

HOUSE FINANCE COMMITTEE
March 30, 2004
1:57 PM

TAPE HFC 04 - 71, Side A
TAPE HFC 04 - 71, Side B

CALL TO ORDER

Co-Chair Harris called the House Finance Committee meeting to order at 1:57 PM.

MEMBERS PRESENT

Representative John Harris, Co-Chair
Representative Bill Williams, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Mike Chenault
Representative Eric Croft
Representative Hugh Fate
Representative Richard Foster
Representative Mike Hawker
Representative Reggie Joule
Representative Carl Moses
Representative Bill Stoltze

MEMBERS ABSENT

None

ALSO PRESENT

Representative Bruce Weyhrauch; Kevin Brooks, Director, Division of Administrative Services, Department of Fish and Game; Tom Wright, Staff, Co-Chair Harris; David Teal, Director, Legislative Finance Division; Janet Clarke, Director, Division of Administrative Services, Department of Health and Social Services; Bob Bartholomew, Chief Operating Officer, Alaska Permanent Fund Corporation, Department of Revenue; Eddy Jeans, Manger, School Finance and Facilities Section, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

Josh Fink, Public Advocate, Office of Public Advocacy;

SUMMARY

HB 375 "An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c),

Constitution of the State of Alaska; and providing for an effective date."

CSHB 375 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

HB 377 "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."

CSHB 377 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

#hb375

HOUSE BILL NO. 375

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

Co-Chair Williams MOVED to ADOPT the proposed committee substitute for HB 375: Work Draft 23-Gh2040\S. There being NO OBJECTION, it was so ordered.

AMENDMENT ADMIN-1

Representative Hawker MOVED to ADOPT Amendment ADMIN-1:

ADD

Appropriation: Administration

Allocation: Office of Public Advocacy

Fund Source: Alcohol & Drug Abuse Treatment & Prevention Fund

Amount: \$66,000

Description:

Establish Full Funding for a Social Services Specialist H - ANC \$66,000

A District Branch of the Wellness Court has been established under the direction of District Court Judge Sam Adams. The funding requested is essential to the proper functioning of the Wellness Court, as this position serves as the Case Coordinator for state participants in the Anchorage Wellness Court.

The expansion of the Anchorage Wellness Court includes another unit to serve state misdemeanants, including Anchorage residents arrested for DUI in the Palmer and Kenai Judicial Districts. The new unit expands upon the

proven cost savings and public benefits that have been achieved through Judge Wanamaker's Wellness Court for municipal misdemeanants. All that is needed is assurance of the ongoing funding for the Case Coordinator.

Currently, Partners for Progress, Inc. in coordination with the Alaska Court System has committed to fund this position for the remainder of FY 04. LB&A approved \$33,000 in Statutory Designated Program Receipt authority for the Office of Public Advocacy during the December 12, 2003 meeting. There are no funds reflected in the FY 05 Governor's budget for this position.

Co-Chair Harris OBJECTED for the purpose of discussion.

Representative Hawker spoke in support of the amendment, which was introduced on behalf of Representative Rokeberg. He maintained that Wellness Courts offer a successful alternative within the court system for people convicted of alcohol vehicle violations. The amendment would fund a case coordinator to allow monitoring of additional persons [in Anchorage, which would take pressure off of the Palmer and Kenai judicial districts

JOSH FINK, PUBLIC ADVOCATE, OFFICE OF PUBLIC ADVOCACY, testified via teleconference in support of the amendment. The funding would allow participation of misdemeanors and allow additional areas to participate. There are no Wellness Courts in the Matsu or Kenai. Anchorage residents charged in these areas would be able to participate in Anchorage.

Representative Hawker noted that the fund source would be the Alcohol and Drug Abuse Treatment and Prevention Fund.

A roll call vote was taken on the motion.

IN FAVOR: Fate, Hawker, Joule, Meyer, Moses, Stoltze,
Harris, Williams
OPPOSED: Chenault, Foster

Representative Croft absent from the vote.

The MOTION PASSED (8-2).

[Amendment ADMIN-1 was further amended: see below.]

AMENDMENT F&G-1

Representative Fate MOVED to ADOPT Amendment F&G - 1:

ADD:

Department: Fish and Game

Appropriation: Commercial Fisheries

13. Southeast Region Fisheries Management	49.2
18. Central Region Fisheries Management	72.2
20. AYK Region Fisheries Management	165.1
22. Westward Region Fisheries Management	32.7
24. Headquarters Fisheries Management	27.7
26. Fisheries Development	30.8

Total \$377.7
Fund Source: General Fund
Amount: \$377.7

Co-Chair Harris OBJECTED for the purpose of discussion.

Representative Fate explained that the appropriations were originally funded through the Commercial Fishing Revolving Loan Fund (CFRLF). The items were taken out, with the understanding that there would be an additional appropriation, which did not occur. He observed that CFRLF funds are no longer available, which necessitated the use of general funds.

There being NO OBJECTION, it was so ordered.

Amendment ADMIN-1

Co-Chair Harris noted that there were insufficient funds in the Alcohol and Drug Abuse Treatment and Prevention Fund for the appropriation in Amendment ADMI-1. Therefore, general funds would be used for the appropriation. There being NO OBJECTION, it was so ordered.

AMENDMENT F&G-2

Representative Fate MOVED to ADOPT Amendment F&G 2:

ADD Page 13, Line 18
Department: Fish and Game
Appropriation: Administration and Support
Allocation: State Subsistence

Description:
Transfer funding from State Subsistence to page 12,
line 20.

Appropriation: Commercial Fisheries
Allocation: AYK Region Fisheries

To purchase and operate SONAR in the Porcupine River.

Total 164
Fund Source: General Funds
Amount: 164.0

Co-Chair Harris OBJECTED for the purpose of discussion.

Representative Fate noted that there is sufficient funding on the Porcupine River to get a fledgling program started but insufficient funding to operate the sonar. The appropriation would allow a game management tool to assess the stock and obtain accountability.

In response to a question by Representative Joule, Representative Fate clarified that the funding would come from the Division of Subsistence. Representative Joule questioned the affect on the Division of Subsistence. Representative Fate noted that the amendment would take \$164 thousand from the Division's \$1 million dollar [general fund] appropriation.

KEVIN BROOKS, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF FISH AND GAME, express concern with the reduction and noted that the Division is small, with \$1,064,000 [in general funds]. The reduction would leave the Division \$900 thousand, which is a 15 percent reduction. He pointed out that there was a \$200 thousand reduction in FY04. He estimated that there would be significant impacts. He observed that the \$164,000 reduction would result in the loss of a couple [full-time] positions or a number of seasonal staff. There are 30 [full-time] employees. The job of the Division of Subsistence is to qualify the subsistence harvest and provide the data to the Board of Fish and Games for allocation decisions. There are seasonal hires. He did not know if seasonal employees or full time staff would be affected. He expressed support for the addition.

Co-Chair Harris stated that he would support the amendment but would continue to look for additional funding for the Division.

Representative Joule OBJECTED to the amendment. He acknowledged the need for the sonar, but questioned if there are other fund sources.

A roll call vote was taken on the motion.

IN FAVOR: Fate, Hawker, Meyer, Stoltze, Chenault, Harris,
Williams
OPPOSED: Foster, Joule, Moses

Representative Croft absent from the vote.

The MOTION PASSED (7-3).

AMENDMENT GOV-1

Representative Harris MOVED to ADOPT Amendment GOV-1:

FUND SOURCE CHANGE AMENDMENT:

Department: Office of the Governor
Appropriation: Executive Operations
Allocation: Executive Office
1175 Business License Receipts \$610,300
1004 General Fund (\$610,300)

DESCRIPTION:

Since submitting the Governor's budget, it has been determined that the Governor's Office can utilize business license receipts for international trade activities. This amendment reflects a fund source change to business license receipts (the fund source used for trade activities in the Department of Community and Economic Development).

Co-Chair Williams OBJECTED for the purpose of discussion.

TOM WRIGHT, STAFF, CO-CHAIR HARRIS, explained that the Governor requested the fund change. The Governor also requested a fund change for statutory designated program receipts. He maintained that there was no point in giving the Governor's Office business license receipts for statutory designated program receipts and observed that expenditures of this type are dependent on receipts from trade shows. He noted that there would be a net zero effect.

There being NO OBJECTION, it was so ordered.

AMENDMENT HSS-1

Representative Hawker MOVED to ADOPT Amendment HSS-1:

Department: Health and Social Services
Appropriation: Various
Allocation: Various
Fund Source: 1003 General Fund Match
Amount: \$949,700

DESCRIPTION:

This fund change is necessary to correct the ratio of General Fund to General Fund Match resulting from internal department transfers in/out. See table below for changes in funding to appropriations and allocations.

Appropriation	Allocation	GF	GFM
Juvenile Justice	Probation	23,900	-23,900
Health Care Services	Medical Administration	25,400	-25,400
Public Assistance	Public Assistance	9,700	-9,700

	Administration		
Public Assistance	Public Assistance Field Services	32,800	-32,800
Senior & Disabilities Services	SDS Administration	10,200	-10,200
Senior & Disabilities Services	SDS Medicaid	688,400	-688,400
Departmental Support Services	Administrative Support Services	159,300	-159,300
	Total	949,700	-949,700

Co-Chair Harris OBJECTED for the purpose of discussion.

Representative Hawker observed that the components in the amendment were identified as ministerial changes between general funds and general fund matching funds.

There being NO OBJECTION, it was so ordered.

AMENDMENT HSS-2

Co-Chair Harris MOVED to ADOPT Amendment HSS-2:

ADD/DELETE

Department: Health and Social Services
Appropriation: Public Assistance
Allocation: Alaska Temporary Assistance Program ATAP
Fund Source Number 1002 Federal Funds
Amount: \$900,000

Appropriation: Public Assistance
Allocation: Adult Public Assistance
Fund Source Number & Name: 1004 General Fund Match
Amount: -\$900,000

ADD/DELETE

Department: Health and Social Services
Appropriation: Public Health
Allocation: Community Health
Fund Source Number & Name: 1004 General Fund Match
Amount: \$500,000
Fund Source: 1168 Tobacco Use Education & Cessation
Amount: -\$500,000

ADD/DELETE

Department: Education and Early Development
Appropriation: Alaska Library and Museums
Allocation: Library Operations

Fund Source: 1004 General Fund

Amount: \$174,500

ADD

Department: Education and Early Development
Appropriation: Alaska Library and Museums
Allocation: Archives
Fund Source: 1004 General Fund
Amount: \$138,800 (and 2 positions)

ADD

Department: Education and Early Development
Appropriation: Alaska Library and Museums
Allocation: Museum Operations
Fund Source: 1004 General Fund
Amount: \$52,600 (and 1 position)

Description

This amendment substitutes the remaining federal TANF (Temporary Assistance for Needy Families) bonus award of \$900,000 for general fund match in ATAP.

\$500,000 of GF is substituted for Tobacco funds used for Community Health Grants. The newly available tobacco funds are not spent in FY05; they remain available in the fund and can be spent in future years.

\$365,900 of GF is used in the Department of Education for:

1. Contractual services and supplies in Library Operations,
2. Two new positions in Archives, and
3. Restoration of a Curator position in the Sheldon J Jackson Museum

ADD

Department: Public Safety
Appropriation: CDVSA
Allocation: Council on Domestic Violence/Sexual Assault
Fund Source: 1004 General Fund
Amount: \$900,000

Co-Chair Williams OBJECTED for the purpose of discussion.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION discussed the amendment. He observed that there was a bonus in Temporary Assistance to Needy Families (TANF) funds of \$6 million, \$900,000 of which remained unspent. The amendment takes the \$900 thousand [in excess TANF funds] and appropriates it to the Division of Public Assistance, which frees up \$900 thousand general funds dollars in the Division of Public Assistance. Of the \$900 thousand freed up, \$500 thousand would be appropriated to community health grants,

to replace tobacco funds. This \$500 thousand would stay in the Tobacco Fund for use in future years.

Mr. Wright observed that the \$500 thousand appropriated to the Tobacco Fund would allow the 20 percent requirement to be reached for FY05. Mr. Teal observed that the 20 percent cash flow is approximately \$4.4 million dollars; \$4.9 would be spent in FY05 for tobacco cessation. He noted that approximately \$2 million dollars was left on the table in FY03. There was approximately \$1 million left in FY04, which would have been spent if they had been available.

Representative Foster observed that the funding is from TANF, which are federal funds.

Vice-Chair Meyer noted that the 20 percent funding for tobacco cessation education has been used by the Legislature in previous years. The amendment would give back the full amount.

Co-Chair Williams WITHDREW his OBJECTION. There being NO OBJECTION, **Amendment HSS-2 was adopted.**

In response to a question by Representative Joule, Mr. Wright clarified that the remaining [\$150 thousand] were appropriated to the Council on Domestic Violence and Sexual Assault (CDVSA) to reach the \$900,000 level. [New Amendment HSS 2 inadvertently incorporated and adopted Amendment DPS-1.]

[Further discussion regarding Amendment HSS-2 occurs below.]

AMENDMENTS DPS-1

In response to a question by Representative Joule, Co-Chair Harris clarified that Amendment DPS-1 would not be offered, as it duplicated the previous amendment.

Mr. Wright reiterated that there was \$150 thousand in general fund dollars left after the funds shift in Amendment HSS-2. That money was added to CDVSA to make \$900 thousand.

Representative Joule questioned if the entire \$900 thousand would be available for grants. Co-Chair Harris observed that the amendment replaced PFD felony funds, which were not realized. He clarified that the \$900 thousand does not represent their entire budget.

AMENDMENTS DPS-2

Mr. Wright observed that Amendment DPS-2 is intent language that would allow the Administration to streamline administrative operations within CDSVA.

Co-Chair Harris observed that Representative Ogg submitted the amendments.

AMENDMENT HSS-2

Vice-Chair Meyer spoke to tobacco cessation funding. He questioned if there was a manner to separate the funding.

JANET CLARKE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, stated that the department would work with the Tobacco Alliance on a consolidate grant process for all the components related to tobacco education and prevention in the FY05 and FY06 award process.

AMENDMENT DNR-1

Co-Chair Harris MOVED to ADOPT Amendment DNR-1:

ADD
Department: Natural Resources
Appropriation: Resource Development
Allocation: Recorder's Office/Uniform Commercial Code
Fund Source: 1156 Receipt Supported Services
Amount: \$6,200

Mr. Wright observed that the amendment would provide office space in the Seward recording office.

Co-Chair Williams OBJECTED for the purpose of discussion.

Representative Chenault observed that the office was funding but no money was retained for lease space. The amendment allows the office to remain open.

Co-Chair Williams WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

AMENDMENT DPS-1

Amendment DPS-1 was WITHDRAWN [as it was previously adopted in Amendment HSS-2.]

AMENDMENT DPS-2

Co-Chair Harris MOVED to ADOPT Amendment DPS-2:

Department Public Safety
Allocation: CDVSA

[Not withstanding AS 43.23.028(b)(2), up to 10% of the amount allocated for the Council on Domestic Violence and Sexual under AS 43.23.028(b)(2), may be used to

fund operations and grant administration.]

Add:

It is the intent of the Legislature that \$200,000 be transferred from Council administrative funds to the grants line to offset reductions to grants provided to local shelters and rape crisis programs for immediate safety and crisis intervention.

Rationale: Due to reduction in PFD felon funds and TANF funds, the grants to shelters and rape crisis centers is \$1.1 million less than in FY04, while the Council's administration received no reduction. This amendment transfers \$200,000 within this budget to the grants line. The funds are anticipated to be made up in administration through a Denali Commission administrative fee on capital funds (see letter, attached).

There being NO OBJECTION, it was so ordered. [Further action was taken to rescind the Committee's action in adopting Amendment DPS-2: see below.]

AMENDMENT DOR-1

Co-Chair Harris MOVED to ADOPT Amendment DOR-1:

Page 30, following line 23:

Insert "No money appropriated by this appropriation may be used to advocate to the Legislature or the public in favor of passage of a resolution submitting to the voters a constitutional amendment relating to the method of calculating distribution from the Alaska permanent fund or in favor of the adoption of such an amendment by the voters."

Page 51, following line 4:

Insert a new subsection to read:

"(e) No money appropriated by this section may be used to advocate to the Legislature or the public in favor of passage of a resolution submitting to the voters a constitutional amendment relating to the method of calculating distribution from the Alaska permanent fund or in favor of the adoption of such an amendment by the voters."

Co-Chair Williams OBJECTED for the purpose of discussion.

Mr. Wright explained that the amendment would prohibit the Alaska Permanent Fund Corporation from using money to advocate to the Legislature or the public in favor of passage of a resolution or a constitutional amendment

(should one pass the Legislature) for Percent of Market Value approach (POMV).

Co-Chair Harris observed that the amendment would prohibit advocacy by the Alaska Permanent Fund Corporation. The Corporation would be allowed to educate. They would not be authorized to take a position or be able to advocate failure or passage of the Percent of Market Value approach. The Board could not take a position on POMV, but could explain the issue. The intent is to allow the public to sell the idea.

Vice-Chair Meyer observed that no money would be appropriated for education.

BOB BARTHOLOMEW, CHIEF OPERATING OFFICER, ALASKA PERMANENT FUND CORPORATION, DEPARTMENT OF REVENUE, clarified that the Board only wants to take action authorized by the Legislature. The number one priority is to provide education to the public. Without specific authorization the Board could not influence the outcome of the election. He expressed concern that some aspects of education could be construed as affecting the outcome. The Board may state their position only if they are [directly] asked. The Board feels that they could not continue the current level of education on the basis of the amendment.

Co-Chair Williams expressed concern that the Board needs to help educate the public and observed that the more people that understand the issue the better.

A roll call vote was taken on the motion.

IN FAVOR: Stoltze, Chenault, Fate, Hawker, Joule, Meyer,
Moses, Harris
OPPOSED: Foster, Williams

Representative Croft absent from the vote.

The MOTION PASSED (8-2).

AMENDMENT LEG-1

Co-Chair Harris MOVED to ADOPT Amendment LEG-1:

ADD Agency:	Legislature
Appropriation:	Council and Subcommittees
New Allocation:	Office of Victims Rights

DESCRIPTION:

Create a new allocation for the Office of Victims Rights with the following funding:

153,000	general funds
328,600	PFD Criminal
60,000	FY04 PFD Criminal (reappropriation)

All funding listed is included in the draft bill before the committee.

The Office is presently included in the budget of the Legislative Council. Identifying funding for the office was not a problem when the only funding source was PFD Criminal funds, but the addition of general funds causes the Office to lose its identifiable funding source. A separate allocation will allow the Office's budget to be tracked.

Co-Chair Harris OBJECTED for the purpose of discussion.

Mr. Teal explained that the amendment would create a new allocation for the Office of Victims' Rights, which currently exists under the Legislative Council. The component is now using some general funds due to the decline in PFD felon funds. The change would allow the Division to better track the budget. Co-Chair Harris clarified that there are no new funds.

There being NO OBJECTION, it was so ordered.

AMENDMENT LANGUAGE-1

Co-Chair Harris MOVED to ADOPT Amendment Language-1:

Amend section 20, Fund Transfers, by adding a new subsection to read:

() The balance of the electrical service extension fund (AS 42.45.200) is appropriated to the general fund.

(This subsection needs a July 1, 2004 effective date.)

DESCRIPTION:

The transfer of the balance (estimated to be \$85,000) of the Electrical Service Extension Fund to the general fund was part of the administration's FY 05 revenue proposals. Alaska Energy Authority legislation, HB 485 and SB 337, was introduced on February 16 to repeal the fund, along with several other changes.

Mr. Teal explained that the Governor has submitted legislation to repeal the Electrical Service Extension Fund. The amendment would transfer the remaining \$85 thousand to the General Fund.

There being NO OBJECTION, it was so ordered.

AMENDMENT LANGUAGE-2

Co-Chair Williams MOVED to ADOPT Amendment Language 2:

Page 53, lines 15 - 23:

Delete all material and insert:

"(b) The sum of \$35,500,000 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060)."

Page 60, line 4:

Delete "Section 22 of this Act takes"

Insert "Sections 20(b) and 22 of this Act take"

Co-Chair Harris OBJECTED for the purpose of discussion.

Co-Chair Williams explained that the amendment would add \$5 million dollars into the Alaska Marine Highway System Fund for ferry system operations. He observed that the cost of fuel has increased by \$3.5 million dollars.

Representative Joule spoke to the effective date. He questioned if funding for FY05 would come out of FY04. He noted that the entire amount would be funded with general funds, which would replace unrestricted federal receipts, AHFC and AIDEA funds. Co-Chair Williams concurred. Representative Joule questioned if these dollars would be available for other appropriations.

Mr. Teal acknowledged that the funds would be available for other appropriations. Co-Chair Harris observed that the funds might provide a source for additional support to the Division of Subsistence.

Representative Joule questioned why the funding was coming out of the FY04 appropriation, but expressed support for the amendment.

There being NO OBJECTION, it was so ordered.

AMENDMENT LANGUAGE-3

Co-Chair Harris MOVED to ADOPT Amendment Language 3:

Amend sec. 36 to read:

* Sec. 36. The appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2004 program receipts or the unexpended and unobligated balance on June 30, 2004, of a specified account take effect July 1, 2004 and are retroactive to June 30,

2004 solely for the purpose of carrying forward a prior year balance [JUNE 30, 2004].

Mr. Wright observed that the amendment was at the request of the Attorney General's office and would satisfy two concerns expressed by state accountants and attorneys. First, the amendment would make the appropriations financed with carry forward balances effective in FY 05 rather than FY 04. As presently written, state accountants would consider these appropriations to cover two fiscal years. By making these appropriations effective on July 1, 2004, the amendment avoids accounting actions covering two fiscal years rather than a single fiscal year. Second, once the appropriations take effect, the amendment makes the appropriations retroactive to the end of the previous fiscal year to preserve the Legislature's intent that the year end balances of the account involved will not lapse and are to remain available to finance the FY 05 appropriations.

There being NO OBJECTION, it was so ordered.

AMENDMENT DPS-2

Co-Chair Harris MOVED to Rescind the Committee's action in passing Amendment DPS-2. There being NO OBJECTION, it was so ordered.

Amendment DPS-2 was not moved.

AMENDMENT EDUC-1

Vice-Chair Meyer MOVED to ADOPT Amendment EDUC-1:

Page 59, following line 27:

Insert a new bill section to read:

"* Sec. 35. GRANTS FOR CHARTER SCHOOLS. The sum of \$206,000 is appropriated from the general fund to the Department of Education and Early Development for the fiscal year ending June 30, 2005, for payment as grants to each school district that operates a charter school with an average daily membership of 150 or less for support of those charter schools in those districts. The amount appropriated for grants by this section is to be allocated among eligible school districts in the proportion that the average daily membership of eligible charter schools in a district bears to the total average daily membership of all eligible charter schools in all school districts that operate an eligible charter school."

Renumber the following bill sections accordingly.

Page 60, line 5:

Delete "secs. 36 and 37"

Insert "secs. 37 and 38"

Co-Chair Harris OBJECTED for the purpose of discussion.

Vice-Chair Meyer explained that the amendment pertains to charter schools. He noted that ADM calculations for charter schools are based on the largest school in the community. The process is adversely affecting charter schools. The Department calculated the ADM based on the smallest school in the community and identified a difference of \$206 thousand. The amendment would appropriate this amount to help charter schools [with less than 150 students] in: Juneau, Craig, Kenai, Matsu, and Nome.

TAPE HFC 04 - 71, Side B

REPRESENTATIVE BRUCE WEYHRAUCH, spoke in support of the amendment. He observed that a long-term solution would involve amendment of the foundation formula, which is not feasible at this time. He explained that small charter schools (Nome - 44, Kenai - 32, and Juneau - 59) are lumped with the largest school in the district. In Juneau, the charter school, with 59 students, is lumped in with the high school, which has 1,600 students. The practice substantially reduces the amount of per student funds going to the charter school. He observed that the amendment would allow an equitable distribution of funds in the current year without attempting to change the formula.

EDDY JEANS, MANGER, SCHOOL FINANCE AND FACILITIES SECTION, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, observed that an amendment to the foundation formula program would be needed to continue the level of funding for charter schools below 150 students. Amendment EDUC-1 would provide one-year's relief while the Legislature looks at the issue.

Co-Chair Harris questioned if the Department of Education and Early Development supports the amendment. Mr. Jeans stated that it is a [legislative] policy issue. He observed that the Juneau Charter School, which serves elementary age children, is calculated at a high school level. Under the amendment, the ADM for the charter school would be the same as Gastineau Elementary school.

Representative Weyhrauch observed that the Juneau Charter School would face a \$60 thousand shortfall. He did not know if the school would be able to make up the shortfall.

Vice-Chair Meyer felt that the whole issue needed to be reviewed.

In response to a question by Representative Stoltze, Mr. Jeans observed that schools over 150 students would not be affected.

There being NO OBJECTION, it was so ordered.

AMENDMENT TECHNICAL-1

Co-Chair Harris MOVED a verbal technical amendment to authorize the Legislative Finance Division to make conforming or technical amendments to the legislation. There being NO OBJECTION, it was so ordered.

Co-Chair Williams MOVED to report CSHB 375 (FIN) out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 375 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

#hb377

HOUSE BILL NO. 377

"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."

Co-Chair Williams MOVED to ADOPT Work Draft 23-GH2042\Q for HB 377. There being NO OBJECTION, it was so ordered.

Co-Chair Williams MOVED to report CSHB 377 (FIN) out of Committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

Co-Chair Harris thanked the Minority for their work.

CSHB 377 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

#

ADJOURNMENT

The meeting was adjourned at 3:05 PM