

Alaska State Legislature
FREE CONFERENCE COMMITTEE ON SB 283

May 1, 2004

5:30 p.m.

TAPE(S) 04-1

MEMBERS PRESENT

Senator Gary Wilken
Senator Gene Therriault
Senator Lyman Hoffman

Representative Bill Williams
Representative Pete Kott
Representative Reggie Joule

MEMBERS ABSENT

None

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 283(FIN)

"An Act making an appropriation to reverse the deposit of money available for appropriation in the general fund at the end of fiscal year 2003 into the constitutional budget reserve fund; making an appropriation for investment management fees for the constitutional budget reserve fund; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HEARD AND HELD

CS FOR SENATE BILL NO. 283(FIN) am H

"An Act making an appropriation to reverse the deposit of money available for appropriation in the general fund at the end of fiscal year 2003 into the constitutional budget reserve fund; making an appropriation for investment management fees for the constitutional budget reserve fund for fiscal year 2004; making an appropriation for investment management fees for the constitutional budget reserve fund for fiscal year 2005; making appropriations to the Department of Education and Early Development for K-12 educational programs; making appropriations to the University of Alaska and the Alaska Court System; making an

appropriation to reverse the deposit of money available for appropriation in the general fund at the end of fiscal year 2004 into the constitutional budget reserve fund; making an appropriation of the amount necessary to balance revenue and general fund appropriations for fiscal years 2004 and 2005; making appropriations for power cost equalization and for grants to municipalities, unincorporated communities, and designated recipients; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 283

SHORT TITLE: APPROP:CAPITAL/SUPPLEMENTAL/REAPPROP/CBR

SPONSOR(S): SENATOR(S) HOFFMAN

01/28/04	(S)	READ THE FIRST TIME - REFERRALS
01/28/04	(S)	FIN
02/02/04	(S)	FIN AT 10:00 AM SENATE FINANCE 532
02/02/04	(S)	Heard & Held
02/02/04	(S)	MINUTE(FIN)
02/11/04	(S)	FIN RPT CS 4DP 1NR NEW TITLE
02/11/04	(S)	DP: WILKEN, GREEN, HOFFMAN, BUNDE;
02/11/04	(S)	NR: DYSON
02/11/04	(S)	FIN AT 9:00 AM SENATE FINANCE 532
02/11/04	(S)	Moved CSSB 283(FIN) Out of Committee
02/11/04	(S)	MINUTE(FIN)
02/18/04	(S)	TRANSMITTED TO (H)
02/18/04	(S)	VERSION: CSSB 283(FIN)
02/19/04	(H)	READ THE FIRST TIME - REFERRALS
02/19/04	(H)	FIN
02/19/04	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
02/19/04	(H)	Moved Out of Committee
02/19/04	(H)	MINUTE(FIN)
02/23/04	(H)	FIN RPT 9DP
02/23/04	(H)	DP: MEYER, HAWKER, JOULE, CROFT, MOSES,
02/23/04	(H)	FATE, FOSTER, HARRIS, WILLIAMS
02/26/04	(H)	RETURNED TO FIN COMMITTEE
03/02/04	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
03/02/04	(H)	Heard & Held
03/02/04	(H)	MINUTE(FIN)

03/03/04 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/03/04 (H) Moved Out of Committee
 03/03/04 (H) MINUTE(FIN)
 03/04/04 (H) FIN RPT 10DP 1NR
 03/04/04 (H) DP: MEYER, HAWKER, STOLTZE, JOULE,
 03/04/04 (H) CROFT, CHENAULT, FATE, FOSTER,
 HARRIS,
 03/04/04 (H) WILLIAMS; NR: MOSES
 03/04/04 (H) MOVED TO BOTTOM OF CALENDAR
 03/04/04 (H) IN SECOND READING
 03/04/04 (H) ADJOURNED TO 3/5
 03/05/04 (H) ADJOURNED TO 3/8
 03/08/04 (H) MOVED TO BOTTOM OF CALENDAR
 03/08/04 (H) VERSION: CSSB 283(FIN) AM H
 03/15/04 (H) JOURNAL CORRECTION AM NO 10
 04/01/04 (S) CONCURRENCE MESSAGE READ AND HELD
 04/06/04 (H) CONFERENCE COMMITTEE APPOINTED
 04/06/04 (H) HARRIS (CHAIR), COGHILL, KERTTULA
 04/06/04 (H) LIMITED POWERS FREE CONFERENCE
 GRANTED
 04/07/04 (S) CONFERENCE COMMITTEE APPOINTED
 04/07/04 (S) STEVENS B, (CHAIR), GREEN, ELTON
 04/07/04 (S) LIMITED POWERS FREE CONFERENCE
 GRANTED
 04/26/04 (S) 283 AT 1:45 PM SENATE FINANCE 532
 04/26/04 (S) Closeout
 04/27/04 (S) FREE CONFERENCE COMMITTEE
 APPOINTED
 04/27/04 (S) WILKEN, THERRIAULT, HOFFMAN
 04/30/04 (H) FREE CONFERENCE COMMITTEE
 APPOINTED
 04/30/04 (H) WILLIAMS (CHAIR), KOTT, JOULE
 05/01/04 (S) 283 AT 4:30 PM SENATE FINANCE 532

WITNESS REGISTER

No witnesses

ACTION NARRATIVE

TAPE 04-1

^#SB238

SB 283-APPROP:CAPITAL/SUPPLEMENTAL/REAPPROP/CBR

CO-CHAIR GARY WILKEN called the Conference Committee on SB 283 to order. Present were Senators Therriault, Hoffman and Wilken and Representatives Williams, Kott, and Joule. He announced that Senator Therriault would review the limited conference committee report and then present a proposal for consideration. The committee will then take up any other issues members would like to address.

SENATOR GENE THERRIAULT informed members that according to the report received from the first conference committee, those members were able to agree on certain items but were unable to agree on the contingency language, the budget reserve votes and miscellaneous appropriations in Section 4. The first conference committee did not have the power to consider an alternate list of projects, which the new conference committee can. He distributed to members a document describing some of the discussions among the Senate members and pointed out that Senate members have not agreed upon that list at this time.

With regard to replacing the discretionary list of miscellaneous appropriations, SENATOR THERRIAULT explained that it contains \$7.8 million to go down the major maintenance list through project 16. It includes \$1,000,000 for the People's Learning Center, phase I, which was in the Governor's capital budget proposal last year. It also contains money for the Dillingham school roof repairs, as Dillingham is unable to sell bonds or avail itself of the major maintenance list. The House and Senate proposals differ in their amounts for the Foundation Formula. The House number is \$84,500,000, while the Senate number is \$82,000,000. The new Senate proposal remains at \$82,000,000

and the extra \$2,500,000 will be used to cover the additional costs.

Regarding the transition funding, SENATOR THERRIAULT noted that Senator Hoffman brought to members' attention that the transition floor would cost about \$3.6 to hold. The Senate Majority has countered with a proposal to just hold those dollars that are being steered into the formula for PERS/TRS and take the position that every district in the state should get the full benefit of every one of those dollars.

SENATOR THERRIAULT further explained:

...The PERS/TRS dollars, which is about 40 to 45 percent of the money that's being run into the formula, if you hold that harmless and do not use any of that money for erosion of the transition floor, that would cost a little over \$1.4 million and so we have added that in here because we know that is important to a lot of rural districts. And then we have the Shishmaref erosion problem, we currently have a zero there, but we've got the little side box, if you look at the side box we're proposing that the \$420,000 from [reappropriations] be done - be quickly done in this bill. That gathers up matches and Corps of Engineers money, there's some BIA money that's currently in place. Right now we think with the [reappropriation], we can get up to \$2.8 million for the Shishmaref problem. We know that that is

not the entire fix so we're continuing to review that proposal.

So that brings us up to a total - a little lower than \$11 million so that's where we are right now. We still think there's a little bit of latitude to shift around within these numbers but we wanted to just put these on the table to let you know where we are in some preliminary discussions on the Senate side.

We do have a run here for the transition floor - the color-coded sheet. If you look at the third column from the right, that shows you what this \$1.4 would mean to individual districts. Up at the top, Alaska Gateway would benefit from this \$1.477 million. The largest benefit to any particular district is Lower Kuskokwim. They've still got quite a bit of transition floor so it would benefit their district \$671,000. So you can look to see if you've got particular [indisc.] that are impacted by that.

In addition, I just wanted to touch on another component of the [SB] 283 package and that is that over the years when we were still funding municipal matching grants - the Municipal Matching Grants Program, if you were a small district and were trying to save up money for a large project, you could basically take your \$25,000 minimum appropriation each year and sort of set it into the bank and that was held in an

account in the general fund for unincorporated communities and municipalities. When the reverse sweep did not take place, all those subaccounts were swept into the general fund - or into the CBR and so my staff has been tracking that for the past couple of months. It's a substantial amount of money - a little bit more than \$2 million. In Senator Olson's district it's about \$400,000, Senator Lincoln's district is the largest amount spread throughout a lot of her unincorporated communities, \$760,000, but we do have a breakdown of the communities that would be impacted by that and so the reverse sweep was part of the original bill sent over from the Senate. So, I just wanted to make sure that your members on the House side are aware that that reverse sweep component does have this aspect to it to.

So, I just mainly wanted to put this on the table to let you know, again, some preliminary discussions that have taken place on the Senate side so you have a chance to look over these numbers and then you have some discussion right now or just set the next meeting so you have time to go back to your respective caucuses to discuss these numbers.

REPRESENTATIVE JOULE affirmed the Shishmaref numbers are correct and said he is glad to see the reappropriation number in the proposal. He indicated that the BIA money has been available for a while. The Corps of Engineers funds

came up within this last year and money to match it was found. He maintained:

I just want to make sure that what doesn't get lost in this is the \$3.4 is taken into account in all of that. That just goes to magnify the problem the community is facing. But these numbers are pretty hard to [indisc.].

SENATOR THERRIAULT said he originally thought the \$3.4 was for the entire project but now understands that [the project] is broken down into three components. The two components [in the proposal] will address the buildings at most risk. He continued:

And the \$3.4, it seems like there's still a bit of distance there before you get up to the lagoons and the tannery, which I think is on the southern part of the island. A little bit of confusion yet while I'm trying to track down some information. It's my understanding that it's expected that this is not a permanent fix, that you are facing the elements there and so I'm just trying to get some information that if the \$3.4 was not all secure and there's still some erosion down on that southern end of the island, if this is a ten-year fix, can we expect that that portion would erode up to buildings within that ten years or beyond that ten years or we just don't know?"

REPRESENTATIVE JOULE acknowledged that Senator Therriault's questions were good ones and affirmed that the fix [in this proposal] is a temporary one. He added that it would be a good time to talk to some hydrologists and engineers about the waterworks and get some of that information. He thought those issues can be addressed when the committee next meets.

CO-CHAIR WILKEN suggested including the aerial map as part of the record to show everyone where the money will be used.

CO-CHAIR WILLIAMS asked if the PERS/TRS [funds] will have to be fixed each year by the legislature.

CO-CHAIR WILKEN said he would think the state is going to be facing the PERS/TRS problem for five or six years. He explained that this proposal would establish the precedent that it will be addressed every year. He added:

What we're saying, I think, by doing this the first year of this five or six-year period 'til we get up to the 35 percent contribution rate that we're saying that at least it's our expectation that we would fund the PERS and TRS as we have here at 100 percent and not at the 60 percent so that number would change but I think our intent, and the policy call we're making here, would carry on each year, although each year it would be subject to the legislature's appropriation.

CO-CHAIR WILLIAMS asked if any piece of legislation will have to be amended to do this.

CO-CHAIR WILKEN said no, it is his understanding it would be a grant back to the schools. The foundation formula would remain the same, as would the student dollar. This loss would be plugged back in as a grant.

SENATOR HOFFMAN suggested eliminating the rolling floor through legislation to save \$1.4 million.

SENATOR THERRIAULT responded:

To answer the question directly, this is just a one year - you're not having the impact with this year's appropriation and of course [Legislative] Budget and Audit has approved a contract to go back to the cost factor study and make some adjustments to that so the legislature may be getting to the point where they have the information to go in and review and make, perhaps, a complete modification to the foundation formula that would take care of the floor. The next legislature will hopefully have that cleaned up report and whether they make the policy call next year to completely rewrite the formula that would take care of that, that's a possibility certainly.

CO-CHAIR WILKEN repeated that the major maintenance would cover projects 1 through 16. The Dillingham school roof repair funds are to cover two schools. The transition

funding is the result of the committee's work but Senate members asked Mr. Jeans at the Department of Education and Early Development (DEED) to do a run and the numbers are identical.

There being no further questions, CO-CHAIR WILKEN announced the committee would meet again on Monday at a time to be arranged. He then adjourned the meeting at 6:00 p.m.

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