

MINUTES
SENATE FINANCE COMMITTEE
April 04, 2001
6:13 PM

TAPES

SFC-01 # 68, Side A

CALL TO ORDER

Co-Chair Dave Donley convened the meeting at approximately 6:13 PM.

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: JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services; DAVID TEAL, Director, Division of Legislative Finance; ANNALEE MCCONNELL, Director, Office of Management and Budget

SUMMARY INFORMATION

HB 103-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 104-APPROP:MENTAL HEALTH BUDGET

The Committee considered amendments to the committee substitute and the bill was held.

#HB 103
#HB 104

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."

The Committee continued its considerations of amendments to the committee substitute, 22-LS0410\S.

University of Alaska

UNIV: #4: This amendment attaches intent language to the University of Alaska Budget Request Unit (BRU), Budget Reductions/Additions Systemwide on page 34, lines 13 through 15. The intent language reads as follows.

It is the intent of the legislature that the additional general funds appropriated above the FY 01 funding level be allocated to the colleges and campuses on a student-hour basis.

This amendment was NOT OFFERED.

UNIV #5: This amendment adds

UNIV #1: This amendment adds \$2 million Alaska Housing Finance Corporation (AHFC) Dividend funds for the University of Alaska Budget Request Unit (BRU), Budget Reductions/Additions-Systemwide component on page 34, lines 13 through 15.

This amendment was NOT OFFERED.

UNIV #6: This amendment adds \$4,500,000 general 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 provides the necessary funding for the University of Alaska to continue its educational initiatives.

This amendment was NOT OFFERED.

UNIV #7: This amendment adds \$2 million Alaska Housing Finance Corporation (AHFC) Dividend funds for the University of Alaska BRU, Budget Reductions/Additions-Systemwide component on page 34, lines 13 through 15.

Senator Wilken moved for adoption.

Without objection the amendment was ADOPTED.

Department of Health and Social Services

H&SS #28: This amendment deletes \$300 general funds from the Alcohol & Drug Abuse Services BRU, Alcohol & Drug Abuse Grants component on page 20, lines 27 and 31. Accompanying explanatory language reads as follows.

The subcommittee adopted a decrement of \$326.3.

The Committee restored \$326.6. This amendment deletes \$0.3.

This amendment also changes the funding source from general funds to General Fund Mental Health funds of \$43,400 in the Community Mental Health Grants BRU, General Community Mental Health Grants component on page 21, lines 16 through 19. Accompanying explanatory language reads, "Corrects fund source for Senate amendment."

Senator Green moved for adoption.

Senator Hoffman objected for an explanation.

Senator Green explained this amendment corrects an input error in the budget subcommittee report.

There was no objection and the amendment was ADOPTED.

H&SS #29: This amendment changes the funding source from general funds to general funds match of \$288,600 in the Medical Assistance BRU, Medicaid Services component on page 17, line 31, and page 18, line 3.

Senator Green moved for adoption.

Senator Hoffman objected for an explanation.

Senator Green stated that when another amendment was adopted, the wrong funding source was used.

Senator Hoffman requested the Department of Health and Social Services comment on the amendment.

JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services detailed H&SS #1, adopted at the previous hearing, which provided funds for tobacco prevention and control from the Medicaid budget. She asserted the department supports the corrective amendment.

The amendment was ADOPTED without objection.

Department of Military and Veterans Affairs

M&VA #6: This amendment removes the Local Emergency Planning Committee Grants component from the Disaster Planning & Control BRU and allocates the \$40,800 general funds contained in that component to the new Local Emergency Planning Committee Grants BRU on page 24, line 31 and page 25, lines 3 and 4. Accompanying explanatory language reads as follows.

This amendment transfers all of the funding from the Local Emergency Planning Committee Grants component in the Disaster Planning & Control appropriation to the new Local Emergency Planning Committee Grants appropriation.

Senator Lemman moved for adoption.

Senator Hoffman requested an explanation.

Senator Lemman shared that the Division of Legislative Finance fiscal analyst had pointed out that the funds from the previous BRU were not transferred into the newly created one.

Without objection the amendment was ADOPTED.

Department of Transportation and Public Facilities

DOT #6: This amendment changes the funding source from Marine Highway funds to Alaska Marine Highway System (AMHS) Duplicate funds of \$27,909,700 in the Marine Highway System BRU, Southeast Vessel Operations component on page 33, line 32, and page 34, line 6. Accompanying explanatory language reads as follows.

Identifies the amount of funding from the Marine Highway Fund that is capitalized with general funds in the language section (versus that amount which is actual revenue from the Marine Highway System receipts for the sale of ferry tickets and onboard purchases).

DAVID TEAL, Director, Division of Legislative Finance, testified that this is a technical amendment that allows for better tracking through an automated production of a fiscal summary.

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

The amendment was ADOPTED without objection.

Department of Community and Economic Development

C&ED #6: This amendment changes the name of the Municipal Revenue Sharing BRU to State Revenue Sharing on page 6, line 16. This amendment also deletes \$15,638,200 general funds from the Municipal Assistance component in the newly named BRU on page 6, lines 16 and 20. This amendment also adds \$16,775,500 general funds for a new Safe Communities Program component. Accompanying explanatory language reads as follows.

Explanation: Creates a separate appropriation for the Safe Communities Program and adds \$1,137,335. It also changes the name of the Municipal Revenue Sharing appropriation to State Revenue Sharing to more accurately reflect the function of the appropriation.

Co-Chair Donley stated this amendment provides a funding increase to reflect inflation and the cost of living index.

Co-Chair Kelly moved for adoption.

Without objection the amendment was ADOPTED.

AT EASE 6:22 PM / 6:22 PM

Department of Transportation and Public Facilities

DOT #6: This amendment changes the funding source from Marine Highway funds to Alaska Marine Highway System (AMHS) Duplicate funds of \$27,909,700 in the Marine Highway System BRU, Southeast Vessel Operations component on page 33, line 32, and page 34, line 6. Accompanying explanatory language reads as follows.

Identifies the amount of funding from the Marine Highway Fund that is capitalized with general funds in the language section (versus that amount which is actual revenue from the Marine Highway System receipts for the sale of ferry tickets and onboard purchases).

[This amendment was considered earlier in the meeting.]

Co-Chair Kelly moved for adoption.

There was no objection and the amendment was ADOPTED.

Department of Education and Early Development

E&ED #11: This amendment increases the appropriation from \$6,187,000 in Section 14 on page 14, lines 20 through 25. The amended language reads as follows.

Sec. 14. LEARNING OPPORTUNITY GRANTS. The sum of \$12,374,200 is appropriated from the general fund to the Department of Education and Early Development for the fiscal year ending June 30, 2002, for payment as learning opportunity grants to school districts based on the school district's average daily membership to pay for supplemental student instructional programs intended to improve student performance on the high school graduation examination or benchmark examinations.

Co-Chair Kelly moved for adoption and objected for an explanation.

Co-Chair Donley explained this amendment increases the appropriation from the amount appropriated in FY 01.

AT EASE 6:23 PM / 6:24 PM

Co-Chair Kelly removed his objection.

Senator Hoffman asked how this compares to the amount requested in the governor's budget.

Co-Chair Donley responded it is an increase. He noted however that the governor has submitted a supplemental request for "all kinds of different education funding."

AT EASE 6:25 PM / 6:26 PM

Senator Hoffman informed that he had further matters to discuss regarding this issue that he would address at a later date.

The amendment was ADOPTED without objection.

E&ED #12: This amendment adds intent language to the Early Development BRU, Child Care Assistance and Licensing component on page 11, lines 29, 31 and 32. The intent language reads as follows.

It is the intent of the Legislature that the Department of Education and Early Development revise and implement the Child Care Eligibility Rate Schedule in FY 02.

It is also the intent of the Legislature that the Department implement the market rate survey in FY 02.

It is further the intent of the Legislature that given these changes, expenditures be held in check and that there be no

substantial increase in the programs based on implementation within Child Care Assistance and Licensing.

Senator Wilken moved for adoption.

Senator Green objected for an explanation.

Senator Wilken stated this is the second year that the Department of Education and Early Development has administered this program after the dissolution of the Department of Community and Regional Affairs. He shared that the budget subcommittee and the department have been working to understand the funding the program, noting it has been "generously funded" recently with federal funds. In reviewing the matter, he said, "we are finding more questions than we are answers." Specifically, he pointed out the process of determining who is eligible for the program as well as the mandated market study. He voiced concern that an effort to expand the program could be undertaken without justification of the demand.

Senator Wilken suggested the Committee "take a breath" and work on the issue over the legislative interim with the intent of addressing the matter again the following session. He pointed out that the waitlist is completely funded and as a result is "zero", with the exception of Anchorage, where it is just a matter of "working through it" as there is adequate funding.

Senator Green removed her objection.

Senator Hoffman asked who would actually be working on this issue during the interim.

Senator Wilken answered the department would.

Without objection the amendment was ADOPTED.

AT EASE 6:29 PM / 6:36 PM

Statewide

STWIDE #1: This amendment changes the funding source from AHFC Dividend funds to general funds in the following amounts for the following BRUs and components.

Department of Administration

BRU: Alaska Longevity Programs Management

Component: Pioneers' Homes

Amount: \$604,500

BRU: Division of Motor Vehicles

Component: Motor Vehicles
 Amount: \$318,500
 Department of Corrections
 BRU: Administration and Operations
 Component: Inmate Health Care
 Amount: \$327,300
 Department of Health and Social Services
 BRU: Front Line Social Workers
 Component: Front Line Social Workers
 Amount: \$6,700
 BRU: Juvenile Justice
 Component: McLaughlin Youth Center
 Amount: \$29,200
 Component: Fairbanks Youth Facility
 Amount: \$9,900
 Component: Johnson Youth Center
 Amount: \$5,900
 Component: Bethel Youth Facility
 Amount: \$4,500
 Component: Mat-Su Youth Facility
 Amount: \$5,500
 Component: Ketchikan Regional Youth Facility
 Amount: \$5,500
 BRU: State Health Services
 Component: Nursing
 Amount: 432,700
 BRU: Institutions and Administration
 Component: Alaska Psychiatric Institute
 Amount: 600,000
 Department of Natural Resources
 BRU: Oil and Gas Development
 Component: Oil and Gas Development
 Amount: \$425,000
 BRU: Facilities Maintenance
 Component: Fairbanks Office Building Chargeback
 Amount: \$103,600
 University of Alaska
 BRU: University of Alaska
 Component: Budget Reductions/Additions-Systemwide
 Amount: \$2,000,000

Accompanying explanatory language for the amendment reads as follows.

Replace all AHFC Dividends appropriated in Section 1 with general funds. Total AHFC Dividend fund source replaced with general funds is \$4,878,800.

Senator Ward moved for adoption.

Mr. Teal explained this amendment replaces all AHFC Dividend funds appropriated in Section 1 of the bill totaling \$4,878,900 with general funds. He remarked that AHFC Dividends were used for purposes that are not one-time items but rather continuing, such as funding nurses' salaries. He stressed that if AHFC Dividends were used for these purposes, "we would get into another battle in FY 03 about what the base is" with regards to future budget planning. This amendment, he stated, clarifies the expenditures are general funds and therefore included in the FY 03 base.

The amendment was ADOPTED without objection.

STWIDE #2: This amendment reduces the appropriation from \$39,578,400 in Section 24, subsection (c) on page 53, lines 8 and 9. The amended language reads as follows.

(c) The sum of \$32,578,400 is appropriated from the general fund to the Alaska debt retirement fund (AS 37.15.011).

This amendment also increases the appropriation from \$100,000 in Section 24, subsection (d) on page 53, lines 10 through 13. The amended language reads as follows.

(d) The sum of \$1,100,000 is appropriated from the lapsing balance of the appropriation made in sec. 1. ch. 133, SLA 2000, page 13, line 29, and allocated on lines 30-31 (public assistance-Alaska temporary assistance program-\$66,112,800) to the Alaska debt retirement fund (AS 37.15.011).

This amendment also changes the funding source from AHFC Dividend funds in Section 17 on page 50, lines 3 through 7. The amended language reads as follows.

Sec. 17. OFFICE OF THE GOVERNOR. The sum of \$947,700 is appropriated from the general fund to the Office of the Governor, division of elections, for reapportionment implementation costs for the fiscal year ending June 30, 2002.

This amendment also inserts a new subsection to Section 24 on page 54, following line 10 to read as follows.

(m) The sum of \$6,000,000 from the fiscal year 2002 dividend that is declared by the board of directors of the Alaska Housing Finance Corporation is appropriated from Alaska

Housing Finance Corporation corporate receipts to the Alaska debt retirement fund (AS 37.15.011).

Accompanying explanatory language reads as follows.

Reduce general fund capitalization of the Alaska Debt Retirement Fund by \$7,000,000. Capitalize the Alaska Debt Retirement Fund with the remaining \$6,000,000 AHFC Dividend funds and an additional \$1,000,000 reappropriation of surplus FY 01 Alaska Temporary Assistance Program (ATAP) general funds.

Senator Ward moved for adoption.

Mr. Teal detailed the different parts of the amendment. Section 24 (d), he began, would transfer \$1 million of surplus money from ATAP to the debt retirement fund. He pointed out this does not count as an FY 02 expenditure because the funds were appropriated in FY 01. The second portion of the amendment, he said, pertains to Section 24(c) and reflects a \$7 reduction of general funds to the debt retirement fund. He continued that Section 24 (m) provides that \$6 million of this amount would be replaced with AHFC funds and the remaining \$1 million would be ATAP funds. He concluded that Section 17 replaces AHFC Dividends with general funds.

Senator Hoffman requested a comment from the Administration.

ANNALEE MCCONNELL, Director, Office of Management and Budget clarified that the AHFC dividend fund is the "Ah Head Fish Cleaning" fund.

Ms. McConnell applauded the funding organization. She stated that it simplifies the accounting and the structures and as Mr. Teal mentioned, it also would clarify in the following year, that these are on-going expenditures.

Without objection the amendment was ADOPTED.

Co-Chair Donley announced his intent to hold the bill until the next day.

Co-Chair Donley pointed out this budget contains \$278,000 less in general funds than the version passed by the House of Representatives. He also noted it adds over \$8 million to education funding and 12 new Alaska State Troopers and Fish and Wildlife Protection Officers. Therefore, he commented, it reflects the focus on "our highest priorities of education and public safety."

Co-Chair Donley ordered the bill HELD in Committee.
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ADJOURNMENT

Co-Chair Dave Donley adjourned the meeting at 06:42 PM