the case of excess program receipts, those funds would lapse to the general fund to offset the \$1 million general fund contribution to this project. He stated that the intent is that to the maximum extent possible ensure that pioneer home receipts pay for this project.

Section 1 (h)

Department of Administration

Retirement and Benefits BRU

Trial preparation for retired employees' lawsuit concerning changes in group health benefits.

\$87,000 Benefit Systems Receipts

ALISON ELGEE, Deputy Commissioner, Department of Administration, testified that these funds would come from the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS) to assist the department in preparations for a trial set for September 2001. She reminded the Committee of a decision made two years prior by the Retirement Board following a review of the health benefits in an attempt to update medical coverage for retirees. She shared that the board compiled a benefit plan that was "cost neutral" and would not increase costs. She stated that three groups representing

the covered retirees filed suit against the state contending that the change is a diminishment of benefits. She noted that the funds would be used to cover actuarial costs, and other expenses necessary for trial preparation.

Section (i)
Department of Administration
Senior Services BRU
Fully fund current projections for the senior General Relief Grants
\$150,000 general funds

Ms. Elgee explained that this request funds the costs of protective services for vulnerable adults and represents payments to assisted living facilities. She noted that the payments cover the costs of participants of the adult protection system administered by the Division of Senior Services. She referred to the fiscal note for SB 73 from the Twenty-first Legislature that increased funding for assisted living homes. However, she said the program's growth was underestimated by approximately 20 participants.

[Note: Section 1 (j) contains two items listed separately in the explanatory spreadsheet provided by the Office of Management and Budget. Copy of spreadsheet on file.]

Section 1 (j)
Department of Administration
Senior Services BRU
Additional federal funds to expand Family Caregivers Grants.
\$564,000 federal funds

Ms. Elgee explained this request reflects the federal government's reauthorization of the Older Americans Act, which includes funding for a new program called the Family Caregivers Act. She noted that the funds in this item are in addition to on-going federal funding for this program and are directed specifically for services to support family caregivers, such as respite care.

Ms. Elgee qualified that because the program is in its early stages, the federal government has not completed regulations and guidelines. However, she stressed, the funds have been appropriated effective October 1, 2000, and the department hoped to issue grants in 2001. She noted there would be a corresponding budget amendment to the governor's proposed FY 02 operating budget to reflect this on-going program funded by the federal government.

Section 1 (j)
Department of Administration

Senior Services BRU

Robert Wood Johnson Foundation grant to work with community partners in rural Alaska to develop affordable assisted living for seniors.

\$50,000 Statutory Designated Program Receipts

Ms. Elgee shared that this item reflects the recent award notification of a Robert Wood Johnson Foundation grant. She stated this would fund a three-year program to allow the department to expand efforts to develop assisted living and other long-term care services throughout rural Alaska.

Co-Chair Donley asked how the \$50,000 would be used.

Ms. Elgee replied that a second long-term, non-permanent position would be added to the Rural Long Term Care Project, which is currently funded by the Mental Health Trust Authority (MHTA). She spoke to the tremendous amount of travel and community contact required by the existing staff to determine an appropriate program for the particular communities involved. She continued that the staff provides assistance to communities by helping them obtain financing from AHFC. She stated that the goal is to "bring services closer to the people where it is both cheaper to provide them and much more satisfactory to the participants."

Co-Chair Donley asked if the funds would be used to develop another program.

Ms. Elgee explained that the total grant award is \$350,000 and \$50,000 would be used this year. She assured that the program would cease after three years and the efforts would supplement existing efforts. She elaborated that the department applied for this grant to expand on-going efforts currently funded by the MHTA to bring rural long-term care delivery to rural communities.

Ms. Elgee noted the various grant programs operated by the AHFC, assisted living facilities being one of them. The grants provide low-income loans in the form of mortgages, or refinancing to private individuals to operate assisted living homes. She stated that this program is to work with communities to assess what is most appropriate and to help interested individuals in those communities obtain funding for the services best suited for them. She stressed that the financing packages already exist and that this program assists individuals to obtain that funding. She talked of a new assisted living facility in Dillingham that operates using no state funding except for possible participation in the state's waiver program. She remarked, "To the degree that we can provide this opportunity in rural Alaska, it prevents those people, when

they need long-term care services, from having to relocate into one of our urban centers and end up in a nursing home bed, which is way more expensive and much less desirable on their part."

Senator Hoffman told of residents in his district and their desire to remain in their community and out of nursing homes.

Senator Green knew of two or three senior-service oriented groups, one being the Older Persons Action Group, that visit pioneers homes and wondered if there was an overlap between this function and those groups. She said these organizations visit senior groups to learn what services are available in the community.

Ms. Elgee explained the federal charge of the Alaska Commission on Aging to serve as the advisory board and to make grants for nutrition, transportation and support services, to make requests to the MHTA for funds for the development of long-term care services and to represent people with Alzheimer and dementia. She noted that this board is a part of the Division of Senior Services and therefore has oversight for this project among other programs.

Senator Green asked if the project could result in expanded Medicaid waiver costs to the state.

Ms. Elgee responded that the Medicaid waiver program has expanded and would continue to expand as community resources become more available. However, she stressed that this is a "cost avoidance situation" because no one is admitted to the waiver program unless also eligible for nursing home services by meeting financial eligibility and medical need criteria. Therefore, she stated that to the degree that the state is providing service in a waiver environment, this program provides the care at a significantly lower cost.

Section 1 (k)

Department of Administration

Motor Vehicles BRU

Replace boating registration receipts shortfall during startup of program and renew Polaroid contract for drivers license photos due to lack of response to digital photo Request For Proposals.

\$287,200 general funds

Mr. Spencer explained the two elements of the request. He stated that \$68,000 of the funds would be used to offset the increased costs of the Polaroid contract for driver's license photos. He noted the extended contract is necessary to continue operations until the Division of Motor Vehicles can install a digital driver's

licensing system. He spoke of the unsuccessful efforts of obtaining a contract for a digital system.

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Mr. Spencer then detailed the other portion of the request for the boating registration program. He reminded the Committee of HB 108, passed the previous session that established the boating safety program and instituted a registration requirement for all unpowered vessels over ten feet in length.

Mr. Spencer stated that the fund source of the attached \$411,000 fiscal note was changed from general fund program receipts to boat registration receipts, a non-general fund source. While over the long-term, he said, this change is beneficial, the program was short-funded in the first year due to start-up costs and the inability to utilize other general fund program receipts. He explained that the projections for the fiscal note were based on the US Coast Guard (USCG) database of powered boats and estimates of the number of unpowered boats. He qualified that the number of canoes and kayaks, etc. that would be registered in the remainder of the fiscal year is unknown. However, he stated that all would not be registered. Therefore, he said, this request is based on estimated receipts of \$192,000 and the additional \$219,000 necessary to run the program in the first fiscal year.

Mr. Spencer shared that the program has already incurred over \$180,000 in start-up costs, which includes upgrading the USCG database and hiring of additional staff to cover registration activities.

Co-Chair Donley wanted to know what would happen the next year.

Mr. Spencer predicted it would be a self-supported program, but reiterated there is no figure for the number of unpowered vessels and related registration revenue. He noted that calculating revenue for most powered vessel registration would be easy since these boat owners are used to registering these vessels. He added that powered vessels operating on non-navigable waters were not required to be registered under USCG regulations, but are required under the state program.

Senator Wilken commented that HB 108 was a difficult bill and that some legislators voted for it only because of the assurance there would be no general fund requirement. He hoped the department could find another way to fund the start-up costs due to the promises

made. He suggested not funding this request and shutting down the program.

Senator Hoffman pointed out that the last minute fund source changes were made not at the fault of the department.

Co-Chair Donley surmised that the department had wanted to use motor vehicle receipts for this boating program. He remarked, "once again, people who are paying the motor vehicle receipts are subsidizing other people around the state."

Mr. Spencer clarified that the last minute changes were not challenged but that the department was unable to explain the implications. He affirmed that the original intent was to utilize motor vehicle and other division receipts to fund the start-up costs of the program. He stated that the program is "melded" into the division's operations and it is difficult to separate all operating costs. As an example, he pointed out that the same staff processes all mailed in registrations, whether for automobiles or boats.

Co-Chair Donley rebutted that while the same staff may be processing the registrations, the boating program serves different people. He noted that some areas of the state are exempt from paying motor vehicle registrations.

Section 9 (a) and (b)

Various Agencies

Increased Fuel Costs BRU

Increased fuel costs in various agencies for heating, vehicles, aircraft, ferries, etc. due to higher oil and gas prices.

\$2,123,000 general funds

457,600 International Airport Revenue Fund

Mr. Spencer stated that this item pertains to the Department of Administration with regard to the increased fuel costs to operate the Pioneers Homes. He admitted the winter weather has been mild, but emphasized fuel prices have been higher.

Section 18

Various Agencies

Miscellaneous Claims and Stale-dated Warrants BRU

Stale-dated warrants and miscellaneous claims.

\$85,500 general funds

141,100 federal funds

Mr. Spencer noted the stale-dated warrants item appears every year

in the supplemental budget to cover lost or stashed checks that are over two years old. He reminded that by statute, the department could not pay these warrants without separate appropriation. He explained the miscellaneous claims represents invoices received after a fiscal year is over and, for various reasons, could not be paid from the current year's appropriation. As an example, he gave programs that have no lapsed funds.

Senator Hoffman asked if other states refuse to pay warrants older than two years.

Mr. Spencer answered that he would check.

Senator Green asked how many departments had these claims.

Mr. Spencer responded that all departments have miscellaneous claims, but that only the Department of Administration has stale-dated warrants.

Section 19 (a)(1)
Department of Administration
Older Alaskans Commission BRU
AR3530-90 Older Alaskan Commission
\$683.00 general funds

Mr. Spencer explained this ratification item as a "clean up of the accounting system." He detailed that a reimbursable services agreement (RSA) was established in FY90 and the funds were expended for personal services. He continued saying that "there are frequently timing issues between when revenues comes in and when the costs have been expended." He stated that this is a case where the RSA was set up on the expectation of federal receipts, which never materialized.

Department of Community and Economic Development

Section 2 (a)
Department of Community and Economic Development
International Trade and Marketing BRU
International Trade seed potato storage facility feasibility study.
\$16,000 federal funds

TOM LAWSON, Director, Division of Administrative Services, Department of Community and Economic Development testified to this US Department of Agriculture (USDA) grant for an Alaska Seed Potato Storage Facility Feasibility Study. He stated the intent is to conduct the study in the upcoming spring with completion early in

the summer. He explained the purpose is to review the market demand in Taiwan and China for these items, to research Alaska's production capability and the interest in growing this type of crop, and to assess the storage facility needs.

Co-Chair Donley wanted to know the amount of general funds that were included in the FY 01 capital budget for the seed potato project. He commented that inclusion of this item was the reason he voted against the House of Representative's version of the FY 01 capital budget.

Mr. Lawson replied \$120,000 was appropriated in the form of a grant.

Senator Green remarked, "Too much."

GREG WOLF, Director, Division of International Trade and Marketing Development, Department of Community and Economic Development, testified via teleconference from Anchorage to the three components of the study. He stressed that Alaska has the ability to produce virus-free, pest-free seed potatoes, and is the only state allowed to ship seed potatoes to Taiwan. He added that representatives from the Peoples Republic of China have traveled to Alaska and that Alaska may become the first state permitted to ship seed potatoes to China.

Mr. Wolf then addressed the second component of the study: to assess Alaska's capability to meet that demand. This, he said, entails reviewing current and potential acreage available for production.

Mr. Wolf spoke of a task force formed in November 1998 to address the storage issue of these seed potatoes. He stated that the task force reviewed progress for seed potato exports, noting the successful efforts to date. He noted another charge of the task force is to identify obstacles to this program. Among the four or five obstacles identified, he shared; one was the lack of storage. He summarized that this study would determine what type of storage, and location of such storage, would be necessary.

Co-Chair Donley wanted to know if the study could be completed with \$16,000.

Senator Green asked if the division would perform the study or contract out.

Mr. Wolf replied that the division is preparing a request for proposal (RFP). He stated the intention to match this appropriation

with \$15,000 of existing division funds, \$5000 of which would actually be in-kind staff support services. He calculated the total cost of the study to cost \$30,000 to \$35,000.

Senator Green wanted to know the number of interested bidders.

Mr. Wolf anticipated there would be some interest once the RFP is issued. He presumed that there would be sufficient interest considering the amount of the contract.

Senator Green suggested that instead of conducting this study, the division contact the USDA and the Plant Materials Center, which already has much of this information.

Mr. Wolf responded that while some of the information may be readily available, other data needed in the study, such as the demand-side aspects, are not known.

Senator Green agreed that the witness could be correct regarding the lack of information regarding adequate storage facilities. However, she again stressed that most of the information could be obtained from the USDA.

Senator Wilken asked who would build and operate the seed storage facility, if the need for one were identified.

Mr. Wolf hoped the study would identify this.

Senator Wilken asked if the witness envisioned that the state would own and operate the facility.

Mr. Wolf responded that he was not specifically proposing a state operated facility and did not know whether it would be appropriate.

Senator Wilken next referred to the FY01 funding request for the seed data project. He stated that he had asked for an income statement showing where the previously appropriated money had gone and where the requested funds would be spent in the current year. He assumed the FY 02 budget contains a request for this project as well and he asserted that before he would vote for the funding, he wanted that information. He also wanted to know the state's return on investment.

Mr. Wolf replied he would request that information, and noted the University of Alaska is the main recipient of the grant.

Senator Leman noted that funding for virus free seed potatoes has been provided for at least ten years and asked that the information

Senator Wilken requested reflect this time period. He then asked if the division would have the consultant assess the commitment of Taiwan and China to honor their financial obligations. He referenced the new Taiwanese government that chose to not honor its commitment to the seafood processing facility in Anchorage.

Mr. Wolf did not know that ascertaining the credit worthiness of countries was appropriate. He stated that the division always advises companies to exercise good judgment when entering into contracts.

Senator Lemman agreed, but stressed that the seafood facility involves the government of Taiwan and not a private business.

Mr. Wolf assured that the buyers of seed potatoes would be private businesses rather than the government.

Senator Green advised that this item has been considered agriculture revolving loan funds rather than general funds, a practice she has disagreed with.

Section 2 (b)
Department of Community and Economic Development
Regulatory Commission of Alaska BRU
Unanticipated increases in costs for personnel, office move
and management information system.
\$144,800 Regulatory Commission Receipts

Mr. Lawson explained this authorization request to cover relocation of the office, increased lease costs, increased pipeline-related workloads, unexpected management information system costs, and costs for hiring new staff.

Co-Chair Donley wanted to know if there would be an increase in the existing fee structure.

NAN THOMPSON, Commissioner and Chair, Regulatory Commission of Alaska, Department of Community and Economic Development, testified via teleconference from Anchorage that the funds would be recovered through regulatory commission receipts, not through general funds. She assured that even with the increase, the division would still meet the statutory cap.

Co-Chair Donley asked the amount of the increase in the fee structure.

Ms. Thompson replied that it would be nominal and that the ordinary consumer wouldn't notice.

Section 12 (a)
Department of Community and Economic Development
Community and Business Development BRU
Lapse extension to June 30, 2004 of National Petroleum
Reserve-Alaska grant appropriation in sec. 63, ch. 2, FSSLA
1999.
No dollar amount

Section 12 (b)
Department of Community and Economic Development
Capital BRU
Appropriate grants from National Petroleum Reserve-Alaska
receipts.
\$1,728,000 federal funds

Mr. Lawson reminded the Committee that in 1999 the legislature appropriated National Petroleum Reserve-Alaska (NPRA) funds, through the NPRA Impact Grant Fund program to address the impacts of oil and gas exploration and development in communities near the reserve. He stated that the funds were providing in the operating budget and the supplemental request converts the funds to capital funds and inserts a lapse date of June 30, 2004. He explained that the grants offered, are mostly construction-type grants.

Co-Chair Donley asked if the amount reflected in the request is the amount that would lapse.

Mr. Lawson answered the amount reflects the NPRA funds the state would receive in the current year and in FY 01.

Co-Chair Donley asked who decides what projects the grants fund would and which communities receive them. He asserted that the funds were to help cover the \$8 million shortfall in the power cost equalization (PCE) program.

Mr. Lawson agreed that "a fairly large amount of money" was appropriated to PCE. However, he noted that federal and state laws dictated that funds must first be spent for impact grants.

Senator Wilken, referring to grant applications, asked for an explanation of what a wooden deck ball court has to do with oil exploration. He remembered, during his first year as a member of the Committee, a promise that this fund source would be used to help PCE. He stated that the promise had been forgotten and recommended returning to the intent of that promise. He stressed that he would support these projects if he felt they were actually linked to NPRA. He gave as an example, the City of Nuiqsut, which

is hundreds of miles from NPRA.

Senator Leman commented that Mr. Lawson was right, but that Senator Wilken and Co-Chair Donley were also correct. He recalled Senator Adams' promise on behalf of the communities he represented, that they would make a good faith effort not to consume all of the funds on grant projects so funds would be available for PCE. Unfortunately, Senator Leman opined, not all communities were following through.

Senator Hoffman had the same recollection. He expanded that these communities all had "first call" on the funds and any unutilized funds could be used for other purposes. He addressed Senator Wilken's comment regarding the location of Nuiqsut, pointing out that the eligible communities are listed in federal law. Senator Hoffman did not know the authority of "what those dollars could be spent on."

Senator Green asked if the 1999 projects were authorized prior to the conversations about using these funds to assist PCE.

Ms. McConnell responded that the original list of grant requests far exceeded what was available under the NPRA grant. She affirmed that Senator Adams worked with communities to reduce their requests to make funds available for PCE, which occurred.

Ms. McConnell pointed out that statutes governing the approval of projects provide for not only the environmental impacts, but also social, economic and cultural impacts of oil exploration and development. This is the reason for such projects as Senator Wilken mentioned, she stated. She stressed that all the projects met the statutory requirements.

Ms. McConnell spoke to the conversion from operating funds to capital grant funds, as an oversight, emphasizing that the projects are "clearly capital projects."

Senator Wilken asked if the statutes the witness referred to were state or federal.

Ms. McConnell answered these are state statutes, and was unsure if the federal guidelines are statutory or regulatory.

Senator Wilken remembered that the issue was addressed two years prior, when the funds first became available, rather than one year ago. He suggested reviewing and possibly amending the state statute.

Ms. McConnell stressed that there were funds that were appropriated to PCE in cooperation with the communities. Therefore, she surmised that the commitment was kept.

Co-Chair Donley countered that the PCE program still has an \$8 million shortage in the current year.

Ms. McConnell clarified that the shortage is not in the current fiscal year. She explained that the full effects of the endowment would not have begun by FY 02, when it was estimated that the state would need to provide \$1.8 million annually. As a result, she continued, the state would have to provide greater support before the effects of the endowment would be realized. She noted that this information was provided to the Committee in the previous session, and that she would redistribute those spreadsheets.

Senator Wilken wanted a list of those communities that received grants and the projects the grants funded. He noted that in the previous year, a certain amount of funds were available but that there were five times as many requests as available funds. He was interested in knowing which communities forewent their requested projects.

Senator Hoffman relayed discussions held during US Senator Ted Stevens' last visit. Senator Hoffman recalled there was House of Representatives' legislation to use substantially more NPRA grant funds for PCE. Senator Stevens had argued that such use of the funds went against the original intent of the grants, according to Senator Hoffman.

Ms. McConnell understood the same.

Senator Austerman requested that the PCE information be supplied to all Committee members.

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ADJOURNMENT

Co-Chair Dave Donley adjourned the meeting at 09:16 PM.