

MINUTES
SENATE FINANCE COMMITTEE
April 03, 2001
9:20 AM

TAPES

SFC-01 # 65, Side A
SFC 01 # 65, Side B
SFC 01 # 66, Side A
SFC 01 # 66, Side B
SFC 01 # 67, Side A
SFC 01 # 67, Side B

CALL TO ORDER

Co-Chair Dave Donley convened the meeting at approximately 9:20 AM.

PRESENT

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

Also Attending: NICO BUS, Administrative Services Manager, Division of Support Services, Department of Natural Resources; WENDY REDMOND, Vice President, University Relations, University of Alaska; ANNALIE MCCONNELL, Director, Office of Management and Budget, Office of the Governor; KEN BISCHOFF, Director, Division of Administrative Services, Department of Public Safety; TRISHA GENTLE, Council on Domestic Violence and Sexual Assault; KAREN PERDUE, Commissioner, Department of Health and Social Services; JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services; MICHELLE TOOHEY, Public Advocacy Manager, American Heart Association; DAN SPENCER, Director, Division of Administrative Services, Department of Administration; DAVID TEAL, Director, Division of Legislative Finance;

Attending via Teleconference: From Anchorage: SENATOR SEAN

PARNELL.

SUMMARY INFORMATION

HB 103-APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 104-APPROP:MENTAL HEALTH BUDGET

The Committee considered amendments to the committee substitutes. The bills were held in Committee.

#HB103

#HB104

CS FOR HOUSE BILL NO. 103(FIN)(brf sup maj fld)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

CS FOR HOUSE BILL NO. 104(FIN)

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

At the previous hearing for these bills, the Committee adopted SCS CS HB 103, 22-LS0410\S and SCS CS HB 104, 22-LS0411\J, as working drafts. The following amendments are to these versions.

Co-Chair Donley thanked Senate Finance Committee staff for their work compiling the amendments.

Department of Community and Economic Development

C&ED #1: This amendment adds \$9 million Alaska Aerospace Development Corporation (AADC) receipts to the AADC Budget Review Unit (BRU), AADC component on page 6, lines 29 through 32.

This amendment also inserts a new bill section to read as follows.

Sec. __. ALASKA AEROSPACE DEVELOPMENT CORPORATION. Corporate receipts of the Alaska Aerospace Development Corporation received during the fiscal year ending June 30, 2002, that are in excess of the amount appropriated in sec. 1 of this Act are appropriated to the Alaska Aerospace Development Corporation for operations during the fiscal year ending June 30, 2002.

Explanatory language accompanying the amendment reads as follows.

This replaces a \$9,000,000 AADC Receipt increment that the subcommittee added for increased launch activities with the language section that is in the original Governor's operating budget. This would allow the AADC to receive and expend any additional operating receipts that they might receive during the fiscal year for any unexpected launches that should come up during the fiscal year.

This amendment was HELD.

C&ED #2: This amendment adds \$98,000 general funds for the Community Assistance and Economic Development BRU, Community and Business Development component on page 6, lines 12 through 15.

Senator Hoffman moved for adoption.

Senator Ward objected.

Senator Hoffman read an explanatory statement into the record as follows.

This amendment restores funding for two positions, located in Nome and Bethel. These positions were funded from the no longer available Rural Economic Development Initiative Fund. A funding source change had been made to switch this funding to general funds.

Elimination of these two positions will cause...reduction in assistance on ... community and economic development-related training in the Bering Strait, Northwest Arctic and Yukon-Kuskokwim regions.

Senator Hoffman stressed that these areas are amongst the most economically depressed regions of the state.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Leman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

C&ED #3: This amendment adds \$100,000 general funds/match for the Community Assistance and Economic Development BRU, Community and Business Development component on page 6, lines 12 through 15.

Senator Hoffman moved for adoption.

Senator Ward objected.

Senator Hoffman read an explanatory statement into the record as follows.

This funding will be used to provide one to one match to a grant from the Economic Development Administration (EDA) to provide planning and implementation funds for specifically identified economic development activities and programs. The department has received an EDA grant regularly since 1985. Recently the EDA grants have averaged \$100,000.

Co-Chair Kelly informed that this request has been denied for the last few years as an increment in the capital budget. However, he pointed out, the federal funds have still been received and there is no reason to believe this would not continue.

Senator Olson asked about the back-up plans in the event the federal funds are not received.

Co-Chair Kelly stated that there is no back-up plan since there is no reason to believe that the federal funds would not continue to be provided. He stressed that although the requests have stated that a general fund match is required, there actually is no such requirement.

Senator Olson opined that this item "is looked on in a way of contempt" with a message that if the federal funds are not received, "sorry".

Co-Chair Kelly countered there is no contempt because there is no need for a general fund match.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

C&ED #4: This amendment adds \$200,000 general funds for the

Qualified Trade Association Contract BRU and component on page 6, lines 23 through 26.

Senator Hoffman moved for adoption.

An unidentified member voiced an objection.

Senator Hoffman read an explanatory statement into the record as follows.

A reduction of \$200,000 from the tourism-marketing contract will result in a loss of television advertising and further erosion of the state's ability to compete with other destinations. In addition, the contract requires this amount to be matched by \$85,700 from the private sector for a total loss to the program of \$285,700.

Co-Chair Kelly noted the current budget allocates \$100,000 over the amount of the previous fiscal year. He stated it follows the trade association's plan for reductions.

Senator Hoffman commented, "Times change and we have to reevaluate and adjust accordingly."

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

C&ED #5: This amendment creates a new BRU and component, Renter's Equivalency Rebate, and adds \$300,000 general funds for that BRU and component on page six.

Senator Hoffman read an explanatory statement into the record as follows.

This program provides for reimbursement to Senior Citizens and Disabled Veterans who rent property that is subject to a local property tax. It compensates a senior or disabled veteran for that portion of their rent that goes toward the payment of local property taxes. It is similar to the homeowners' property tax exemption program and was instituted in order to

treat seniors who paid rent for their homes on an equitable basis with those who own their homes in terms of property tax relief.

Senator Hoffman moved for adoption.

Co-Chair Kelly objected.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

AT EASE 9:30 AM / 9:34 AM

[Note: The tape recorder was not stopped during the break resulting in a blank period in the recording. No portion of the meeting is missing.]

Department of Law

LAW #1: This amendment adds \$250,000 general funds for the Civil Division BRU, Governmental Affairs component on page 24, line 12.

Senator Olson moved for adoption.

Senator Ward objected.

Senator Olson explained this relates to litigation costs incurred from an on-going lawsuit between the state and the Bank of America. He noted the dispute is over alleged mismanagement in the Bank of America and that it is likely the state would prevail. He warned that not fully funding this request would limit the department's ability to successfully argue the case.

Senator Wilken informed that while he supports the increment as the expenditure could yield a potential return of \$50 million, it should not be contained in the operating budget. He suggested this should be included in the FY 01 supplemental appropriation or as a one-time capital expenditure.

A roll call was taken on the motion.

IN FAVOR: Senator Halford and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Lemman, Senator Ward, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

LAW #2: This amendment creates a new Victim Restitution component under the Civil Division BRU and adds \$306,500 general funds to that component on page 24, following line 19.

Senator Olson moved for adoption.

Senator Green objected.

Senator Olson explained this appropriation is for the purchase of computer hardware, programming a database, as well as covering administrative expenses related to securing compensation for victims of crime.

Senator Wilken pointed out that funding for this item is contained in fiscal notes for HB 133 and SB 107.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

Office of the Governor

GOV #1: This amendment adds \$4,500,000 federal funds for the Governmental Coordination BRU and component on page 17, lines 12 and 13.

Senator Olson moved for adoption.

Co-Chair Donley objected.

Senator Olson spoke to the amendment that pertains to coastal

impact assistance offered to states such as Alaska.

Co-Chair Donley stated that the House of Representative version of the operating budget, as well as the current committee substitute, contains \$100,000 for the governor's office to develop a plan for the utilization of this money. He stressed that no such plan had been presented to the Legislature. He said it was determined in the House of Representatives that when a plan is developed, the matter could be brought before the Legislative Budget and Audit Committee for authority to receive the federal funds.

Senator Hoffman agreed that the Legislative Budget and Audit Committee could have oversight of the state's portion of the funding. However, he noted the original federal intent was that the federal funds go directly to communities, although it was ultimately decided to allocate the funds as one increment to the state. He disagreed that the federal funds should be subject to a state-determined plan, when no state funds are involved.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

GOV #2: This amendment adds \$66,000 general funds for the Governmental Coordination BRU and component on page 17, lines 12 and 13.

Senator Olson moved for adoption.

Co-Chair Donley objected.

Senator Olson shared that these funds would be used to hire an additional Project Review Coordinator to handle gas-related projects.

AT EASE 9:42 AM / 9:42 AM

[Note: The tape recorder was not stopped during the break resulting in a blank portion on the recording. No portion of the meeting is missing.]

Co-Chair Donley remarked that this was similar to a proposal that was deleted from the FY 01 fast track supplemental budget due to on-going considerations. He offered an explanation: "Different vehicles are going to be developed in the legislative process here and possibly deal with this at a later time." He added that this item is not included in the House of Representatives version of the FY 02 operating budget, nor does the Senate Finance Office of the Governor budget subcommittee recommend it.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

Department of Revenue

There were no amendments to the committee substitute affecting the Department of Revenue budget.

Alaska Court System

COURT #1: This amendment adds \$39,200 general funds for the Judicial Council BRU and component on page 35, lines 15 and 16.

Senator Olson moved for adoption.

Senator Wilken objected.

Senator Olson explained this request is for the completion of a research project on the felony convictions and sentencing, and would provide up to date analysis.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

AT EASE 9:46 AM / 9:46 AM

Department of Natural Resources

DNR #1: This amendment removes \$300,000 general funds from the Minerals, Land and Water BRU, Water Development component on page 26, line 20. This amendment also inserts a new bill section on page 54, following line 24 that reads as follows.

Sec. 28. WATER DEVELOPMENT. The sum of \$300,000 in interagency receipts from nonpoint source pollution control funds received by the Department of Environmental Conservation is appropriated to the Department of Natural Resources, division of water development, for water quality monitoring, watershed or nonpoint source assessment, groundwater research, assessment, technical assistance, and training, and instream flow reservations for the fiscal year ending June 30, 2002.

Senator Lemman moved for adoption.

Senator Hoffman objected for an explanation.

Senator Lemman explained this is a one-time fund source change involving inter-agency receipts. He characterized this funding source as 319 monies under the Clean Water Act through the U.S. Environmental Protection Agency (EPA). He noted that, according to a Division of Legislative Finance fiscal analyst, the department could use existing general funds to provide the 40-percent match required.

Senator Hoffman requested the department respond to the amendment.

NICO BUS, Administrative Services Manager, Division of Support Services, Department of Natural Resources, stated that this amendment would take from the hydrology section of the operating budget related to water rights permits, leaving only \$40,000.

Senator Lemman calculated the department would only need to provide 40-percent of \$300,000, which is \$120,000.

Mr. Bus replied that the matter was investigated and it was learned the total cost of the project would be \$500,000, thus requiring \$200,000 in general fund match.

Senator Lemman stressed that after working on the matter, he determined that it was possible.

Senator Leman WITHDREW his motion to adopt the amendment without objection and the amendment was HELD in Committee.

DNR #2: This amendment adds \$72,200 general funds for the Information/Data Management BRU, Information Resource Management component on page 25, lines 28, 30 and 31.

This amendment was NOT OFFERED.

DNR #3: This amendment adds \$160,000 general funds for the Parks and Recreation Management BRU, Parks Management component on page 26, lines 27 and 30.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

\$100,000 for Wood-Tikckik State Park
America's largest state park, Wood-Tikckik will continue to be staffed at an embarrassingly low level.

AT EASE 9:50 AM / 9:51 AM

Senator Hoffman continued reading.

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

\$60,000 for Park Maintenance

The general condition of the state parks in Alaska is terrible and we are hearing that statement from the public regularly. State Parks has identified \$42 million in deferred maintenance needs in our 120 park units. Last year, one of the outhouses was so rotten a woman fell through and a park road was so bad it broke a motor home axle. While we attempt to keep up with the worst situations, we are now unable to do so. All of the

maintenance staff are seasonal. This funding would extend their seasons so they can address more of the maintenance needs of the park system. This increase in person months will be spread throughout the park system and will compliment a CIP request for Park Emergency Repairs. Without this increment, we will simply continue to defer maintenance needs with the hope that those needs involving health and safety don't result in a visitor injury. This increment does not address all of the park maintenance needs, but at this point, even a small amount of additional funding will be immediately put to good use on those problems that can cause the most injury to park visitors and the most liability to the state.

Senator Leman understood this is a priority item of the department but surmised that existing members of the fish and wildlife service could undertake the duties. However, he stressed that he would support funding of \$60,000 for maintenance, provided that it be done with volunteer work. He noted that the department has indicated this is possible.

Senator Hoffman WITHDREW his motion and the amendment was HELD.

DNR #4: This amendment adds \$160,000 general funds for Minerals, Land and Water Development BRU, Claims, Permits and Leases component on page 26, lines 17, 18 and 21.

Senator Hoffman read an explanatory statement into the record as follows.

Results of recent geophysical exploration indicate the potential for a significant deposit of mineral in the Denali Block area. As the public became aware that the Department of Natural Resources recently requested the entitlement of the eastern portion of the Denali Block area to be on the US. Bureau of Land Management (BLM) conveyance priority list, the mining industry has communicated considerable interest in assuring that this conveyance occurs. That is, the industry has reinforced the importance of the area to upcoming exploration and expenditures.

Senator Hoffman noted the Alaska Miners Association, Inc. has written in support of this increment.

Senator Leman agreed there is support for this item, but stressed the budget subcommittee would have been unable to meet the Senate Majority imposed budget limitations if this item were funded. He encouraged the item to be considered the next year. He also pointed out that the House of Representatives did not fund this item in its

version of the FY 02 budget.

[Note: No formal motion was made to adopt this amendment.]

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Leman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DNR #5: This amendment changes the funding source of \$300,000 in the Minerals, Land and Water Development BRU, Water Development component on page 26, lines 17, 18 and 20, from inter-agency (I\A) receipts to general funds

Senator Hoffman noted the relationship of this amendment to DNR #5 and requested it be HELD.

DNR #6: This amendment adds \$350,000 for the Statewide Fire Suppression Program BRU, Fire Suppression component on page 27, lines 18 through 20.

Senator Hoffman commented on the on-going method of funding fire suppression activities in the supplemental budget.

[Note: No formal motion was made to adopt this amendment.]

Senator Ward objected to adoption of the amendment.

Senator Leman noted that the budget subcommittee was considering options of establishing an on-call crew stationed in central locations for the duration of the fire station, rather than the current practice of setting up a 20-person initial strike force for each fire outbreak.

Senator Leman stressed the need for setting funding priorities.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

This amendment FAILED to be adopted.

Department of Labor and Workforce Development

There were no amendments to the committee substitute affecting the Department of Labor and Workforce Development submitted at this time.

AT EASE 9:59 AM / 10:01 AM

Department of Education and Early Development

E&ED #1: This amendment removes \$1,300,000 from the Early Development BRU, Child Care Assistance and Licensing component on page 11, lines 29, 31 and 32. It also adds \$6,000,000 general funds to the University of Alaska, University of Alaska BRU, Budget Reductions\Additions-Systemwide component, page 34, lines 13 to 15. Explanatory language states, "This amendment deletes excess General Funds used as a match for the Child Care Assistance Program" and "This amendment provides the necessary funding for the University of Alaska to continue its educational activities."

This amendment was HELD.

E&ED #2: This amendment adds \$68,900 general funds for the Mt. Edgecumbe Boarding School BRU and component on page 12, lines 22 and 23.

Senator Olson explained this amendment relates to a contract providing around the clock coverage for over 300 students served in the residential program of the school. He opined that not funding this increment would be a "disservice" to these students.

[Note: No formal motion was made to adopt this amendment.]

Co-Chair Donley and Senator Green objected to adoption of the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

E&ED #3: This amendment adds \$609,000 general funds to the Kotzebue Technical Center Operations Grant BRU and component. This BRU is not included in the committee substitute.

Senator Olson moved for adoption.

Senator Green objected.

Senator Olson warned that not funding this increment jeopardizes the ability of this vocational institute to train residents of his district to get jobs and earn an income for their families. He noted that while significant coordination efforts have been made between the University of Alaska, The Alaska Technical Center and the Northwest Arctic Borough School District to merge programs, he did not think it would be successful.

Senator Olson predicted that closure of this center would result in "staggering" unemployment rates in the region. He understood discussions were held several years prior regarding merging programs, but stressed that since that time, there have been preparations for a natural gas pipeline and that trained personnel would be needed to undertake such a project. He did not agree that decisions made by a previous legislature should be binding for this legislature.

Senator Wilken reminded the members of a discussion two years prior in the Senate Finance Committee where it was recognized there was a duplication of effort between the Kotzebue Technical Center and the University of Alaska-Chukchi Campus. He referenced two letters he received, one from the Northwest Arctic Borough School District and the other from President Mark Hamilton of the University of Alaska [copies not provided] affirming the duplication. These letters, Senator Wilken noted, indicate a savings of \$634,000 in FY 02 with the phase-down of the Kotzebue Training Center.

AT EASE 10:07 AM / 10:12 AM

Senator Austerman stressed that any perceived cuts to vocational education were of concern to him. He suggested that the University of Alaska should be part of this discussion.

Senator Green shared that she had visited the area a few years prior and was surprised to learn that the University of Alaska has hampered from offering certain courses because they were already

offered at the technical center. She deemed the proposed merger to be "a wonderful marriage" that would allow "everybody to come out way on top." She added that the building space is useful for both the university as well as local high school activities that technically are not vocational-related.

Senator Wilken emphasized this is not an effort to close the school but rather an opportunity to merge overlapping programs. He stated that if other funding were located to fund the center, he would not oppose it, but did not want to use general funds.

Senator Olson explained there are reasons for the existence of the two institutions. He characterized one institution as "producing or enhancing those people who are in the white collar market," while those in the "blue collar" market are served by the institution offering vocational technical training. He expressed that a good welding teacher could not be expected to teach ancient history or visa versa.

Senator Olson requested a representative of the university speak to the issues relating to this matter.

SFC 01 # 65, Side B 10:16 AM

WENDY REDMOND, Vice President, University Relations, University of Alaska stated that there is no duplication of services between the two facilities. She spoke to the collaboration between the schools and the resulting lowered expenses. She stressed that if vocational education programs were eliminated the university could in no way pick up the vocational training.

Senator Lemman mentioned other legislation with a fiscal note, which would essentially double fund the program.

Senator Olson applauded the efforts to fund the technical center through the other legislation, but was not convinced the funding would actually occur.

A roll call was taken on the motion.

IN FAVOR: Senator Austerman, Senator Hoffman and Senator Olson

OPPOSED: Senator Wilken, Senator Green, Senator Lemman, Senator Ward, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (3-6)

The amendment FAILED to be adopted.

E&ED #4: This amendment adds \$427,600 general funds to the Early Development BRU, Child Care Assistance and Licensing component on page 11, lines 29, 31 and 32.

Senator Olson moved for adoption.

Senator Wilken objected.

Senator Olson expressed this funding program would allow childcare subsidies to continue for eligible families.

Senator Wilken pointed out that federal grants and inter-agency receipts would provide \$30,648,000 for child care services. He reported there is no longer a waitlist for services in any community except Anchorage, where the issue is being addressed with other funds. Therefore, he assured, this amendment was not necessary.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

E&ED #5: This amendment adds \$562,400 general funds to the Early Development BRU, Head Start Grants component on page 11, lines 29 and 33.

Senator Olson moved for adoption.

Senator Green and an unidentified member objected.

Senator Olson cited that 27 percent of Alaska's children are eligible for this program and this amendment provides the necessary matching funds to receive federal funding. He cautioned that not funding Head Start would be a disservice to children; both those who would participate and those who would be future state senators.

Senator Austerman spoke in favor of the amendment, stating that Head Start is one of the most important early development tools in

every state. He calculated this amendment would secure an additional \$3.3 million in federal funding.

Senator Wilken noted there already would be an increase in federal funds for local Head Start programs. He suggested contributions could be made by communities to provide matching funds to acquire additional federal funding. He pointed out that the additional amount requested in this amendment was never mentioned during the subcommittee process. He opined that the Head Start program is adequately funded and is benefiting from increased federal funding.

Senator Hoffman remarked that there is an effort to expand the Head Start program into additional communities. He listed six to eight additional communities and 325 more children would be served if this additional funding were provided.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Olson and Senator Austerman

OPPOSED: Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (3-6)

The amendment FAILED to be adopted.

E&ED #6: This amendment adds \$1 million general funds for the Alyeska Central School BRU and component on page 12, line 11 and 12.

Senator Olson moved for adoption.

Senator Wilken objected.

Senator Olson explained this amendment would assist in an innovative program to improve the education provided to students from communities with low enrollment. He stated there were a limited number of teachers with an ability to teach multiple subjects available for rural areas. He stressed the correspondence program would benefit students living in his district as well as other rural students in preparing for the high school exit examinations.

Senator Hoffman added this item is a recommendation of the Governor's Education Funding Task Force after it spent many hours addressing ways to improve education throughout Alaska. Senator Hoffman noted this appropriation is targeted toward schools with

fewer than 50 students.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

E&ED #7: This amendment adds \$730,000 general funds for the Teaching and Learning Support BRU, Quality Schools component and page 11, lines 20 and 23.

Senator Olson moved for adoption.

Senator Wilken objected.

AT EASE 10:30 AM \ 10:32 AM

Senator Olson AMENDED his motion to include adoption of E&ED #8, E&ED #9 and E&ED #10. [Note: These three amendments appear to be identical.]

E&ED #8: This amendment adds \$2 million general funds for the Teaching and Learning Support BRU, Quality Schools component and page 11, lines 20 and 23.

E&ED #9: This amendment adds \$2 million general funds for the Teaching and Learning Support BRU, Quality Schools component and page 11, lines 20 and 23.

E&ED #10: This amendment adds \$2 million general funds for the Teaching and Learning Support BRU, Quality Schools component and page 11, lines 20 and 23.

Co-Chair Donley objected.

Senator Olson shared these amendments relate to efforts made by the Governor's Education Funding Task Force to review education in the state and identify where improvements could be made as well as finding maximum efficiencies in spending. He asserted that because of the task force's objectivity in the matter, their recommendations should receive greater credibility. He requested a representative of the Administration explain the necessity of

adopting this amendment.

Co-Chair Donley reminded that the purpose of witnesses at this hearing is to address questions rather than make detailed position statements.

ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor shared that the Education Funding Task Force took an approach of identifying specific areas where additional resources are necessary to comply with the requirements leading up to the exit exams. She listed three areas: the need for specific assistance for schools that were not performing well, incentives for schools that were performing well, and developing a center for excellence to highlight effective methods that could be applied elsewhere. She noted these complement the legislature's performance measure approach to funding programs.

Senator Wilken remarked that the Education Task Force "did good work" and he was tempted to support the amendments. However, he stated there was a more appropriate manner to address this issue such as the K-12 education funding formula.

Senator Olson commented that any delays in funding this increment would create more expense in the future.

Senator Hoffman referenced pending legislation designed to "fine tune" the exit exam. He asked the witness how the exit exam could be improved according to the recommendations of the task force without adequate funding.

Ms. McConnell answered this relates to the decision to delay the implementation of the exit exams. She said this is to provide assistance to those students who demonstrate learning difficulties in earlier tests, including the exam administered to third grade students. She detailed how the quality schools programs would address areas of insufficiency.

A roll call was taken on the motion to adopt the four amendments.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green and Co-Chair Donley

ABSENT: Co-Chair Kelly

The motion FAILED (2-6-1)

The amendments FAILED to be adopted.

Department of Labor and Workforce Development (cont.)

LAB #1: This amendment changes the fund source of \$90,000 for the Employment Security BRU, Job Training Programs component from State Training and Employment Program (STEP) funds to general funds on page 22, lines 14 and 17.

Senator Hoffman moved for adoption.

Senator Green objected.

Senator Hoffman shared this funding source change is a request of the Division of Employment Security and reverses the recommendation of the Department of Labor and Workforce Development budget subcommittee. He warned that using STEP funds for this increment would result in approximately 50 participants who paid into the fund through the Unemployment Insurance (UI) tax, would not receive training and employment services through the STEP program.

Senator Hoffman noted this amendment supports Co-Chair Donley's position that UI funds should be used only as intended.

AT EASE 10:42 AM / 10:44 AM

Co-Chair Donley shared information he garnered during the recess indicating that using STEP funds for job training efforts in this increment is not inconsistent with the intent of the STEP program. He pointed out the training program in question is a long-standing program.

Senator Hoffman WITHDREW his motion to allow him an opportunity to verify Co-Chair Donley's assertion. The amendment was HELD.

AT EASE 10:45 AM / 10:46 AM

Department of Fish and Game

F&G #1: This amendment adds \$100,000 general funds to the Habitat BRU and component on page 16, lines 17 and 18. Accompanying explanatory language reads as follows.

Oil and gas exploration, leasing and development on the North Slope have increases dramatically in the last several years. The existing budget is not adequate to conduct the field reviews required before, during, and after project activities. This has limited the department's ability to work

cooperatively with industry when project designs are in the early stages of development, a time when the input is often the most important. The department's early involvement results in the least economic impact to industry, and provides for the highest level of protection for fish and wildlife resources, while still allowing development to occur.

This amendment was HELD.

F&G #2: This amendment adds \$100,000 general funds to the Habitat BRU and component on page 16, lines 17 and 18.

This amendment was HELD.

Department of Environmental Conservation

DEC #1: This amendment adds \$32,500 general funds for the Environmental Health BRU, Solid Waste Management component on page 13, lines 15 and 20.

Senator Leman moved for adoption.

Senator Hoffman objected for an explanation.

Senator Leman explained this amendment is a result of "intense discussions" with resource development council members regarding the need for the department to hire a third-party independent contractor to work with the department and the "regulated community" on the appropriate categorization of permit types, fee rates and associated regulation. He noted this relates to implementation of other legislation passed the previous session.

Senator Leman relayed to the Committee that since close-out of the Department of Environmental Conservation budget subcommittee, the department has acknowledged an error in their report stating \$40,000 general funds would be transferred through a reimbursable services agreement (RSA) to the Department of Law for regulation efforts. He noted the subcommittee considered the amount to be excessive and did not recommend funding that portion of the increment. Since that time, he shared, the Department of Environmental Conservation clarified the funds would be used for activities in addition to drafting and adopting regulations, including efforts to work with all parties and reaching agreement.

Senator Leman commented that while he maintains the work could be done within existing structure, the regulating community has concluded that a third party contractor is necessary. He noted that a third party contractor was used for reaching agreements in water

related matters and the regulatory community predicts it would be successful in solid waste related matters as well.

Senator Leman noted this amendment funds the majority of the original \$40,000 request and that the department budget remains below the spending limit established by the Senate Majority.

Senator Hoffman removed his objection.

The amendment was ADOPTED without objection.

DEC #2: This amendment reads as follows.

	Appropriation Allocation	Items	General Funds	Other Funds
Page 13, line 31:				
Delete:				
Spill Prevention And Response		8,240,800		8,240,800
Insert:				
Spill Prevention And Response		8,163,300		8,163,300
Page 14, line 3:				
Delete:				
Industry Preparedness and Pipeline Operations	3,123,100			
Insert:				
Industry Preparedness and Pipeline Operations	3,045,600			

Page 47, following line 31:

 Insert a new bill section to read:

 Sec. 10. DEPARTMENT OF ENVIRONMENTAL CONSERVATION. The sum of \$77,500 is appropriated from the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) to the Department of Environmental Conservation for increased financial responsibility activities for nontank vessels and railroad cars for the fiscal year ending June 30, 2002.

Senator Leman moved for adoption and explained this is a technical amendment to fund the second year of the fiscal note for SB 273 of the twenty-first legislative session relating to nontank vessels and railroad cars. He noted this amendment clarifies that the funding is one-time only and not to become a part of the base expenses in FY 03.

There was no objection and the amendment was ADOPTED.

DEC #3: This amendment removes \$112,500 Oil/Hazardous Response Fund (Prevention Account) from the Local Emergency Planning Committees BRU and component.

This amendment was NOT OFFERED.

DEC #4: This amendment adds \$40,000 general funds for the Environmental Health BRU, Solid Waste Management component.

This amendment was NOT OFFERED.

DEC #5: This amendment adds \$120,000 Commercial Fisheries Loan funds for the Environmental Health BRU, Food Safety and Sanitation component on page 13, lines 15 and 17.

Senator Olson explained this amendment would ensure a systematic monitoring program for Alaskan seafood products. He asserted that the safety of seafood products is a growing concern through the world. He cautioned that without a monitoring system, questions from commercial buyers about matters such as federally issued consumption advisories, could not be refuted due to a lack of scientific data. He stressed that these consumption advisories are causing unnecessary concern for Alaska since most reports of contamination involve seafood from the Lower 48. He moved for adoption of the amendment.

Senator Green objected and informed that \$3.25 million is included in the Department of Health and Social Services budget to respond to the advisories and also review the method of mercury testing as well as fund research activities on the effects of contaminants on seafood and people. She noted that portions of these funds are designated for the Department of Environmental Conservation and other entities involved.

Senator Hoffman requested Ms. McConnell address Senator Green's statement that the funds in this amendment are no longer needed.

Ms. McConnell responded that a request has been submitted for federal funds, but they had not yet been received. She added that Alaska's congressional delegation has been notified that this is a key issue, but she warned that there is no indication at this time of whether this request would be successful. She pointed out that this amendment pertains specifically to the testing of seafood whereas the proposal Senator Green spoke of involves a comprehensive approach to the entire issue of public health

relating to seafood. She clarified that the funding in the amendment would allow the Department of Environmental Conservation to conduct baseline monitoring of seafood.

Senator Hoffman requested comment on the fund source.

Ms. McConnell said the original budget request was to utilize general funds and that the source was changed to Commercial Fisheries Loan funds in the budget passed by the House of Representatives. She detailed how the proposed testing project would qualify for Commercial Fisheries Loan funds.

Senator Hoffman spoke to his support of the amendment emphasizing the large number of people who depend on the fishing industry.

Ms. McConnell emphasized there have been instances where the U.S. Environmental Protection Agency has planned to issue contamination advisories that included Alaskan fish. She stressed that the state successfully argued Alaskan seafood products should be exempted from the bans in one such case. She stated that the proposed testing would be useful in persuading against similar inclusions in the future.

Senator Leman shared the amendment sponsor's goal of supporting Alaska's seafood industry. However he informed that the Division of Legislative Finance advises that use of the Commercial Fisheries Loan fund for the proposed testing is not possible.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green and Co-Chair Donley

ABSENT: Co-Chair Kelly

The motion FAILED (2-6-1)

The amendment FAILED to be adopted.

DEC #6: This amendment removes \$167,600 Statutory Designated Program Receipts (SDPR) from the Environmental Health BRU, Food Safety and Sanitation component and adds \$221,300 general funds to the same BRU and component on page 13, lines 15 and 17.

Senator Olson moved for adoption.

Senator Leman objected.

Senator Olson expressed this is a public health issue and asserted the need for protection by ensuring that the highest risk food facilities should be inspected at least once a year. This amendment, he stated, would provide adequate funding to conduct annual inspections on such facilities.

Senator Leman noted this amendment utilizes general funds and that the budget subcommittee had determined that SDPR was better suited.

Senator Hoffman opined that the fishing industry "more than pays its fair share" for the services it receives. He surmised that in order to continue to receive revenue from the commercial fishing industry, the state must expend some funds to ensure the viability of the industry. He characterized this increment as "very inexpensive insurance."

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Green, Senator Leman and Co-Chair Donley

ABSENT: Senator Austerman and Co-Chair Kelly

The motion FAILED (2-5-2)

The amendment FAILED to be adopted.

DEC #7: This amendment adds \$82,500 Capital Improvement Project (CIP) receipts and a new position for the Facility Construction and Operation BRU and component on page 14, lines 13 through 16.

This amendment was NOT OFFERED.

DEC #8: This amendment changes the fund source of \$156,800 from general funds to I/A Oil and hazardous substance prevention and response fund in the Administration BRU on page 13, line 11. The amendment makes the same replacement in the Department of Law, Civil Division BRU, Environmental Law component on page 33, line 33.

This amendment was HELD.

AT EASE 11:01 AM / 3:34 PM

[Note: remainder of the tape is blank. No portion of the meeting is missing.]

SFC 01 # 66, Side A 03:34 PM

DEC #8: This amendment changes the fund source of \$156,800 from general funds to I/A Oil and hazardous substance prevention and response fund in the Administration BRU on page 13, line 11. The amendment makes the same replacement in the Department of Law, Civil Division BRU, Environmental Law component on page 33, line 33.

This amendment was NOT OFFERED.

Department of Public Safety

DPS #1: This amendment removes \$50,000 general funds from the Council on Domestic Violence and Sexual Assault (CDVSA) BRU and component, on page 28, line 33 and page 29, lines 3 through 5. This amendment also adds \$50,000 general funds for the Batterer's Intervention Program BRU and component on page 29, lines 6 and 7. Accompanying explanatory language reads as follows.

The CDVSA has received a 15 percent increase in funding over the last two years while the Batterers Intervention Program funding has remained level. This transfer of \$50,000 provides much needed funding for the additional grant requests being made by batterers intervention program. Without intervention, we cannot hope to do away with domestic violence.

Additionally, a recent audit of the CDVSA identifies serious issues regarding monitoring and evaluation and indicates that Batterers Intervention Programs are underfunded.

This amendment was HELD.

DPS #2: This amendment adds \$89,900 general funds for the Alaska State Troopers BRU, Criminal Investigations Bureau component on page 28, lines 4 and 8.

This amendment was NOT OFFERED.

DPS #3: This amendment adds \$350,000 general funds for the Alaska State Troopers BRU, Search and Rescue component on page 28, lines 4 and 12.

This amendment was NOT OFFERED to defer to DPS #16.

DPS #4: This amendment creates a new Judicial Services-Statewide component in the Alaska State Troopers BRU and adds \$3,725,900 general funds for that component, on page 28, lines 4 and following line 10.

Senator Olson moved for adoption.

Senator Austerman objected.

Senator Olson explained the new component pertains to courthouse security. He informed the amendment would provide 35 additional court officers to increase security in both rural and urban courthouses across the state. He stressed courtroom safety as a growing concern.

A roll call was taken on the motion.

IN FAVOR: Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Co-Chair Kelly, Senator Ward, Co-Chair Donley and Co-Chair Kelly

ABSENT: Senator Hoffman

The motion FAILED (1-7-1)

This amendment FAILED to be adopted.

DPS #5: This amendment creates a new Judicial Services-Statewide component in the Alaska State Troopers BRU and adds \$4,369,100 general funds for that component, on page 28, lines 4 and following line 10.

This amendment was NOT OFFERED.

DPS #6: This amendment adds \$100,000 general funds for the Alaska State Trooper Detachment BRU and component on page 28, lines 16 through 18.

Senator Olson moved for adoption.

Senator Austerman objected.

Senator Olson noted this amendment provides funding to purchase three vehicles at the request of the Alaska State Troopers. He stated these are to replace aged emergency response vehicles.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

This amendment FAILED to be adopted.

DPS #7: This amendment adds \$142,700 general funds for the Alaska State Trooper Detachment BRU and component on page 28, lines 16 through 18.

Senator Olson moved for adoption.

Senator Green objected.

Senator Olson told the Committee this amendment would fully fund on-going law enforcement recruiting efforts. He stressed the difficulties in attracting quality applicants who meet the high standards of the Alaska State Troopers.

A roll call was taken on the motion.

IN FAVOR: Senator Halford and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DPS #8: This amendment adds \$838,000 general funds for the Alaska State Trooper Detachment BRU and component on page 28, lines 16 through 18.

Senator Olson moved for adoption.

Senator Austerman objected.

Senator Olson stated this amount meets the governor's request to hire and train eight new certified police officers for rural communities in which the Alaska State Troopers has jurisdiction. He spoke to the need for long-term proactive measures to deter rural

citizens from committing a crime. He noted these officers would also assist in search and rescue activities, conduct boat safety inspections and respond to the needs of domestic violence victims.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DPS #9: This amendment adds \$1,280,100 general funds for the Alaska State Trooper Detachment BRU and component on page 28, lines 16 through 18.

Senator Olson moved for adoption.

Co-Chair Donley objected.

Senator Olson explained this increment provides funding for an additional eight state troopers. He warned that without this funding, the troopers would be forced to continue dealing with crime only in a reactive mode rather than taking proactive measures.

Co-Chair Donley asked Senator Austerman how many new trooper and Fish and Wildlife Protection officer positions were created at the recommendation of the department budget subcommittee.

Senator Austerman listed three Alaska State Troopers and four Fish and Wildlife Protection officers.

Co-Chair Donley noted an additional \$500,000 allocated for this purpose through an RSA, bringing the total to fourteen new officers.

Senator Austerman clarified the total as twelve.

Senator Olson stressed the need for proactive efforts to prevent crime, which would not be achieved with the twelve new officer positions.

Senator Hoffman agreed the committee substitute adds more personnel, but maintained that the area of jurisdiction for each

trooper remains too large.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DPS #10: This amendment adds \$500,000 general funds for the Council on Domestic Violence and Sexual Assault BRU and component on page 28, line 33 and page 29, lines 3 through 5.

Senator Olson moved for adoption.

Senator Austerman objected.

Senator Olson asserted the budget subcommittee had approved the governor's funding request of \$500,000 to implement the Violence Against Women Act. However, he pointed out that the subcommittee recommended removing \$950,000 from the program.

Co-Chair Donley advised that the general funds were replaced with federal funds and there would therefore be no reduction.

Senator Hoffman stressed that Alaska ranks highest in drug and alcohol abuse, which is directly related to the number of domestic violence and sexual assault incidents. He emphasized that without these funds domestic violence and sexual assault would still be a problem in many lives.

Co-Chair Donley stressed the legislature has made "a major commitment to this program in particular" but opined that this has sometimes been at the expense of other programs.

Senator Hoffman requested the department explain where Alaska stands in regard to other states in domestic violence.

KEN BISCHOFF, Director, Division of Administrative Services, Department of Public Safety, affirmed that the subcommittee proposal maintains the level of funding appropriated in FY 01, but does not provide the additional \$500,000 requested by the governor.

TRISHA GENTLE, Council on Domestic Violence and Sexual Assault

testified Alaska has the highest rate of domestic violence and sexual assault incidents in the nation. She said this increment was intended specifically for children's advocates.

Senator Hoffman concluded that without this funding the high levels of domestic violence and sexual assault would remain. He pointed out that the media has been reporting of the high percentage of domestic violence and sexual assaults committed against Alaska Natives. He presumed that \$500,000 is "a small price to pay to try to get us off the list as number one in the nation."

Senator Olson opined that it was obvious to him that because of the number one ranking of Alaska, efforts to address the matter are inadequately funded. He stressed domestic violence and sexual assault affects everyone, regardless of race or social economical group.

Senator Hoffman asked Mr. Bischoff about insurance rates and the purchasing power that would be reduced by trying to maintain the current level of services.

Ms. Gentle replied that the Network on Domestic Violence and Sexual Assault conducted a survey of programs and health insurance costs for employees and found a 20 percent increase for all programs. She emphasized there are additional costs to operate the programs.

Senator Hoffman therefore stated that the current funding does not maintain, but rather decreases the funding level because of the reduced purchasing power.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Lemman and Co-Chair Donley

ABSENT: Co-Chair Kelly

The motion FAILED (2-6-1)

The amendment FAILED to be adopted.

DPS #11: This amendment adds \$60,400 general funds for the Village Public Safety Officer Program BRU, Support component on page 28, lines 19, 20 and 22.

This amendment was NOT OFFERED.

DPS #12: This amendment adds \$828,500 general funds for the Village Public Safety Officer Program BRU, Contracts component on page 28, lines 19 through 21.

Senator Olson moved for adoption.

Co-Chair Donley objected.

Senator Olson spoke to the amendment to increase the salary paid to Village Public Safety Officers (VPSO), which he remarked are underpaid. He emphasized that the high turnover in these positions is a loss of experience for the state.

Senator Hoffman stressed that the VPSOs are the first line of defense in the communities they serve. He hoped to someday have a VPSO in every Alaskan community.

Co-Chair Donley pointed out, "Despite erroneous news stories earlier this session, VPSOs have not been cut"; funding for this program has never been reduced and was actually increased the prior year.

Senator Hoffman thanked Senator Halford for sponsoring legislation that enhances the VPSO program and hoped it would pass.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DPS #13: This amendment adds \$1,152,100 general funds for the Village Public Safety Officer Program BRU, Contracts component on page 28, lines 19 through 21.

Senator Olson moved for adoption.

Co-Chair Donley objected.

Senator Olson stated that 73 rural communities do not have a VPSO or any other state-certified law enforcement officer. He warned that without this appropriation, up to 20 of these villages would

not begin to receive this service.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DPS #14: This amendment adds \$1,210,000 general funds for the Fish and Wildlife Protection BRU, Enforcement and Investigative Services Unit component on page 27, lines 24 through 26.

Senator Olson moved for adoption.

Senator Austerman objected.

Senator Olson WITHDREW his motion, without explanation, and the amendment was HELD.

DPS #15: This amendment adds \$100,000 general funds for the Alaska State Troopers BRU, Search and Rescue component on page 28, lines 4 and 12.

Senator Green moved for adoption and explained this would allow more attention to be given to information dissemination, training and awareness of avalanches. She shared that the Mat-Su Borough has been impacted by loss of life to avalanches. She stated she preferred more funding, but would be satisfied with the amount proposed in the amendment.

Co-Chair Donley pointed out no funds are included for this purpose in the budget passed by the House of Representatives.

Senator Green affirmed.

Co-Chair Donley stated that passing this amendment is the only method in which to provide these funds.

Senator Leman was unsure how these funds would impact the loss of life. He understood there is an education effort already underway, but that avalanche deaths still were occurring.

Senator Green replied that a well-funded program existed several

years prior and this appropriation would reinstate that program. She stated this would allow for notification of certain danger areas if the ability to identify them were developed. She admitted she was unsure whether every person would ever heed to the dangers.

Senator Hoffman opposed the amendment, stating that several of Senator Olson's amendments were of higher priority.

Co-Chair Donley commented the Committee heard, "very emotional and moving testimony" on this matter. He requested Senator Green work with him to identify an alternate funding source for this increment.

Senator Ward added that this danger does not only apply to snow machine riders, but to all backcountry users, skiers, trappers and miners.

Senator Green WITHDREW her motion to adopt the amendment and it was HELD.

[Pause on the record.]

Department of Health and Social Services

H&SS #1: This amendment changes the funding source of \$288,600 in the Medical Assistance BRU, Medicaid Services component, from general funds to Tobacco Settlement funds on page 17, line 31 and page 18, line 3. This amendment also adds \$288,600 general funds for the State Health Services BRU, Tobacco Prevention and Control component on page 20, lines 5 and 26.

Senator Green moved for adoption and told the Committee that during the budget subcommittee process, general funds had been included in the Tobacco Prevention and Control component. However, she asserted, the intent was to utilize only Tobacco Settlement funds. She pointed out that an additional \$100,000 is added to the increment.

Senator Austerman asked the total amount allocated to this increment in FY 01.

Senator Green answered \$1,400,000 and pointed out this amendment increases that amount to \$1,500,000.

Senator Hoffman stated that he would support the amendment as a "good first small step."

Without objection the amendment was ADOPTED.

H&SS #2: This amendment removes \$47,800 general funds from the Community Mental Health Grants BRU, General Community Mental Health Grants component on page 21, lines 6 through 8. This amendment also adds \$47,800 general funds for the Community Developmental Disabilities Grants BRU and component on page 21, lines 16 through 19. Accompanying explanatory language reads exactly as follows.

In the Senate Subcommittee transfer from designated BRU grants there was \$47.8 that should have been transferred to the Developmental Disability Grant component. The \$47.8 has funded individualized DD services for many years in the Norton Sound region and if the designated BRU grants do not exist the fund should be in the funded in the Developmental Disability Grant component.

Senator Green moved for adoption and explained this is a correction to the subcommittee recommendation.

There was no objection and the amendment was ADOPTED.

H&SS #3: This amendment adds \$2,900 general funds for the Facilities Maintenance BRU, HSS State Facilities Rent component on page 22, lines 8 and 10. Accompanying explanatory language reads as follows.

The subcommittee failed to adopt this net zero transfer. By paying this rent in the Health and Social Services budget instead of the Administration budget the State of Alaska can take advantage of federal reimbursement for a portion of the rental costs.

Senator Green moved for adoption and read the above explanation statement into the record.

The amendment was ADOPTED without objection.

H&SS #4: This amendment adds \$63,500 general funds for the Alcohol and Drug Abuse Services BRU, Alcohol Safety Action Program (ASAP) component on page 20, lines 27, 29 and 30.

Senator Hoffman read an explanatory statement into the record as follows.

Research shows that youth who begin to consume alcohol before the age of 15 are four times more likely to develop alcohol dependency than people who wait until after the age of 21 to begin drinking. In 1999 the Alaska Court System recorded over

2,200 citations for minors under the age of 18 consuming alcohol.

Funding is requested for a permanent full time Juvenile Probation Officer to assist with a new program to address the need for a Juvenile Alcohol Safety Action Program (ASAP). The Division of Alcohol and Drug Abuse will provide alcohol screening, assessments and monitoring of court ordered sanctions of minors cited for consuming or possessing alcohol in 6-8 communities through grants with community based agencies.

Senator Green pointed out this item was funded at FY 01 level.

Senator Hoffman emphasized Alaska's standing in relation to alcohol consumption in relation to other states to show the "magnitude" of the issue.

AT EASE 4:11 PM / 4:14 PM

Senator Hoffman requested comment from the department.

KAREN PERDUE, Commissioner, Department of Health and Social Services, stressed that alcohol is a "very large problem in Alaska" with at least the fifth highest rate of alcohol-related problems. She added that the state has the highest documented rate of fetal alcohol syndrome in the nation, and possibly in the world. She continued that alcohol accounts for 50 percent of hospital emergency room visits, 65 percent of suicide attempts, 83 percent of child abuse cases, "very high" domestic violence rates, 50 percent of fatal automobile crashes, 45 percent of fire deaths and 46 percent of murders. She stressed that there is a need for treatment that exceeds the amount of funds to offer such treatment.

Ms. Perdue compared the 2.67 gallons per person consumption rate of Alaskans to the U.S. average of two gallons. She reported that consumption in Alaska has declined in the last decade by almost one gallon.

Senator Hoffman requested the amendment be HELD to await action on HESS #27.

H&SS #5: This amendment adds \$326,300 general funds for the Alcohol and Drug Abuse Services BRU, Alcohol/Drug Abuse Grants component on page 20, lines 27 and 31.

This amendment was HELD to await action on HESS #27.

H&SS #16: This amendment adds \$359,400 general funds for the State

Health Services BRU, Community Health Grants component on page 20, lines 5 and 20.

This amendment was HELD to await action on HESS #27.

H&SS #21: This amendment adds \$148,500 general funds for the Purchased Services BRU, Family Preservation component on page 18, lines 28 and 29.

This amendment was HELD to await action on HESS #27.

H&SS #6: This amendment adds \$426,000 general funds for the Alcohol and Drug Abuse Services BRU, Community Action Against Substance Abuse Grants (CAASA) component on page 20, lines 27, and 33, and page 21, line 3.

Senator Hoffman referred to the H&SS #4 explanatory statement and read an additional explanatory statement into the record as follows.

The impact of not funding these grants will be:

- Approximately eight communities, including Anchorage and Mat-Su, who are experiencing the most problems with minor consuming, will not receive juvenile ASAP services through grants with community based agencies.
- Increase in the number of repeat juvenile offenders who progress to levels necessitating increased supervision and space utilization.
- Repeat juvenile offenders will eventually enter the adult system (Department of Corrections), resulting in more costly jail time or felony supervision.
- Across time not funding these grants will increase the number of new DWI, Domestic Violence Assault and other alcohol/other drug-related offenses statewide due to lack of early intervention.

[Note: No formal motion was made to adopt this amendment.]

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman and Co-Chair Donley

ABSENT: Co-Chair Kelly

The motion FAILED (2-6-1)

The amendment FAILED to be adopted.

H&SS #7: This amendment adds \$700,000 general funds for the Alcohol and Drug Abuse Services BRU, Alcohol/Drug Abuse Grants component on page 20, lines 27 and 31.

Senator Hoffman noted the budget subcommittee recommended transferring these funds to another "worthy" program. He read an explanatory statement into the record as follows.

This is a general fund reduction of funds available to be granted to substance abuse treatment and prevention services in Alaska.

The Knowles Administration had proposed \$1.8 million to increase related to substance abuse treatment and prevention [sic]. The impacts of not funding each of those proposals are separately discussed in this impact statement. However, this is a reduction (\$700,000) from the base funding now available for grants and has some large impacts on the Division's ability to fund existing services.

We estimate the likely impact in terms of beds lost during FY 02 to be:

- Eliminate 5 detoxification beds
- Eliminate 19 co-ed, 8 woman only and 2 adolescent intermediate care beds
- Eliminate 8 adult and 2 adolescent long-term care beds
- The reductions in outpatient capacity are difficult to calculate by will be significant

Substance abuse treatment is also a program that works. At a time when the state is estimating that the lifetime cost of one Fetal Alcohol Syndrome (FAS) child is a million dollars, eliminating funds for alcohol treatment and prevention seems a contrary approach to FAS prevention. FAS is the only preventable birth defect. FAS is 100% preventable.

Senator Green pointed out that the funding for this increment was transferred to the Infant Learning Program, which she said has had financial difficulty because the funding allocated in FY 01 was not provided. She noted the connection between drug and alcohol abuse and infant learning stressing it is therefore appropriate to use these fund for the infant learning program. She also pointed out \$700,000 in federal grant funds remains available for drug and alcohol abuse programs.

Senator Green then spoke to Medicaid payments made to alcohol-related grant recipients.

Senator Hoffman responded that the infant learning program should not be funded at the expense of this program. In fact, he predicted, it could actually place an additional burden on the infant learning program as a result of alcohol and drug abuse problems with infants.

[Note: No formal motion was made to adopt this amendment.]

A roll call was taken on the motion.

IN FAVOR: Senator Halford and Senator Olson

OPPOSED: Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

H&SS #8: This amendment adds \$1,010,500 general funds for the Alcohol and Drug Abuse Services BRU, Alcohol and Drug Abuse Grants component on page 20, lines 27, 28 and 31.

Senator Hoffman read an explanatory statement into the record as follows.

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

Senator Hoffman moved for adoption of the amendment.

SFC 01 # 66, Side B 04:25 PM

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

H&SS #9: This amendment adds \$1,366,400 general funds for the Alcohol and Drug Abuse Services BRU, Alcohol Safety Action Program (ASAP) component on page 20, lines 27, 29 and 30.

This amendment was NOT OFFERED.

H&SS #10: This amendment adds \$1,500,000 general funds for the Alcohol and Drug Abuse BRU, Alcohol and Drug Abuse Grants component on page 20, lines 27 and 31.

This amendment was NOT OFFERED.

H&SS #11: This amendment adds \$2 million for the Alcohol and Drug Abuse Services BRU, Alcohol and Drug Abuse Grants component on page 20, lines 27 and 31.

Senator Hoffman read an explanatory statement into the record as follows.

The intent of this increment is to eliminate the wait list for subsistence abuse treatment by increasing outpatient and residential treatment capacity with a specific emphasis on individuals involved in the criminal justice system. The current need and demand for treatment far exceeds the current treatment capacity. Approximately \$800,000 will be used to increase outpatient treatment capacity by adding 18 outpatient counselors within grantee agencies and approximately \$1,200,000 would increase residential treatment capacity by fully funding 54 treatment beds.

[Note: No formal motion was made to adopt this amendment.]

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Senator Ward and Co-Chair Donley

ABSENT: Co-Chair Kelly

The motion FAILED (2-6-1)

The amendment FAILED to be adopted.

H&SS #12: This amendment adds \$394,500 general funds for the Community Mental Health Grants BRU, Services to Chronically Mentally Ill component on page 21, lines 6, 10 and 11.

Senator Hoffman moved for adoption.

Co-Chair Donley objected.

Senator Hoffman read an explanatory statement into the record as follows.

Impact: The transfer of designated BRU grant funds for the public health component of 5 current designated BRUs (Maniilaq, Norton Sound, Southeast Alaska Regional Health Care (SEARHC), Tanana Chiefs Council (TCC) and Yukon Kuskokwim Health Care (YKHC)) to Community Health Grants budget component results in an 8% reduction or \$359,400 to the entire community health grant program.

The grant funds support a number of public health programs as listed below that would be impacted by this reduction. The division will have to re-evaluate the amount that they award to each program and area of the state to minimize the impact overall.

Emergency Medical Services: The Emergency Medical Services grant programs provide important functions, including: providing high quality and low cost training; assisting with the certification and testing of Emergency Medical Technicians; coordinating EMS resources; and improving the availability of safe and efficient emergency medical care and transportation. The programs provide essential emergency medical training to Community Health Aides and others.

Training and Supervision: These grant funds support the training and supervision of over 500 community health aides (CHA) and community health practitioners (CHP) statewide. This reduction could result in a yearly elimination of over 100 training courses and over 1,000 supervisory contracts, which could clearly affect the expertise of CHA/Ps and the quality of care provided to patients in rural Alaska.

Health Clinics: Funds available to support the personnel costs of mid-level practitioners providing medical services in the rural villages will be reduced.

Public Health Nurses: An 8% reduction to the public health nursing programs will result in a significant decrease in PHN workforce capacity to provide local public health services throughout the state. In addition to the Norton Sound and Maniilaq BRUs, the Division of Public Health awards grants for Public Health Nursing to the Municipality of Anchorage and the North Slope Borough. The division will have to re-evaluate the amount that they award to each area of the state to minimize the impact overall.

Additionally, the following two programs currently funded through the designated BRUs may not be able to be funded through the competitive bid process through the Community Health Grants component.

Pre-maternal Homes: The result of the funding transfer and reduction would be the discontinuation of the Maniilaq and Norton Sound prematernal homes. Prematernal home funding was discontinued in the state approximately eight years ago, except in these BRUs.

Eye Care: The only eye care programs statewide are those supported with state BRU funds provide for comprehensive vision services in the Norton Sound and Maniilaq regions [sic]. These services may be eliminated.

Senator Hoffman asserted this item has widespread support as shown during the public testimony hearings.

Senator Green asked how this amendment relates to H&SS #16, which relates to Community Health Grants.

AT EASE 4:32 PM / 4:33 PM

It was established that Senator Hoffman's comments pertain to H&SS #16 rather than H&SS #12. He then addressed comments to H&SS #12 and read an explanatory statement into the record as follows.

Impact: The CMH/API Replacement Project is enhancing the capability of private community providers to meet the challenging needs of people with severe and chronic mental illness who would otherwise require acute or long-term care at the Alaska Psychiatric Institute (API). This fund source switch request replaces with GF/MH the federal funding for deinstitutionalizing six long-term residents of API and reducing the size of the Katmai unit from 25 to 20 beds. In the fall of 1999 and spring of 2000, six long-term API residents transitioned to community-based residential care. Five of these former patients now live in a triplex with a full complement of support services and one resides in a foster care home. These individuals had lived at API from two

to 18 years prior to being placed in the community, not because they required hospital care, but because there were no other options available for meeting their challenging day-to-day needs.

These services have been funding since 1999 with a federal grant. The plan has been to transition to state general funds. The Department of Health and Social Services continues its commitment to improving community mental health services as part of the three-pronged Community Mental Health/API Replacement Project. Major partners in this effort include the Alaska Mental Health Board, the Alaska Mental Health Trust, the Department of Health and Social Services Division of Mental Health and Developmental Disabilities, and API. The three central components of this effort are:

- Improving community mental health by supporting the provision of private treatment alternatives to API hospitalization
- Replacing the API building
- Enhancing the quality of care at API

Funding of this increment is essential to maintaining the community's support of the entire CMH/API Replacement Project. Community support, vital to this success of this effort [sic], hinges on the State's commitment to on going funding of community-based services rather than relying on time-limited funds, such as SAMHSA grants.

The short-term impact in not funding this increase is that we will be required to make an amendment to our federal funding application for FY 02 that has already been submitted. In making this amendment, we will need to decrease some other vital service that is part of this project. In our planning for this project, having the funds for this project as general funds allowed for some additional community based direct services to be provided. For FY 02, the revised federal spending plan will result in fewer funds for such community services as enhanced detox, crisis/respice, dual diagnosis treatment, supported housing, and other vital services. All of this has a direct impact on meeting the goals of this project as noted above.

The long-term impact is that the program will have to be closed after the federal funds terminate in FY 03. An attempt will be made to absorb the six individuals into the general funded services, but due to the severe impairments these individuals have, it is unclear whether this can be accomplished.

Senator Green shared that in discussions with the department she learned that in one year, funding for the program would be replaced with federal funds.

Senator Hoffman requested the department address the issue.

JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services testified that currently the program is funded with a federal grant and that the intent of the department, the Mental Health Trust Authority (MHTA) and the Alaska Mental Health Board (AMHB) is to utilize general fund-mental health funds in FY 02 as part of a long-range plan. She cautioned that without the general funds the application for federal funds would have to be altered and other services would have to be reduced.

Senator Hoffman asked if federal funds were available for this purpose for one more year.

Ms. Clarke responded that the grant application, which had already been submitted, would have to be amended since this program was not intended to be a part of the expenditures of the grant. She stressed that it is uncertain how the federal agency overseeing this grant would address the matter. She told of the API residents impacted, and the importance of the program. She could not answer Senator Hoffman's question yes or no.

A roll call was taken on the motion.

IN FAVOR: Senator Halford and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Lemman, Senator Ward and Co-Chair Donley

ABSENT: Senator Wilken and Co-Chair Kelly

The motion FAILED (2-5-2)

This amendment FAILED to be adopted.

H&SS #13: This amendment adds \$235,000 general funds for the State Health Services BRU, Public Health Laboratories component on page 20, lines 5 and 25.

Senator Hoffman read an explanatory statement into the record as follows.

This increment for this Back to Basics initiative was funded at 30% of the requested level. The communicable disease problems addressed in the Back to Basics programs such as TB, HIV, Hepatitis A/B/C, sexually transmitted diseases, and loss

in the immunization coverage remain threats to the public's health. Failure to fully fund the Back to Basics initiative will result in the elimination of one proposed microbiologist position and a 50% reduction in needed commodities. Failure to provide adequate professional staff significantly hinders the timely diagnosis of such diseases as tuberculosis, hepatitis and sexually transmitted diseases, all of which are on the rise in Alaska. Current resource [sic] are inadequate to do the epidemiological and laboratory fieldwork that is needed. This increment will help control infectious disease in Alaska.

Senator Olson spoke in support of the amendment on behalf of public health services. He stressed that this service is constitutionally mandated. He talked of the increases in the number of cases of meningitis and tuberculosis.

Senator Green noted the \$700,000 overall funding increase for public health.

[Note: No formal motion was made to adopt this amendment.]

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Lemman, Senator Ward, Senator Austerman and Co-Chair Donley

ABSENT: Senator Wilken and Co-Chair Kelly

The motion FAILED (2-5-2)

The amendment FAILED to be adopted.

H&SS #14: This amendment adds \$188,600 Tobacco Settlement Receipts for the State Health Services BRU, Tobacco Prevention and Control component on page 20, lines 5 and 26.

This amendment was NOT OFFERED.

H&SS #15: This amendment adds \$1.6 million Tobacco Settlement Receipts for the State Health Services BRU, Tobacco Prevention and Control component on page 20, lines 5 and 26.

Senator Hoffman moved for adoption.

Senator Green objected.

Senator Hoffman read an explanatory statement into the record as follows.

The \$1,600,000 in tobacco settlement funds (a type of general funds) for Tobacco Prevention and Control Enhancement would provide funding for community-based grants for three specific areas: community-based programming, school-based youth programs and cessation services. The Governor's budget includes \$1.4 million for Tobacco Prevention and Control and this amendment would bring the total resources to \$3 million.

MICHELLE TOOHEY, Public Advocacy Manager, American Heart Association, pointed to the "tremendous successes" in states with comprehensive sustained tobacco control programs, such as in California and Massachusetts. She reported smoking consumption has been reduced by over 30 percent. She stated that this funding would help the Alaska program expand and achieve measurable success.

Senator Lemman appreciated the intent of the amendment, but stated that he would not support such a large increment at one time, suggesting the increase was "too much too fast."

Senator Hoffman requested the witness respond to Senator Lemman's statement.

Ms. Toohey pointed out an infrastructure and procedures were in place for undertaking this effort and that the programs in other states are proving successful.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green and Co-Chair Donley

ABSENT: Co-Chair Kelly

The motion FAILED (2-6-1)

This amendment FAILED to be adopted.

H&SS #16: This amendment adds \$359,400 general funds for the State Health Services BRU, Community Health Grants component on page 20, lines 5 and 20.

This amendment was NOT OFFERED.

H&SS #17: This amendment adds \$439,000 general funds for the State Health Services BRU, Epidemiology component on page 20, lines 5 and 13.

This amendment was NOT OFFERED.

H&SS #18: This amendment adds \$852,200 general funds for the State Health Service BRU, Nursing component on page 20, lines 5 and 6.

Senator Hoffman read an explanatory statement into the record as follows.

The increment for this Back to Basics initiative was funded at 30% of the requested level. The communicable disease problems addressed in the Back to Basics programs such as TB, HIV, Hepatitis A/B/C, sexually transmitted diseases, and loss in immunization coverage remain threats to the public's health. Without full funding, sine [sic?] areas will continue to experience disease problems that could have been identified, treated and controlled with adequate nursing personnel. The original proposal for 11 nurses and 4 support staff was modest in terms of the work to be done in our state. Current resources are inadequate to meet the demand and an increasing population. The nursing component should be funded to help prevent and contain infectious disease in the state.

Senator Green pointed out that the funding for nursing services was increased nearly \$1.8 million from FY 01.

Senator Hoffman requested the department explain how the \$1.8 million relates to the amount requested in this amendment.

Ms. Clarke responded that the primary funding increase in the nursing component is for the salary increase granted to the public health nurse positions. She affirmed the Back to Basics component remains funded at 30 percent of the governor's requested amount.

Ms. Clark shared that the areas with major disease outbreaks have been identified as Anchorage, Mat-Su, Kenai, Bristol Bay, Delta Junction, Valdez, the Interior region, and Aleutian Islands communities. She detailed there were several outbreaks of tuberculosis in recent years in Anchorage, the Seward prison and the Norton Sound region.

[Note: No formal motion was made to adopt the amendment.]

A roll call was taken on the motion.

IN FAVOR: Senator Halford and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Senator Ward and Co-Chair Donley

ABSENT: Co-Chair Kelly

The motion FAILED (2-6-1)

This amendment FAILED to be adopted.

H&SS #19: This amendment adds \$564,500 general funds for the Juvenile Justice BRU, Probation Services component on page 19, lines 21 and 31.

Senator Hoffman read an explanatory statement into the record as follows.

Impact: The division will be unable to provide services to victims of juvenile crime and will increasingly fail to provide them with opportunities to exercise their constitutional and statutory rights to participate in the judicial and restitution processes. The division would have located nine additional juvenile probation officers in those areas with the highest caseload and programmatic need as follows: Anchorage (2), Bethel, Barrow, Dillingham, Kenai, Ketchikan, Kodiak, and Valdez. This was to have been the first year of a three year initiative to intervene earlier and more effectively with juveniles before they penetrate further into the formal juvenile justice system or, in other words, to prevent juveniles from entering one of the state's six youth facilities.

If offense referrals continue at current levels or increase by any amount at our rural offices, the delinquency response will be limited to only the most serious felony cases. Early intervention and effective diversion activities will be reduced, eliminated or not initiated due to continued lack of resources. There will be fewer consequences for young offenders who commit minor crimes; this, in turn, will increase the likelihood that juveniles will offend due to the lack of accountability for their inappropriate behavior.

Senator Green commented \$1.6 million has been allocated for the new Ketchikan and Mat-Su juvenile detention facilities and an additional \$150,000 has been allocated for increased probation services. She agreed with the merits of the probation system.

Senator Hoffman pointed out that Senator Green did not mention any

rural communities as having received additional funds.

Co-Chair Donley commented on the "tremendous" progress the legislature has made over the past three years in the area of funding for juvenile justice services, plus the "massive" increases contained in the FY 02 budget. He pointed out that this area has experienced a significant growth in the number of personnel. He acquiesced continued efforts are necessary.

Senator Hoffman agreed but noted that the funding increases were primarily directed to urban areas and suggested fair and equitable increases and decreases between urban and rural areas.

Co-Chair Donley noted that there had been only two juvenile justice facilities in the state until recently.

[Note: No formal motion was made to adopt the amendment.]

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

ABSENT: Senator Austerman

The motion FAILED (2-6-1)

The amendment FAILED to be adopted.

H&SS #20: This amendment adds \$1,205,100 general funds for the Public Assistance BRU, Adult Public Assistance component on page 17, lines 19 and 22.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

The Adult Public Assistance (APA) program provides cash assistance (approximately \$300/month) to needy aged, blind, and disabled persons to cover basic living expenses such as shelter clothing and food. The elderly and disabled poor are the most vulnerable citizens.

The Governor's Budget requested that the estimated caseload would continue to grow by about 4.7%, which is the average growth for the program for the last several years, to 14,617 persons per month in FY 02. The Senate Subcommittee funds an APA population increase of less than 2%.

APA is a cash entitlement program and the department does not have discretion to reduce benefit amounts, of the funds are insufficient to meet the need this could cause a supplemental funding situation.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

H&SS #21: This amendment adds \$148,500 general funds for the Purchased Services BRU, Family Preservation component on page 18, lines 28 and 29.

This amendment was NOT OFFERED to defer to H&SS #27.

H&SS #22: This amendment adds \$1,828,100 general funds for the Purchased Services BRU, Subsidized Adoption and Guardianship component on page 18, line 28 and page 19, lines 4 and 5.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

Impact: The number of children provided permanent homes through the Subsidized Adoptions and Guardianship program has increased significantly over the past several years. From FY 92 to FY 00 the number of children removed from the Foster Care system and placed in a permanent home increased 294% from 228 to 1,332.

This caseload increase is in large part attributable to the success of State permanency planning initiatives, Project SUCCEED and the Balloon Project. The Balloon Project, implemented in July 1999, provides funds to the Division of Family and Youth Services, the Attorney General's office, the Public Defender Agency, and the Office of Public Advocacy to increase the state's ability to comply with state and federal permanency planning mandates and to focus on legal proceedings needed for children who have been in custody the longest period of time.

The proposed reduction of \$1,069,900 general funds from the FY 02 caseload growth increment and not approving the transfer of \$758,200 from Foster Care Base Rate to Subsidized Adoption and Guardianship will result in insufficient funding for approximately 235 children. This represents 12% of the revised

FY 02 projected caseload. This could potentially result in the need for a FY 02 supplemental.

Senator Green listed increases to this component of \$1.3 million in addition to a \$1.3 million increase to the Balloon Project, which she pointed out is above the amount requested by the governor.

Senator Hoffman asked the department the difference between the amount requested for the Subsidized Adoption and Guardianship program and the \$1.3 million allocated to the Balloon Project.

Ms. Clarke explained that of the \$1.3 million increase Senator Green referred to, \$1 million is to replace federal Temporary Assistance for Needy Families (TANF) funds that could not be used for funding subsidized adoption programs. She noted a similar funding source change request is contained in the FY 01 Supplemental budget legislation.

Ms Clarke reiterated previous testimony given at earlier hearings attesting to the success of the Subsidized Adoption and Guardianship program. She emphasized the growth rate for foster care cases is less than zero. She attributed this to the success of the Balloon Project.

Ms. Clarke expressed the department would continue to operate the program and would not keep children in foster care. As a result, she warned, this item would be included in the FY 02 Supplemental budget request as well.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

ABSENT: Senator Leman

The motion FAILED (2-6-1)

The amendment FAILED to be adopted.

H&SS #23: This amendment adds \$1,564,700 general funds for the Medical Assistance BRU, Medicaid Services component on page 17, line 31 and page 18, line 3.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

The Medicaid Services FY 02 funding request is base on a low-case scenario. A general fund reduction of \$1,567,700 will result in inadequate spending authority to pay service claims. Medicaid payments to providers will be affected in the absence of a timely FY 02 supplemental appropriation.

The FY 02 projections that formed the basis for the FY 02 budget request incorporated the maximum rate of federal funding participation. Under this low-case scenario, a \$1,567,700 cut to general funds means a loss of as much as \$4,645,000 total funds to the Medicaid program.

The foreseeable impact of any cut to general fund match requested by the Medicaid program is that providers may not receive timely payment for services rendered and the department could be forced to request supplemental funding in FY 02. The department has no plans to reduce service or eligible groups because of this reduction.

Senator Green emphasized the appropriation for this increment "at best" is an estimate of the actual amount needed to operate the Medicaid program. She spoke of the budget subcommittee's intent to monitor expenditures throughout the upcoming fiscal year.

Senator Hoffman WITHDREW his motion to adopt the amendment to defer to the FY 02 Supplemental budget request.

H&SS #24: This amendment adds a new bill section to read as follows.

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

Accompanying explanatory reads as follows.

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

Senator Hoffman moved for adoption and read the explanatory statement into the record.

A roll call was taken on the motion.

IN FAVOR: Senator Halford and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

ABSENT: Senator Leman

The motion FAILED (2-6-1)

The amendment FAILED to be adopted.

H&SS #25: This amendment removes the following amounts from BRU and components as shown.

\$1,465,400 general funds
Purchased Services BRU
Family Preservation component
Page 18, lines 28 and 29

\$3,538,300 general funds
State Health Services BRU
Community Health Grants component
Page 20, lines 6 and 20

\$3,213,200 general funds
Alcohol and Drug Abuse Services BRU
Alcohol/Drug Abuse Grants component
Page 20, lines 27 and 31

\$2,319,800 general funds
Community Mental Health Grants BRU
General Community Mental Health Grants
Page 21, lines 6 through 8

This amendment adds the following amounts for BRU and components not included in this committee substitute but present in CS HB 103 (FIN)(brf sup maj fld S)

\$3,045,30 general funds
Maniilaq BRU
Social Services component
Public Health Services component

Alcohol and Drug Abuse component
Mental Health and Developmental Disabilities component

\$2,357,200 general funds
Norton Sound BRU
Social Services component
Public Health Services component
Alcohol and Drug Abuse component
Mental Health and Developmental Disabilities component

\$565,700 general funds
Southeast Alaska Regional Health Consortium BRU
Social Services component
Public Health Services component
Alcohol and Drug Abuse component
Mental Health Services component

\$372,700 general funds
Kawarek BRU
Social Services component
Public Health Services component
Alcohol and Drug Abuse component
Mental Health Services component

\$1,255,100 general funds
Tanana Chiefs Conference BRU
Social Services component
Public Health Services component
Alcohol and Drug Abuse component
Mental Health Services component

\$198,500 general funds
Tlingit-Haida BRU
Social Services component
Alcohol and Drug Abuse component

\$2,742,200 general funds
Yukon-Kuskokwim Health Corporation BRU
Public Health Services component
Alcohol and Drug Abuse component
Mental Health Services component

Accompanying explanatory language reads as follows.

These adjustments would restore all of the Designated Grants to rural health providers that were eliminated in the Senate Subcommittee action.

The Designated BRUs primary function is to provide human

services in rural Alaska. The cuts in these areas would primarily affect rural communities that are in need of these services and do not have access to other providers. These direct grants provide an efficient mechanism to provide service in these regions.

All of these grants are for direct public health, substance abuse, mental health, social services or child protection services in their respective regions. These grant programs have existed in the state budget for almost 20 years and were established because of special circumstances or because of the lack of competition in these regions. The grantees function in place of state employees in these areas and provide the most basic services. State resources to these primarily Native grantees also ensure that non-Natives in the region have access to services.

Services that have been provided in these regions through designated grants include: Emergency Medical Services, Community Health Aide Training and supervision, Public Health Nursing Services, Pre-maternal homes in Maniilaq and Norton Sound regions, Eye care services, Child Protection services, Alcohol and Drug Abuse Services and Mental Health and Developmental Disabilities services.

This amendment would transfer all of these grants from other grant programs such as Alcohol and Drug Abuse Grants or General Community Mental Health Grants back to the designated grants.

Senator Hoffman moved for adoption.

Senator Green objected.

Senator Hoffman pointed out that during the two days of public testimony the Committee heard relating to this budget, this item received more attention than any other, and that no opposition was voiced on the matter. He requested the department explain the program would be administered.

AT EASE 5:06 PM / 5:06 PM

Senator Hoffman elaborated asking how the Request for Proposals (RFP) would be evaluated and how the department would address the resulting reduction of services.

Ms. Clarke noted the information was very recent and that the department has not yet formulated a plan. She detailed the process that occurred when the RFP was issued and the consolidated grant proposal submitted by the grantees for "those activities that have been funded in the budget for almost 20 years." She stated that

although the grant process would have to be expanded, she maintained there is no competition for these providers. She stressed these providers are established and already have infrastructures in place.

Senator Hoffman added that these grantees are providing basic health care services as required by the constitution on behalf of the State of Alaska. He asked if a major reduction in services to rural areas is foreseen as a result of this amendment.

Ms. Clarke expressed the department supports the amendment and that the "designated BRU grants provide an efficient means of providing those services out of those regions where there are no other providers and we would continue to support that." She assured that these regions of the state would not be penalized without analysis.

Senator Green asked if designated grant recipients participate in the competitive grant process for the community grants.

Ms. Clarke replied they could if additional funds were available under new initiatives.

Senator Green asked if all of the providers were participating in the competitive grant process.

Ms. Clarke did not know if all were.

Senator Green understood all of the providers participated in the competitive grant process currently.

Senator Olson reiterated Senator Hoffman's statement regarding the support voiced during public testimony for the designated grants. He predicted services would be "sharply curtailed" if this amendment were not adopted.

Senator Green referenced a report showing the "great variety of funding that goes to every one of these public health corporations." She opined, "they are not being held captive" and would "probably not suffer one bit." However, she continued, "There is great advantage to everyone out there being under a competitive grant process. She found the argument that patients would not receive services "disingenuous" given the ratio of the funds received through the grant process to the funds received through Medicare, in addition to funds contributed by third-party payers, the Indian Health Service grants and other direct federal grants.

Senator Hoffman did not know of another program administered by the state that penalizes the grantee for receiving additional funds

from a different source. He believed this should instead be encouraged. He spoke of a conversation he had with the Chief Executive Officer of the Yukon-Kuskokwim Health Corporation where he learned patients would receive a reduction in services. He warned that other communities would also suffer a reduction in services. He emphasized that this amendment attempts to restore services to a rural region and that this budget contains block grant reductions to Anchorage or Fairbanks. He reiterated that the rural areas should not be treated differently than other areas of the state during times of increases or decreases.

AT EASE 5:15 PM / 5:18 PM

Senator Olson stressed that although he understood there would be some funding, tuberculosis outbreaks are serious. Because of this, he remarked the public health services must be adequately funded.

Senator Hoffman referred to the figures referenced by Senator Green. He asserted the numbers are inaccurate.

SFC 01 # 67, Side A 05:20 PM

Senator Hoffman continued the state does not provide services to rural Alaska because it depends on the Native corporations to provide such services. He asked if the department concurred with this assumption.

Ms. Clarke detailed that public health nurses are state employees except in areas served by a regional health corporation, the North Slope Borough and the Municipality of Anchorage. In these cases, she explained, grants are provided to the corporation or local government to pay the cost of public health. She stressed the corporations and local governments are acting as a state agent in providing public health nursing services.

Co-Chair Donley listed the per capita expenditures of \$194 in Juneau, \$132 in Anchorage, and \$171 in Fairbanks, compared to over \$300 for the remainder of the state. This, he said reflects that there is a need, but does not support the argument that the state is unfair in funding rural areas because of the higher amount appropriated for them.

Senator Hoffman disagreed.

A roll call was taken on the motion.

IN FAVOR: Senator Halford and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

H&SS #26: This amendment adds \$1,500,000 federal funds for the Purchased Services BRU, Family Preservation component on page 18, lines 28 and 29.

Senator Green moved for adoption noting this is a technical amendment relating to a change in attorney positions in the Office of Public Advocacy and should not be included in the Department of Health and Social Services budget.

The amendment was ADOPTED without objection.

AT EASE 5:24 PM / 7:48 PM

H&SS #27: This amendment adds the following amounts for the noted BRUs and components.

\$148,800 general funds
Purchased Services BRU
Family Preservation component
Page 18, lines 28 and 29

\$359,400 general funds
State Health Services BRU
Community Health Grants component
Page 20, lines 5 and 20

\$326,600 general funds
Alcohol and Drug Abuse Services BRU
Drug and Alcohol Abuse Grants component
Page 20, lines 27 and 31

\$4,400 general funds
Community Mental Health Grants BRU
General Mental Health Grants component
Page 21, lines 6 through 8

Accompanying explanatory language reads as follows.

This amendment reverses all reductions made to grant programs

after the transfer of funds from the designated BRUs.

Senator Green moved for adoption.

Co-Chair Donley stated this amendment would restore funding for the Community Health grants and other social service grants to the FY 01 level.

The amendment was ADOPTED without objections.

AT EASE 7:49 PM / 7:50 PM

Department of Administration

ADM #1: This amendment adds \$500,000 general funds and \$800,000 SDPR for the Public Communications Services BRU, Satellite Infrastructure component on page 4, lines 12 and 16.

Co-Chair Donley AMENDED the amendment, changing the amounts to \$350,000 general funds and \$350,000 SDPR.

Co-Chair Kelly moved for adoption.

Without objection the amended amendment was ADOPTED.

ADM #2: This amendment adds \$185,000 general funds for the Legal and Advocacy Services BRU, Office of Public Advocacy component on page 5, lines 24 and 15. Accompanying explanatory language reads as follows.

In the Senate Subcommittee on the Department of Health and Social Services the Child Protection Legal Assistance BRU was zeroed out. While these components have been funded in H&SS, the funds simply pass through to the Department of Administration. The above amendment funds these components in the Department of Administration, which should result in better tracking of these budgets.

Senator Green announced she would NOT OFFER this amendment.

ADM #3: This amendment adds \$50,000 general funds for the Centralized Administrative Services BRU, Labor Agreements component on page 2, lines 12, 13 and 21.

This amendment was NOT OFFERED.

ADM #4: This amendment adds \$13,500 general funds and \$55,700 Inter-Agency Receipts (I/A Recpts.) for the Leases Except Anchorage

Division of Motor Vehicles Facilities BRU, Lease Administration component on page 2, lines 27, 28 and 30.

This amendment was NOT OFFERED.

ADM #5: This amendment adds \$1,900,000 general funds for the Leases Except Anchorage DMV Facilities BRU, Leases component on page 2, lines 27 through 29.

Senator Hoffman moved for adoption. He stated that historically, the legislature has short-funded the leasing components and addressed the remaining funds in supplemental budgets.

Senator Hoffman WITHDREW his motion to adopt the amendment and it was NOT RE-OFFERED.

ADM #6: This amendment changes the funding source of \$255,000 I/A Receipts to general funds for the Legal and Advocacy Services BRU, Public Defender Agency component on page 5, lines 14 and 15.

Senator Hoffman moved for adoption, stating it relates to ADM #2, and read an explanatory statement into the record as follows.

The funding for these interagency receipts was in the Department of Health and Social Services budget. The Department of Health and Social Services budget subcommittee cut these authorizations, so without this amendment funding for these services will disappear. The Department of Health and Social Services Senate Finance Subcommittee recommendation eliminates this funding for the Department of Administration. The interagency receipts for the Public Defender Agency will enable the agency to process Child in Need of Aid cases in a timely fashion. Two full-time attorney positions will have to be eliminated. Without the interagency receipts the Public Defender Agency will be unable to meet the new statutory deadlines for processing these cases as well as the increased filings based on increased Division of Family and Youth Services resources and zero tolerance policies.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #7: This amendment adds \$466,400 general funds for the Legal and Advocacy Services BRU, Public Defender Agency component on page 5, lines 14 and 16.

Senator Hoffman moved for adoption and explained the same justification for ADM #6 applies. He noted this amount matches that appropriated by the House of Representatives.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #8: This amendment adds \$1,291,400 general funds for the Legal Advocacy Services BRU, Public Defender Agency component on page 5, lines 14 and 16.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

This amendment of \$1,292,400 in general funds provides funding for the Public Defender Agency at the level recommended by the governor.

The agency needs a portion of this increment to maintain the current level of services. Failure to fund this will require reducing existing services. The Public Defender Agency will not be able to keep up with the delinquency filings in the Bethel office due to the loss of the existing paralegal. Also, the Public Defender Agency will no longer be able to participate in the highly successful Anchorage mental health court.

Another portion of this increment would provide for additional resources recommended in a legislative audit in May 1998. Eight paralegals, an additional investigator in Kodiak, additional computer/case management support, travel for attorneys to participate in trials in rural court locations to ensure that rural clients receive equitable treatment.

Senator Olson commented about lack of consideration for those "on the fringes of society."

Co-Chair Donley countered that although funding for this agency is not increased from FY 01, it has received extra funding at a rate several times that of the Department of Law, Criminal Division.

Senator Olson requested a representative of the department confirm or deny this.

DAN SPENCER, Director, Division of Administrative Services, Department of Administration testified that the Public Defender Agency deals not only with criminal actions, but with Child in Need of Aid cases and a variety of other cases that are handled by both the Criminal and Civil sections of the Department of Law.

Senator Olson asked if it is indeed the case that the Public Defender's Office funding has been maintained at the same level as in years past.

Mr. Spencer answered that the committee substitute budget before the Committee is lower than that of year's past due to the loss of \$185,000 RSA'd to the Public Defender's Agency from the Department of Health and Social Services.

Senator Olson asked how this budget compares to the budget from two or five years prior.

Mr. Spencer was unsure.

Co-Chair Donley asserted it is "quite a bit higher" than five years ago.

A roll call was taken on the motion.

IN FAVOR: Senator Halford and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #9: This amendment changes the funding source of \$185,000 I/A Receipts to general funds for the Legal and Advocacy Services BRU, Office of Public Advocacy component on page 5, lines 14 and 15.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

The Office of Public Advocacy needs these funds to support three non-attorney guardians ad litem. They represent more than 450 abused and neglected children in Child in Need of Aid proceedings. The loss of these interagency receipts means that these children will be assigned to other guardians who are already overwhelmed by caseload far in excess of best in practice standards.

The expeditious handling of these cases, which is mandated by SLA 98, Chapter 99, will be destroyed by the loss of this money.

The average caseload for a guardian ad litem would jump to well over 200 children.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Senator Ward, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

This amendment FAILED to be adopted.

ADM #10: This amendment adds \$600,000 general funds for the Legal and Advocacy Services BRU, Office of Public Advocacy component on page 5, lines 14 and 15.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

This reduction would leave the Office of Public Advocacy well below the level of funding needed for the current fiscal year. The Office of Public Advocacy cannot control the number, type or timing of cases assigned by the courts.

Nearly 60% of the Office of Public Advocacy's costs are payments to private attorneys who contract with OPA at rates far below market rates, in part because OPA pays its bills timely. OPA may see its pricing advantages disappear if it becomes necessary to defer payment of bills. A shortfall of this magnitude would affect all OPA services, including Child in Need of Aid cases, the guardian ad litem and public guardian programs, and criminal defense cases.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Leman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #11: This amendment creates a new Assisted Living Rate component in the Senior Services BRU on page 4, line 28 and adds \$128,000 general funds to this component.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

This is to cover costs of an assisted living rate increase. As the rate increase is now in place the increased costs will almost certainly be incurred.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #12: This amendment adds \$447,300 general funds for the Senior Services BRU, Protection, Community Services, and Administration component on page 4, lines 28 through 29.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

This amendment would fund the Senior Services General Relief program. This program provides assistance to vulnerable adults. These are persons 21 or older who are vulnerable because they are subject to neglect, including self-neglect, because of competency issues, or because they are subject to physical or emotional abuse.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #13: This amendment adds \$650,000 general funds for the Information Services Fund BRU and component on page 4, lines 10 and 11.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

Loss of funding means the state's emergency communications infrastructure will continue to deteriorate as deferred maintenance needs go unmet. Ongoing maintenance will continue to be paid for the state agencies that routinely need these services. Some of these agencies will have to take funds from their day-to-day operations to support a communications system that is needed and used by all organizations, stat, local government, non profits and federal agencies, when responding to emergencies.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #14: This amendment adds \$1,600,000 for the Public Communications Services BRU, Satellite Infrastructure component on page 4, lines 12 and 16.

Senator Hoffman read an explanatory statement into the record as follows.

This increment would fund the contract for satellite transponder services to provide statewide public television.

Senator Hoffman added that this amendment would benefit viewers of the Gavel-to-Gavel network, which was airing these proceedings.

[Note: No formal motion was made to adopt this amendment.]

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #15: This amendment adds \$2,615,200 general funds and \$2,633,000 Receipt Supported Services funds for the Alaska Longevity Programs Management BRU, Pioneers' Homes component on page 4, lines 23 through 25.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

The Governor had requested \$2,474,700 in general funds for the Veterans' home proposal and \$140,500 in general funds for the salary adjustment for related nursing positions. The \$140,500 and the \$2,474,200 add up to the requested increment of \$2,615,200 in general funds.

The \$2,633,000 in Receipts Supported Services in the governor's request for Pioneer Home receipts.

Senator Hoffman noted this increment has received support from veterans throughout the state.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Senator Ward, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #16: This amendment deletes \$70,900 general funds from the Division of Motor Vehicles-East 48th Street Lease BRU and component on page 3, lines 11 through 14. Explanatory language reads as follows.

This will zero-out this appropriation. This lease is for the Department of Public Safety, although DMV does have some storage space in the facility. DMV will vacate that space, not likely within FY 02.

This amendment also deletes \$167,600 general funds from the Division of Motor Vehicles-Fairbanks Street Lease BRU and component on page 3, lines 7 through 10. Explanatory language reads as follows.

This lease is held on behalf of several tenants. This amendment changes the appropriation to 64.4, the amount related to DMV-occupied space.

This amendment also adds \$44,900 general funds for the Division of Motor Vehicles-Dowling Rd/Benson Avenue Leases BRU and component on page 3, lines 3 through 6. Explanatory language reads as follows.

This increases the appropriation to the correct amount of 1.044.9.

This amendment also adds \$193,600 general funds for the Leases Except Anchorage Division of Motor Vehicles Facilities BRU, Leases component on page 2, lines 27 through 29.

This action returns the net amount from the amendments above back to the Leasing budget.

Senator Ward moved for adoption.

Co-Chair Donley noted this amendment has a net zero impact.

There was no objection and the amendment was ADOPTED.

Department of Military and Veterans Affairs

M&VA #1: This amendment deletes \$50,000 Investment Loss Trust Funds (ILTF) and \$310,900 Inter-Agency Oil and Hazardous Waste funds (I/A Oil Haz) from the Disaster Planning and Control BRU and component on page 24, lines 32 and 33. This amendment also adds \$50,000 ILTF and \$423,400 I/A Oil Haz funds for and new Local Emergency Planning Committee Grants component in the Disaster Planning and Control BRU.

Senator Leman moved for adoption.

Senator Hoffman objected for an explanation.

Senator Lemman stated this amendment incorporates the investment loss trust fund increment at the request of the Department of Military and Veterans Affairs budget subcommittee for local emergency planning committees for non-oil and hazardous substance planning. He noted funding for oil and hazardous substance emergencies is contained in the Department of Environmental Conservation budget.

The amendment was ADOPTED without objection.

M&VA #2: This amendment inserts a new bill section on page 46, following line 11 to read as follows.

Sec. 5. ALASKA NATIONAL GUARD. The sum of \$250,000 from the fiscal year 2002 dividend that is declared by the Alaska Student Loan Corporation is appropriated from the student loan fund (AS 14.42.210) to the Alaska Commission on Postsecondary Education for payment in fiscal year 2002 to the Alaska National Guard to pay the University of Alaska for course credits for continuing educational benefits to members of the Alaska National Guard.

The amendment was NOT OFFERED.

M&VA #3: This amendment adds \$107,000 general funds for the Alaska National Guard BRU, State Active Duty component on page 25, lines 5 and 13.

Senator Olson moved for adoption and stressed that the Alaska National Guard plays a "key role" in rural Alaska in providing services during times of disasters and other calamities. He added that in a more passive roll, the Guard is involved with schools and other community activities. He surmised this amendment would have a positive impact on helping the Guard in its efforts.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

M&VA #4: This amendment adds \$200,000 general funds for the Disaster Planning and Control BRU and component on page 24, lines

32 and 33.

Senator Olson moved for adoption and explained these funds are for the state emergency coordination center. He stressed that Alaska does not have an operations center dedicated for coordinating deployment of local, state, federal, volunteer and private resources at the scene of any major disaster or emergency. He continued, saying law enforcement, fire and emergency medical personnel have "long seen the need for reducing their response time."

Senator Olson pointed out that recent events across the country and Alaska are warnings of the dangers of delayed response. He listed school shootings, earthquakes, emergency landings in small communities of large aircraft, such as the situation in Cold Bay, fuel spills, wildland/urban interface fire and floods as typical of events that require immediate response.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

M&VA #5: This amendment adds \$111,800 general funds/Match for the Alaska National Guard BRU, Alaska Military Youth Academy on page 25, lines 5 and 14.

Co-Chair Kelly noted this increment is already contained in the committee substitute.

This amendment was NOT OFFERED.

Department of Transportation and Public Facilities

DOT #1: This amendment increases the appropriation in Section 15 from \$27,909,700. The amended language reads as follows.

Sec. 15. MARINE HIGHWAY SYSTEM FUND. The sum of \$29,019,500 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060).

Accompanying explanatory language reads as follows.

Maintain Baseline Service - \$819,800 GF

The Marine Highway Stabilization Component requires additional GF in FY 02 in order to maintain baseline service to the public. Without this increase, AMHS would have to reduce service. Current projections indicate the fund balance will reach zero during FY 02 unless additional GF is appropriated or service is reduced. Funding of this increment will allow AMHS to continue service uninterrupted through the end of FY 02—a projected total of 293.1 weeks of service.

In addition to the GF contribution to the fund needed to maintain services, additional GF is requested to offset Marine Highway Fund increments, which have been recommended by the Senate Finance Subcommittee for the following purposes. Without the additional GF, the deficit will be higher than estimated and further vessel service reductions will be necessary.

Kennicott Longshoring Expenses - \$60,000 GF

Because the AMHS operates from several privately owned facilities and municipal piers in Southwest Alaska and Prince William Sound, state or contract employees are not allowed to handle lines due to a statewide longshoring agreement. The longshoring costs for M/V Kennicott are quadruple that of the M/V Tustumena. In the winter of 2002, the Kennicott will be providing the only service to Cordova and Kodiak for five months due to a scheduled overhaul of the M/V Tustumena.

Seasonal Whittier Terminal Position - \$30,000 GF

With the opening of the Whittier Tunnel in May 2000, AMHS has increased staffing needs at the terminal. Two positions must be available to meet and tie up incoming Marine Highway vessels. This request would fund one seasonal position, from May to September, to assist an existing position.

AMHS Marketing Effort - \$200,000 GF

A recently completed AMHS marketing and pricing study shows that the lack of marketing is the major cause of customer decline. An active marketing program directed at the 80,000 potential customers identified in the study would increase revenue and significantly reduce the AMHS annual operating deficit.

Senator Austerman moved for adoption.

Senator Ward objected.

Senator Austerman stated his intent for the baseline services portion of the amendment is to prevent reduction in services of the Marine Highway System. He stressed the importance of the MHS to communities in his district. He pointed out there has already been

a reduction in services.

Senator Austerman noted the reason longshoring expenses are considerable higher for the MV Kennicott than other vessels is due to the larger size of the new vessel.

A roll call was taken on the motion.

IN FAVOR: Senator Olson, Senator Austerman and Senator Hoffman

OPPOSED: Senator Lemman, Senator Ward, Senator Wilken, Senator Green, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (3-6)

The amendment FAILED to be adopted.

DOT #2: This amendment changes the funding source from general funds to Highway Working Capital Funds (HWCF) in the Transportation Administration and Support BRU: \$56,400 Regional Administrative Services component, \$52,000 Central Region Support Services component, \$57,000 Northern Region Support Services component, and \$32,000 Southeast Region Support Services component, on page 30, line 30 and page 31, lines 14 through 21.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

This amendment changes the fund source used by the Senate Finance Subcommittee to maintain a basic level of administrative support to the department. The use of Highway Working Capital Funds for the administrative support of the State Equipment Fleet (SEF) will result in a cashflow problem and an increase in costs to the user agencies. The use of HWCF for additional support will add about 2 percent to the replacement fees in FY 03 for user agencies. This will impact all state agencies' budgets and reduce funding for much needed programs.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Lemman, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DOT #3: This amendment deletes \$385,400 general funds from the North Kenai Maintenance Station BRU and component on page 33, lines 4, 6 and 7, and adds \$385,400 general funds for the Highways and Aviation BRU, Central Region Highways and Aviation component on lines 12 through 14.

Senator Hoffman moved for adoption, stressed it has a new zero impact and read an explanatory statement into the record as follows.

This amendment takes the amount separately appropriated for the North Kenai Maintenance Station and returns it to the Central Region Maintenance and Operations for Highways and Aviation. The department will be better able to respond to weather and changing maintenance needs (e.g., pothole repair), as well as basic level of service, on a statewide and region basis with this amendment. North Kenai has not been identified as the highest priority maintenance need in the state. All stations are struggling to meet the maintenance needs of their assigned areas.

Senator Ward objected to adoption of the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Lemman, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

AT EASE 8:21 PM / 8:27 PM

Department of Environmental Conservation (cont.)

DEC #1: This amendment adds \$32,500 general funds for the Environmental Health BRU, Solid Waste Management component on page 13, lines 15 and 20.

[This amendment was adopted earlier in the meeting.]

Senator Lemman proposed changing the funding source from general funds to ILTF funds.

Co-Chair Donley asked about the proposed funding source.

Senator Leman responded, "It's an alphabet soup of acronyms, I don't know."

DAVID TEAL, Director, Division of Legislative Finance, informed ILTF is an acronym for "I Love To Fish".

Co-Chair Donley was uncertain.

JAMES ARMSTRONG, staff to Co-Chair Donley, testified the fund source is related to transportation and the acronym stands for "Intertidal Longevity Transportation Funds".

Co-Chair Donley remained unconvinced this was correct. He decided to "use a lifeline" and "phone a friend".

SENATOR SEAN PARNELL testified via teleconference from Anchorage to clarify ILTF is an acronym for "Investment Loss Trust Fund".

No action was taken on the amendment.

Department of Transportation and Public Facilities (cont.)

DOT #4: This amendment adds \$234,500 general funds for the Administration and Support BRU, Commissioner's Office component on page 30, line 30 and page 31, line 3.

Senator Hoffman moved for adoption and read an explanatory statement into the record as follows.

This amendment restores a reduction taken by the Senate Finance subcommittee that is to be spread amongst the various administrative components within the Administration and Support appropriation. Maintenance level funding is necessary to deal with increases to the federal highway and aviation programs. These programs add to the workload of all support staff whether it is dealing with impacts of possible federal legislation or processing payments to construction contractors. These funds are also needed to assure the department's proper monitoring and management of performance measures.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Senator Ward, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DOT #5: This amendment increases the appropriation amount from \$27,909,700 in Section 15 on page 49, lines 26 through 28. The amended language reads as follows.

Section 15. MARINE HIGHWAY SYSTEM FUND. The sum of \$29,182,000 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060).

Senator Hoffman noted this amendment is similar to DOT #1.

This amendment was NOT OFFERED.

AT EASE 8:33 PM / 8:35 PM

University of Alaska

UNIV #1: This amendment adds \$2,000,000 Alaska Commission on Postsecondary Education (ACPE) Dividend funds for the University of Alaska BRU, Budget Reductions/Additions-Systemwide component on page 34, lines 13 through 15. Accompanying explanatory language reads as follows.

This amendment continues the fund source and amount appropriated to the University of Alaska in FY 01. This amendment is identical to action taken by the House for FY 02.

This amendment was NOT OFFERED.

UNIV #2: This amendment adds \$9,490,800 general funds for the University of Alaska BRU, Budget Reductions/Additions-Systemwide component on page 34, lines 13 through 15.

This amendment was NOT OFFERED.

UNIV #3: This amendment adds intent language to the University of Alaska BRU, Chukchi Campus component on page 34, following line 26 to read as follows.

It is the intent of the legislature that the University of Alaska provide vocational education training at the Chukchi Campus through contract services with the Kotzebue Technical

Center.

Senator Olson moved for adoption.

Senator Wilken objected.

Senator Olson understood other legislation is pending that relates to the Kotzebue Technical Center. However, he surmised the funding incorporated with that bill is for a one-time only appropriation.

Senator Wilken relayed information he received from the University regarding the Chukchi campus. He explained the approximately \$500,000 budget is used to offer associate degrees and education preparation courses and has not been used for vocational technical programs. He warned that if this amendment passed, there would be an elimination of associate degrees and educational preparation courses. As a result, he shared that the university is opposed to the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

AT EASE 8:38 PM / 8:40 PM

Department of Corrections

COR #1: This amendment adds \$100,000 general funds for the Institutions BRU, Institution Director's Office component on page 9, lines 26 and 27. Accompanying explanatory language reads as follows.

This amendment adds \$100,000 in general funds into the Department of Corrections BRU institutions, Institution Director's Office, to be spread among the various institutions.

This amendment was NOT OFFERED.

COR #2: This amendment adds \$654,500 AHFC Dividend funds for the Administration and Operations BRU, Inmate Health Care component on page 8, line 28 and page 9, line 4. Accompanying explanatory language reads as follows.

The department with nursing positions and the Division of Personnel have agreed to implement a two-range pay increase for nurse positions statewide in an effort to assist agencies in recruiting and retaining qualified nurses to work in state facilities.

Appropriations for nurse's salaries are included in the budgets of the Departments of Administration and Health and Social Services. This amendment will treat all three affected state agencies equally by providing funds to cover the nursing positions in the Department of Corrections.

This amendment was NOT OFFERED.

COR #3: This amendment adds \$273,800 general funds for the Administration and Operations BRU, Community Jails component on page 8, line 28, and page 9, line 15. Accompanying explanatory language reads as follows.

The Department requested \$400.0 to address Community Jail needs, but only \$126.2 was funded within the Senate Finance Subcommittee recommendation. The other \$273.8 of general funds is essential in the Community Jails component to support fifteen (15) Local Community Jails under contract to the Agency. These contract facilities provide 56,940 man-days of prisoner incarceration capability for the State of Alaska. Current contract amounts were set on January 1, 1995 and have not increased in over 6 years, yet the contractors have had to absorb approximately 15% of labor cost increases and 10.5% of U.S. Consumer Price Increases on their Goods and Services. From FY 96 to FY 00, the local jails have had a 33% increase in prisoner services. These \$273.8 of general funds is needed to enable a 5% contractual increase to all local jail providers and enable them to administer their programs to the degree necessary to secure the safety of state offenders incarcerated in these jails.

Without these funds, several local jails may be in serious financial difficulty and could close their community facility. The department does not have the empty beds to absorb these prisoners nor the funding to transport them to state operated correctional facilities across the state. Many of the state prisoners are pending local court actions and needs to remain at the arrest site. Most are short-term misdemeanor offenders. Housing is not available at state correctional facilities to support these prisoners.

Senator Austerman moved for adoption.

Senator Ward objected.

Senator Austerman spoke to the importance and cost savings that community jails provides for the state and stressed the need for adequate funding to keep them functional. He also told of the poor condition of the facilities and the increased maintenance costs. He stated that future deferred maintenance efforts would be necessary.

Senator Austerman referred to a handout [copy on file] showing the locations of the community jails and the specific financial need of each facility.

A roll call was taken on the motion.

IN FAVOR: Senator Austerman, Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Green, Senator Leman, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (3-6)

This amendment FAILED to be adopted.

COR #4: This amendment deletes \$50,000 general funds from the Institutions BRU, White Bison Project component on page 9, line 26 and page 10, line 22. This amendment also adds general funds for the Community Residential Centers BRU: \$25,000 for the Nome Culturally Relevant CRC component and \$25,000 for the Bethel Culturally Relevant CRC component, on page 10, lines 25, 28 and 29.

Senator Olson moved for adoption.

Senator Olson WITHDREW his motion to adopt the amendment to defer to COR #16 and the amendment was HELD.

SFC 01 # 67, Side B 08:43 PM

Co-Chair Donley clarified that Senator Ward planned to offer COR #16.

COR #5: This amendment adds \$230,000 STPR and \$79,400 general funds for the Institutions BRU, Anchorage Jail component on page 9, lines 26 and 28.

Senator Olson moved for adoption.

An unidentified member objected.

Senator Olson explained this amendment relates to maintenance staff working in conjunction with contractors and security staff at the new facility. He noted an anticipation of funds from the Municipality of Anchorage to pay the cost of housing the municipality's inmates.

Senator Olson cautioned that without the needed funding, the facility would not open in February or March 2002 as scheduled.

Senator Ward objected to adoption of the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

COR #6: This amendment adds general funds for the Institutions BRU in the following components on page 9, lines 26 through 33, and page 10, lines 1 through 19.

Institution Director's Office	\$ 6,300
Anvil Mountain	59,200
Combined Hiland Mountain	110,600
Cook Inlet	121,100
Fairbanks	103,000
Ketchikan	40,400
Lemon Creek	90,300
Mat-Su	40,100
Palmer	125,300
Sixth Avenue	42,700
Spring Creek	207,600
Wildwood	122,400
Yukon-Kuskokwim	59,900
Pt. MacKenzie Rehab. Farm	32,400

Senator Olson moved for adoption and explained this amendment funds 20 correctional officer positions. He cautioned that not funding these positions would jeopardize the safety and security of both inmates and staff.

Senator Ward objected.

Senator Hoffman read the amendment's list of funds for each facility and stressed these amounts would be reduced from the department's budget if this amendment does not pass.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

COR #7: This amendment adds \$1,123,000 general funds for the Institutions BRU, Out of State Contracts component on page 9, line 26, and page 10, line 17.

Senator Olson moved for adoption and read an explanatory statement into the record as follows.

These general funds are needed to continue to purchase housing for approximately 58 Alaska prisoners at the Central Arizona Detention Center. Failure to purchase these beds will result in overcrowding at state institutions, which could threaten final resolutions of the Clearly lawsuit and result in re-imposition of court monitoring and fines. The Department of Corrections has already submitted a \$610,000 decrement to account for the transfer of 100 inmates in March 2002 and 100 inmates in May 2002 back to the State of Alaska. These inmates will be moved into state beds made available by the movement of Municipality of Anchorage inmates to the new Anchorage Jail. This reduction would increase the amount cut beyond the capability of the agency to adjust for. The agency needs the latitude of these 58 beds to enable a smooth transition to the new Anchorage jail.

Senator Ward objected.

Senator Hoffman commented that each year the state comes closer to compliance with the court's order in the Clearly vs. Smith lawsuit. However, he stressed, if this amendment fails, that progress is reversed.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

COR #8: This amendment adds \$17,800 general funds for the Administration and Operations BRU, Correctional Industries-Administration component on page 8, line 28, and page 9, lines 11 and 12.

This amendment was NOT OFFERED.

COR #9: This amendment adds \$20,000 general funds for the Administration and Operations BRU, Transportation and Classification component on page 8, line 28, and page 9. lines 21 and 22.

This amendment was NOT OFFERED.

COR #10: This amendment adds \$111,300 general funds for the Administration and Operations BRU, Administrative Services component on page 9, lines 28 and 31.

This amendment was NOT OFFERED.

COR #11: This amendment adds general funds for the Administration and Operations BRU in the following components on page 8, line 28, and page 9, lines 16 through 20.

Community Corrections Director's Office	\$10,400
Northern Region	36,200
Southcentral Region	71,100
Southeast Region	14,800

Senator Olson moved for adoption and read an explanatory statement into the record as follows.

Adult Probation Officers handle the casework, monitoring, surveillance, and overall supervision of offenders on probation and parole.

If the department were to reduce Probation Officers while the number of offenders on probation/parole continues to increase, there would be an impact on public safety.

Senator Ward objected to adoption of the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Senator Ward, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

COR #12: This amendment adds \$233,300 general funds for the Administration and Operations BRU, Inmate Programs component on page 8, line 28 and page 9, line 10.

This amendment was HELD to await action on COR #16. COR #12 was subsequently NOT OFFERED.

COR #13: This amendment adds \$214,900 general funds for the Administration and Operations BRU, Office of the Commissioner component on page 8, lines 28 and 29.

This amendment was NOT OFFERED.

COR #14: This amendment adds \$871,300 general funds for the Administration and Operations BRU, Inmate Health Care component on page 8, line 28 and page 9, line 4.

This amendment was HELD to await action on COR #17. COR #14 was subsequently NOT OFFERED.

AT EASE 8:51 PM / 8:52 PM

COR #15: This amendment is for "Structural Changes" for all components in the Institutions and Parole Board BRU on page 9, lines 26 through 33 and page 10, lines 3 through 24.

This amendment was NOT OFFERED.

COR #16: This amendment adds \$100,000 general funds for the Administration and Operations BRU, Inmate Programs component on page 8, line 28 and page 9, line 10. Accompanying explanatory language reads, "Increase for Inmate Substance Abuse Treatment due to increased costs associated with providing this service."

Senator Ward moved for adoption and explained this would address inmate substance abuse treatment programs throughout the department including two culturally relevant programs in the Nome and Bethel facilities.

Co-Chair Donley noted the department budget was below the limitation stipulated by the Senate Majority by approximately \$800,000.

There was no objection and the amendment was ADOPTED.

COR #17: This amendment adds \$\$327,300 AHFC Dividend funds for the Administration and Operations BRU, Inmate Health Care component on page 8, line 28, and page 9, line 4. Accompanying explanatory language reads as follows.

The departments with nursing positions and the Division of Personnel have agreed to implement a two-range pay increase for nurse positions statewide in an effort to assist agencies in recruiting and retaining qualified nurses to work in state facilities.

Appropriations for nurse's salaries are included in the budgets of the Department of Administration and the Department of Health and Social Services.

Senator Ward moved for adoption and explained.

Co-Chair Donley understood this increment was not included in the budget adopted by the House of Representatives.

Senator Ward affirmed.

The amendment was ADOPTED without objection.

COR #4: This amendment deletes \$50,000 general funds from the Institutions BRU, White Bison Project component on page 9, line 26 and page 10, line 22. This amendment also adds general funds for the Community Residential Centers BRU: \$25,000 for the Nome Culturally Relevant CRC component and \$25,000 for the Bethel Culturally Relevant CRC component, on page 10, lines 25, 28 and 29.

This amendment was held from earlier in the meeting. At this time it was determined the amendment would be NOT OFFERED.

COR #14: This amendment adds \$871,300 general funds for the Administration and Operations BRU, Inmate Health Care component on page 8, line 28 and page 9, line 4.

This amendment was held from earlier in the meeting. At this time it was determined the amendment would be NOT OFFERED.

COR #15: This amendment is for "Structural Changes" for all components in the Institutions and Parole Board BRU on page 9, lines 26 through 33 and page 10, lines 3 through 24.

Senator Hoffman moved for adoption.

Senator Ward objected.

Senator Hoffman reiterated the department's budget is over \$700,000 below the Senate Majority limit. He stated this amendment would give the department flexibility to save money knowing it could then be spent in other areas.

Senator Ward objected to adoption of the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Kelly and Co-Chair Donley

The motion FAILED (2-7)

The amendment FAILED to be adopted.

Department of Community and Economic Development (cont.)

C&ED #1: This amendment adds \$9 million Alaska Aerospace Development Corporation (AADC) receipts for the Alaska Aerospace Development BRU, Alaska Aerospace Development Corporation Facilities Maintenance component on page 6, lines 29 and 30, and page 7, lines 5 through 8.

Co-Chair Kelly moved for adoption.

Without objection the amendment was ADOPTED.

Department of Natural Resources (cont.)

DNR #1: This amendment removes \$300,000 general funds from the Minerals, Land and Water BRU, Water Development component on page 26, line 20. This amendment also inserts a new bill section on page 54, following line 24 that reads as follows.

Sec. 28. WATER DEVELOPMENT. The sum of \$300,000 in interagency receipts from nonpoint source pollution control funds received by the Department of Environmental Conservation is appropriated to the Department of Natural Resources, division of water development, for water quality monitoring, watershed or nonpoint source assessment, groundwater research, assessment, technical assistance, and training, and instream flow reservations for the fiscal year ending June 30, 2002.

This amendment was held from earlier in the meeting. At this time it was determined it would be NOT OFFERED.

Legislature

LEG #1: This amendment inserts a new bill section on page 49, following line 25 to read as follows.

Sec. 15. LEGISLATIVE BUDGET AND AUDIT COMMITTEE. The sum of \$350,000 is appropriated from the lapsing general fund balance of the appropriation made in sec. 1, ch. 133, SLA 2000, page 8, line 12 (Department of Education and Early Development - K-12 Support - \$677,662,000) to the Legislative Budget and Audit Committee for the fiscal year ending June 30, 2002, for a district cost factor study.

This amendment was NOT OFFERED.

Department of Education and Early Development (cont.)

E&ED #1: This amendment deletes \$1,300,000 general funds for the Early Development BRU, Child Care Assistance and Licensing component on page 11, lines 29, 31 and 32. Accompanying explanatory language reads as follows.

This amendment deletes excess general funds used as a match for the Child Care Assistance Program.

This amendment also adds \$6 million general funds for the University of Alaska agency and BRU, Budget Reductions/Additions-Systemwide component on page 34, lines 13, 14 and 15. Accompanying explanatory language reads as follows.

This amendment provides the necessary funding for the University of Alaska to continue its educational initiatives.

This amendment was NOT OFFERED at this time.

Department of Fish and Game (cont.)

F&G #1: This amendment adds \$100,000 general funds for the Habitat BRU and component on page 16, lines 17 and 18. Accompanying explanatory language reads as follows.

Oil and gas exploration, leasing and development on the North Slope have increased dramatically in the last several years. The existing budget is not adequate to conduct the field reviews required before, during, and after project activities. This has limited the department's ability to work cooperatively with industry when project designs are in the early stages of development, a time when the input is often the most important. The department's early involvement results in the least economic impact to industry, and provides for the highest level of protection for fish and wildlife resources, while still allowing development to occur.

This amendment was NOT OFFERED to defer to F&G #2.

F&G #2: This amendment adds \$100,000 general funds for the Habitat BRU and component on page 16, lines 17 and 18.

Senator Hoffman moved for adoption.

There was no objection and the amendment was ADOPTED.

Co-Chair Kelly offered a friendly technical correction to the component name from "Habitat and Restoration", to "Habitat". There was no objection and the amendment was AMENDED and ADOPTED.

Department of Public Safety (cont.)

DPS #1: This amendment deletes \$50,000 general funds from the Council on Domestic Violence and Sexual Assault BRU and component on page 28, line 33, and page 29, lines 3 through 5. This amendment also adds \$50,000 general funds for the Batterer's Intervention Program BRU and component on page 29, lines 6 and 7. Accompanying explanatory language reads as follows.

The CDVSA has received a 15 percent increase in funding over the last two years while the Batterer's Intervention Program funding has remained level. This transfer of \$50,000 provides much needed funding for the additional grant requests being made by batterers intervention program. Without intervention, we cannot hope to do away with domestic violence. Additionally, a recent audit of CDVSA identifies serious issues regarding monitoring and evaluation and indicates that

Batterer's Intervention Programs are underfunded.

This amendment was NOT OFFERED.

DPS #15: This amendment adds \$100,000 general funds for the Alaska State Troopers BRU, Search and Rescue component on page 28, lines 4 and 12. Accompanying explanatory language reads as follows.

Over the past several years a large number of Alaskans have been killed in avalanches in Alaska. This funding is to provide for necessary public education. The governor requested \$350,000. This would provide partial funding.

Senator Green AMENDED the amendment to change the funding source to Alaska Commission on Postsecondary Education (ACPE) funds. She moved for adoption.

Without objection the amended amendment was ADOPTED.

DPS #16: This amendment deletes \$250,000 I/A receipts from the Fish and Wildlife Protection BRU, Enforcement/Investigative Services component, and adds \$250,000 I/A receipts for the Fish and Wildlife Protection BRU, Aircraft Section component. This amendment also deletes \$250,000 general funds from the Fish and Wildlife BRU, Aircraft Section component, and adds \$250,000 general funds for the Fish and Wildlife Protection BRU, Enforcement/Investigative Services component on page 27, lines 24 through 26 and 28.

Senator Austerman moved for adoption and explained this is a technical amendment relating to the funding source.

The amendment was ADOPTED without objection.

AT EASE 9:04 PM / 9:11 PM

Department of Natural Resources (cont.)

DNR #3: This amendment adds \$160,000 general funds for the Parks and Recreation Management BRU, Parks Management component on page 26, lines 27 and 30.

This amendment was NOT OFFERED.

DNR #5: This amendment adds \$160,000 general funds for the Minerals, Land and Water Development BRU, Claims, Permits and Leases component on page 26, lines 17, 18 and 21.

This amendment was NOT OFFERED.

Department of Labor and Workforce Development (cont.)

LAB #1: This amendment changes the funding source from general fund match to State Training and Employment Program (STEP) funds for \$90,000 in the Employment Security BRU, Job Training Programs component on page 22, lines 14 and 17.

Senator Hoffman shared he received information that he would share with the co-chair at a later time and if the co-chair concurred, Senator Hoffman would offer the amendment before the full Senate.

This amendment was NOT OFFERED.

Department of Environmental Conservation (cont.)

DEC #9: This amendment adds \$120,000 Commercial Fisheries Loan funds for the Environmental Health BRU on page 13, line 15. Accompanying explanatory language reads as follows.

The department will use Nonpoint Source Pollution funds for the Arctic Contaminants project and the Commercial Fisheries Loan Fund \$120,000 will be used to match for this project.

Senator Lemman moved for adoption and this amendment is similar to DEC #5, which was determined to have an unworkable fund source. He reported that the department would use Nonpoint Source Pollution funds for the Arctic Contaminants Project and Commercial Fisheries Loan Funds for the required state match.

AT EASE 9:14 PM

Senator Lemman AMENDED the amendment to stipulate the funds are for the Food Safety and Sanitation component on page 13, line 17.

There was no objection and the amended amendment was ADOPTED.

DEC #10: This amendment deletes Storage Tank Assistance Fund: \$707,300 from the Contaminated Sites Program BRU and component, \$134,800 from the Administration BRU, Administrative Services component, and \$500 from the Statewide Public Services BRU and component on page 13, lines 11, 13, 21, 22, and page 14, lines 8 and 9. This amendment also adds Oil/Haz Response Fund (Prevention Account): \$707,300 for the Contaminated Sites Program BRU and component, and \$134,800 for the Administration BRU, Administrative Services component. Accompanying explanatory language reads as follows.

This request provides funding for continued regulatory oversight for cleanup of contamination associated with underground storage tanks and support services for the regulatory program provided by the Division of Administrative Services. This includes state match for federal monies to inspect and cleanup underground storage tanks to prevent future spills and insulate Alaska businesses from federal compliance actions. Inspections are conducted to ensure new tank installations are meeting the requirements of federal law for leak detection and proper operation. Oversight includes investigation, risk assessment, and cleanup of sites that pose a threat to human health and the environment. Cleanup of contamination from underground storage tanks that have leaked and caused contamination in the past is ongoing and required by state and federal law. Support services include accounts payable, accounts receivable, federal grant administration, payroll, budget, and data processing.

Co-Chair Kelly moved for adoption.

Co-Chair Donley explained the amendment.

Without objection the amendment was ADOPTED.

AT EASE 9:15 PM / 9:18 PM

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ADJOURNMENT

Co-Chair Dave Donley adjourned the meeting at 09:19 PM.