

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**March 17, 2003**  
**9:04 AM**

**TAPES**

SFC-03 # 21, Side A  
SFC 03 # 21, Side B  
SFC 03 # 22, Side A

**CALL TO ORDER**

Co-Chair Gary Wilken convened the meeting at approximately 9:04 AM.

**PRESENT**

Senator Gary Wilken, Co-Chair  
Senator Lyda Green, Co-Chair  
Senator Robin Taylor  
Senator Ben Stevens  
Senator Lyman Hoffman  
Senator Donny Olson

**Also Attending:** KATHRYN DAUGHHETEE, Director, Division of Administrative Services, Department of Law; EDDY JEANS, Manager, School Finance and Facilities Section, Education Support Services, Department of Education and Early Development; LINDA PEREZ, Administrative Director, Division of Administrative Services, Office of the Governor; LAURA GLAISER, Director, Division of Elections, Office of the Lieutenant Governor; JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services; JOHN BAUCHER, Project Manager, Online Resources for the Children of Alaska (ORCA) Project, Department of Health and Social Services; CHERYL FRASCA, Director, Office of Management and Budget, Office of the Governor;

**Attending via Teleconference:** There were no teleconference participants.

**SUMMARY INFORMATION**

SB 100-APPROP: CAPITAL PROJECTS

The Committee heard overviews of the capital requests of the Department of Education and Early Development, Department of Law,

Office of the Governor, and the Department of Health and Social Services. The Committee also heard a general overview from the Office of Management and Budget. The bill was held in Committee.

#SB100

SENATE BILL NO. 100

"An Act making capital appropriations and reappropriations; capitalizing a 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."

Department of Law

Dimond Courthouse - Recarpet 5<sup>th</sup> Floor

\$44,000 general fund

Reference No.: 37955

Category: Law and Justice

Location: Juneau (Juneau/Downtown/Douglas)

Election District: Juneau/Downtown/Douglas

Estimated Project Dates: 07/01/2003 - 06/30/2005

One-time Project

The 5<sup>th</sup> floor of the Dimond Courthouse has not been recarpeted in many years. Existing carpeting no longer adheres to the backing in many areas and bubbles up creating significant ripples in the carpet surface. Attempts to cut and reglue the carpet have failed. The ripples create a safety hazard for employees such that the carpet may have to be torn up exposing bare concrete floors. At this time, the Dimond Courthouse is not included in the Public Building Fund.

KATHRYN DAUGHHETEE, Director, Division of Administrative Services, Department of Law, overviewed the explanatory statement. She noted temporary repairs are currently made using duct tape.

Senator Hoffman asked the last time this building was recarpeted.

Ms. Daughhete answered the building was recarpeted in 1995 at the time the attorney general's office was consolidated.

Senator Hoffman asked the life expectancy of the existing carpeting.

Ms. Daughhete responded the carpeting should have lasted longer and surmised that installation could be responsible for the undue wear and tear. She noted carpeting installed at the same time on

other floors is wearing better.

Co-Chair Wilken asked the owner of the building.

Ms. Daughheteer replied the State, Department of Administration is the owner of the Dimond Courthouse.

Co-Chair Green asked the activities conducted on the fifth floor.

Ms. Daughheteer answered "several sections of the attorney general's office" are located on the fifth floor.

Oil and Gas Royalty Settlement Reopeners

\$1,000,000 general fund

Reference No.: 31371

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2006

One-time Project

This project will partially fund the cost of outside legal counsel and outside experts, and the State's cost of reopener arbitrations as the State proceeds with the renegotiation and arbitration of royalty issues.

Ms. Daughheteer read the Detailed Project Justification into the record as follows.

The purpose of this funding request is to enable the State to effectively resolve ongoing and threatened litigation involving Alaska North Slope (ANS) oil and gas royalties owned the State. All of the major oil companies retain private counsel will versed in oil and gas issues to prosecute royalty disputes against the State. This request is intended to allow the Department of Law to also retain a small body of select private counsel to assist in resolving ongoing disputes regarding oil and gas royalties owned the State.

The major producers entered into royalty settlement agreements with the State in the early 1990s. The agreements provide a methodology for valuing ANS oil for royalty purposes and an arbitration procedure for changing value methodology called a reopener.

In the last year Law has successfully resolved a value reopener against BP and a value and transportation reopener against Phillips. A value and transportation reopener is currently pending against Exxon. The State has been attempting

to obtain Exxon data necessary to prosecute the reopener to a conclusion, but as of this date, Exxon has provided no data in response to State requests. It is anticipated that, as in the past, Exxon will retain a large number of outside counsel to litigate this reopener with the State. In the last major oil and gas proceeding with Exxon, it retained several separate law firms and also utilized in-house counsel and staff to litigate against the State. It is necessary that the State have access to outside counsel in order to adequately deal with the Exxon reopener, which is scheduled to restart in March of 2003 on a very short time line.

In addition, Law anticipates two other reopeners against various producers focused on transportation costs. The producers are buying new double-hulled tankers to comply with federal law (OPA 90). In connection therewith they are seeking significantly increased transportation deductions. One disputed issue is the treatment of tax benefits such as the capital construction fund program, which allows producers to obtain vessels with tax deferred dollars. At least one of the producers has taken the position that the State is not entitled to share in the tax benefits. This type of litigation will require the retention of tax counsel and experts in vessel financing and other issues.

In addition to outside counsel, expert advice and opinions are essential to match the resources marshaled by the producers and to advance the State's own position before an arbitration panel and rebut the expert claims made by the producers.

Once the State or a producer gives notice that it is exercising a reopener provision, the schedules and protocol in the royalty settlement agreements must be followed. These schedules do not follow the State's year-to-year annual budget or appropriation time lines. The Department of Law's oil and gas litigation budget has been reduced over time. The Department of Law does not currently have sufficient funds to handle the needs caused by the reopeners.

Co-Chair Green asked how this item is considered a capital project rather than an operating budget item.

Ms. Daughhettee explained the funding for this activity would be required for several years.

Department of Education and Early Development

Mt. Edgecumbe High School Exterior Renovations

\$1,000,000 Alaska Student Loan Corporation (ASLC) dividend  
Reference No.: 35855

Category: Education

Location: Sitka

Election District: Sitka/Wrangell/Petersburg

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-time Project

Removal and replacement of asbestos/lead paint siding and adding insulation to improve energy efficiency in the Boy's Dorm, Girl's Dorm, and Kitchen Dining Hall. These three buildings are adjacent to one another and it is recommended that all exterior renovation work be done at the same time to reduce project costs.

EDDY JEANS, Manager, School Finance and Facilities Section, Education Support Services, Department of Education and Early Development testified this project is included in a capital improvement master plan drafted by an architectural team on behalf of the Department.

Co-Chair Green asked if this project was not included in the bond package for school construction and renovation that was passed by voters the previous year.

Mr. Jeans answered it was not included.

Yuut Elitnaurviat People's Learning Center - Phase 1  
Construction

\$1,000,000 ASLC dividend

Reference No.: 36594

Category: Education

Location: Bethel

Election District: Bethel

Estimated Project Dates: 07/01/2003 - 06/30/2008

Phased Project

The Yuut Elitnaurviat People's Learning Center in Bethel is requesting State support for construction of a vocational training center to serve the Yukon-Kuskokwim Delta Region. Phase I construction is estimate to cost \$16.3 million. Various funding partners, including the Bureau of Indian Affairs FY 02 \$1.0 million and the USDA-Rural Development \$2.0 million pending.

Mr. Jeans stated that this request is to allow leverage of federal funds from the federal sources. He informed that "various partners" in the region have agreed to assume the operational costs of the center once it is completed.

Co-Chair Wilken noted that although the funding source of this item is listed as student loan dividends, it is actually a reduction in the amount the Alaska Student Loan Corporation pays to the general funds. He then asked the local contribution, and also requested a five-year cash flow report on how this facility, once constructed, would be funded. He compared this facility to a similar project located in Nome and discussed the previous legislative session.

Office of the Governor

LINDA PEREZ, Administrative Director, Division of Administrative Services, Office of the Governor, presented the requests.

AccuVote - Payment 6 of 6  
\$387,789 general fund  
Reference No.: 6712  
Category: General Government  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/1998 - 06/30/2004  
Phased Project

The Division of Elections purchased the new statewide vote tabulation system, AccuVote, with a six-year lease purchase plan. The payments began in FY 99, with the final payment due in FY 04. This request is for the system's final annual payment.

Senator Taylor asked if this system is compatible with federal Americans with Disabilities Act (ADA) requirements.

LAURA GLAISER, Director, Division of Elections, Office of the Lieutenant Governor, testified that these units are not ADA compliant, and that separate capital request has been submitted to purchase ADA compliant units to supplement the existing machines.

Pacific Coastal Salmon Recovery Fund  
\$21,857,000 federal receipts  
Reference No.: 33647  
Category: Development  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
On-going Project

The federal fiscal year 2003 (FFY03) appropriations legislation contains funding for the Pacific Coastal Salmon Recovery Fund. A total of \$115 million was appropriated for the states of Alaska, Washington, Oregon and California.

Coordination of the fund is through the respective Governor's offices. The Alaska portion of the federal FY 03 appropriation is \$21.857 million. The Alaska portion of this funding comes to the State through a Memorandum of Understanding designating Alaska Department of Fish and Game as the program manager.

Co-Chair Wilken noted the Department of Fish and Game would give a complete presentation on this item at a later meeting.

Senator Taylor wanted to know why this item is included in the Office of the Governor budget.

Ms. Perez understood the original federal legislation appropriated the funds to the governor's offices of each state involved.

Elections Reform Under the Federal Help America Vote Act (HAVA)  
\$5,000,000 federal receipts  
Reference No.: 38524  
Category: General Government  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2006  
Improve the administration of elections in accordance with the Help America Vote Act.

Ms. Perez informed that \$5 million is the minimum payment amount available to a state under Title 1 of HAVA, and that funds would be available through federal fiscal year 2005.

Co-Chair Wilken asked if this \$5 million could be used to fund request items 6712 and 34852. He also asked the requirements of Title 3 of HAVA.

Ms. Glaiser summarized that Title 3 requires five-percent in state matching funds. She stated it was determined to list this item separately as there is still question as to whether the State would be reimbursed for the approximately \$2 million in payments made for the AccuVote purchases.

Co-Chair Wilken asked if it would be possible that the other items could be paid with this HAVA funding.

Ms. Glaiser was unsure, but noted that if those projects were paid from general funds and reimbursed these HAVA funds would be available for other purposes.

Co-Chair Wilken ascertained the AccuVote projects meet the HAVA

qualifications, asked for further review of the matter.

Electronic Filing of Public Official and Legislative Financial Disclosure Statements and Lobbying Activity Reports  
\$450,000 general funds  
Reference No.: 37940  
Category: General Government  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2006  
One-time Project  
Funds will be used for consulting services for design, development and testing of a web-enabled filing system for the electronic filing of public official and legislative financial disclosure statements, and lobbying activity reports.

Ms. Perez outlined the request.

Co-Chair Wilken asked if the Alaska Public Offices Commissions is transferred to the Division of Elections, as requested by the Governor, whether these funds would be transferred with the program.

Ms. Perez affirmed.

Early Voting and Accessible Voting Equipment  
\$298,600 general funds  
Reference No.: 34852  
Category: General Government  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2004  
One-time Project  
Purchase additional ballot tabulation units/accessible voting equipment for disabled voters and "Early Voting". This request includes additional ballot tabulation units for overcrowded precincts and Early Voting. Accessible units are to be made available in several voting locations for the next election cycle. The Division of Elections' goal is to have at least one accessible voting unit in each optical scan precinct.

Ms. Perez outlined this request.

Americans with Disabilities Act Compliance Projects  
\$500,000 general funds  
Reference No.: 6391  
Category: Health/Human Services  
Location: Statewide

Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2006  
On-going Project

This project continues the removal of physical barriers to persons with disabilities within state-owned facilities as required by Title II of the Americans with Disabilities Act, Public Law 101-336. Funding covers the cost of design, project administration, and construction. Aside from the legal requirements, removal of physical barriers will negate the need for temporary program modifications, which are currently required of the facilities' occupants. Office of Management and Budget allocates available funding to the Department of Transportation [and Public Facilities] for State facility ADA compliance projects based upon DOT's prioritized project list. The requested FY 04 funds will continue work from the statewide priority list.

Ms. Perez outlined this request.

Co-Chair Wilken noted this item has been regularly funded since 1993 and he asked for details on proposed renovations.

Ms. Perez would provide the information to the Committee.

Co-Chair Wilken also wanted to know the consequences if this item were not fully funded at the current level.

Ms. Perez indicated she would research the matter.

Department of Health and Social Services

JANET CLARKE, Director, Division of Administrative Services,  
Department of Health and Social Services

Child Protection Information System - Phase 3  
\$1,884,500 federal receipts  
\$1,884,500 G/F Match  
Reference No.: 6816  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
State-match required  
Phased-underway Project

This project continues efforts for the development of an information system to protect the children of Alaska and the safety of front-line Division of Family and Youth Services (DFYS) workers and to increase worker productivity. DFYS is in

the final development phase of the Online Resources for the Child of Alaska system, and this request is critical for its completion. Failure to meet all the goals of the planning documents, including submission of required adoptions and foster care data to the Administration for Children and Families (ACF), could result in the Department having to return over \$4.5 million to the federal government.

Ms. Clarke noted supplemental information has been compiled and available for review.

Ms. Clarke told of the contractor, American Management System's success rate in implanting upgrades in other states with minimal conversion difficulties.

Ms. Clarke overviewed the expenditure outline contained in the detailed backup information and informed that a 50 percent match is provided for funds the State expends for this project.

Ms. Clarke stressed Alaska is one of the last states to develop a case-management system for family and youth services. She stated that because of this, Alaska could learn from other state's conversion efforts. She said that some states did not provide adequate funding for training and conversion of data expenses, and therefore funds for those activities are included in this request.

Senator Hoffman asked the number of positions that could be eliminated given the systems automation.

Ms. Clarke responded that this has not been determined as of yet. She was able to assure that better and timelier information would be available and detailed the abilities of supervisors to review caseworker actions and decisions.

Co-Chair Wilken asked for further explanation of the warning that failure to meet goals could result in a loss of federal funding.

Ms. Clarke told of efforts of the federal government to provide a "carrot on a stick" to provide incentives. She explained that the 50-percent federal funding match is available; however, if the State fails to continue to make progress in updating its system, funds already appropriated would have to be repaid.

Co-Chair Wilken asked if the funding match has always been 50 percent.

Ms. Clarke stated that for a short time the federal match was 70 percent and Alaska attempted to take advantage of the higher

percentage when it was available.

Co-Chair Wilken referenced travel expenses for ORCA personnel to attend training. He asked if it would be more cost effective for trainers travel to the "students".

JOHN BAUCHER, Project Manager, Online Resources for the Children of Alaska (ORCA) Project, Department of Health and Social Services, testified that both methods would be employed, as well as a web-based training approach to reduce costs.

Ms. Clarke furthered this project would transition child protection operations from a "paper intensive system" to an online case management system. She stated that other states have asserted that the cultural change of this process to the workforce could not be fully appreciated.

Co-Chair Wilken asked if this issue is addressed in the recent federal review audit of the program.

Ms. Clarke affirmed.

Co-Chair Wilken requested explanation of the 11 project positions required to "backfill".

Mr. Baucher spoke of the change from a "maintenance mode to building the capabilities to support a system" and therefore skills such as database administration would be required. He added that three of the proposed positions are field social workers, one is a financial specialist another a licensing specialist, and the remaining to operate a help desk/support system.

Ms. Clarke continued that some project staff would be transferred "from the field" to ensure the system is developed appropriately to field practice.

Co-Chair Wilken asked if these would be temporary positions.

Ms. Clarke affirmed.

Co-Chair Wilken asked if the staff proposed for these positions is knowledgeable in the new database system.

Mr. Baucher responded the staff would be trained.

Co-Chair Wilken asked for an explanation of the "backfill permanent staff" justification for the temporary positions.

Ms. Clarke replied these positions would be necessary to ensure that "all the regular work continues".

Co-Chair Wilken asked the date the project would be completed.

Mr. Baucher answered September 2004.

Co-Chair Wilken asked if therefore no budget requests for this item would be made for FY 05.

Mr. Baucher affirmed.

Senator Hoffman asked for clarification that operational maintenance costs would require four positions.

Ms. Clarke affirmed that analysis programmer and data specialist positions would be necessary to maintain the system, although the social worker and licensing specialists positions would return to regular duties.

Nome Youth Detention Facility Construction - Phase 2

\$3,900,000 general funds

Reference No.: 35722

Category: Law and Justice

Location: Nome

Election District: Bering Straits

Estimated Project Dates: 07/01/2003 - 06/30/2008

Phased-underway Project

Expansion of the Nome Youth Facility (NYF) to 12 detention beds and renovation of the existing structure is needed. NYF has received tremendous community and regional support as a community detention program. Increasing the capacity to twelve beds will reduce the placement of youth outside of the region. Marginal original construction and minimal maintenance, exacerbated by the arctic climate, have left the structure in need of complete renovation.

Ms. Clarke pointed out this is the final project in the Department's 1997 Master Plan. She reminded that in FY 01 the legislature appropriated funds for planning and design.

Ms. Clarke informed that the facility was constructed in 1981 and has been impacted by the Arctic weather conditions and inadequate maintenance. She referenced a pamphlet titled, "NYF Development Program" [copy on file], noting similar information is prepared for all communities with a youth facility; as such projects are sometimes controversial. She assured no controversy exists with the

location of the facility in Nome. She furthered that the architect firm employed to plan this renovation project have maximized cost savings.

Co-Chair Wilken asked the funding source of the FY 01 appropriation.

Ms. Clarke replied that interest earned from a separate account was appropriated by the legislature for this project.

Senator Taylor was incredulous that this building is near collapse. He spoke to an inadequate heating unit and asked how poorly the facility was originally designed or maintained.

Ms. Clarke agreed with Senator Taylor's observations. She stated that the facility was closed in the 1980s as a result of budget reductions, and at that time adequate consideration of maintenance requirements in the event of reopening the facility was not given. She furthered that since construction, more has been learned about construction in arctic conditions. She admitted the original heating unit should have lasted 30 years, although it is currently 22 years old.

Ms. Clarke stressed this is important facility and important to the juvenile justice system statewide.

Co-Chair Wilken asked about debt financing rather than general fund financing of this project.

Ms. Clarke replied this was discussed in previous years; however the amount is less than usually considered for debt financing. She suggested this project could be combined with other projects to reach an acceptable amount.

Federal Health Insurance Portability and Accountability Act  
Compliance - Phase 2  
\$828,150 federal receipts  
\$828,150 G/F match  
Reference No.: 35721  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
State Match Required  
Phased-underway Project  
The Health Insurance Portability and Accountability Act  
(HIPAA) was enacted by the federal government in 1996.  
Deadlines for compliance with regulations concerning

electronic transmissions, privacy and security of patient and health care information will be set over the next five years. Substantial monetary and civil penalties can be imposed as a result of non-compliance. The Department is compelled to implement in-depth impact analysis and requirements assessments for its health care programs, operations, computer systems and policies and procedures. It is anticipated that both small and large-scale modifications to systems, operations and policies and procedures will be required.

Ms. Clarke reminded that the legislature appropriated funds for this program the previous session. She spoke of the federal regulations the Department must comply with to ensure the privacy and security of patient information. She indicated the Department planned several specific projects to meet the requirements phased over five years.

Ms. Clarke explained the funding requested for FY 04 is to address patient information contained in data systems outside of the Medicaid data system. She exemplified the "maternal child family health arena" as containing confidential information, which the Department must secure.

Co-Chair Wilken asked if the entire project would be completed at the conclusion of FY 05.

Ms. Clarke answered this is correct, although the Department must continue to comply with the HIPAA requirements, although capital funding would not be necessary.

Co-Chair Wilken asked if missions and measures were drafted to model the success of this investment.

Ms. Clarke replied that specific missions and measures had not been developed, as the focus has been compliance with the federal mandate.

Senator Hoffman asked about additional annual operational costs after FY 05.

Ms. Clarke predicted there would be additional expenses, but that they would be absorbed within the regular budget appropriation. She stated that once the systems are in place, different procedures would be necessary but would not require additional funding. She noted employees accessing the secure information would be required to log off of computers when leaving their workstations.

Deferred Maintenance, Renewal, Replacement and Equipment

\$800,000 federal receipts  
\$600,000 G/F match  
Reference No.: 31862  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2004 - 06/30/2008  
State Match Required  
On-going Project  
Funds deferred maintenance at 37 State-owned buildings with a replacement value of \$250 million, along with selected leased facilities, including urgent immediate repair, renovation and equipment needs. Delay in funding will cause additional deterioration of the Department's facilities. Urgent repairs and deferred maintenance cannot be delayed without adversely affecting the State's investment in its facilities.

Ms. Clarke noted this is an annual request, and admitted the Department would prefer additional funds than the amount available. She referenced a list of proposed projects included in the backup documentation.

Ms. Clarke pointed out that federal funds could not be used for all of the projects.

Ms. Clarke directed attention to a handout titled "Department of Health and Social Services, FY 2004 Deferred Maintenance Capital Request" [copy on file]. She overviewed the photographs showing damaged facilities in need of repair or replacement.

SFC 03 # 21, Side B 09:51 AM

Senator Taylor asked about the proposed lock replacement at the Nome Youth Facility.

Ms. Clarke assured that the locks would not be installed only to be demolished during renovation of the entire facility.

Senator Taylor asked why the locks are not included in the renovation project.

Ms. Clarke stressed the need to secure the facility immediately, whereas the renovation project would take several years to complete.

Co-Chair Wilken appreciated that the proposed projects are

prioritized.

Ms. Clarke explained the prioritization based on fire, life and safety concerns.

Co-Chair Green asked about some of the proposed projects to program facilities and asked if the buildings were State-owned or owned by non-profit organizations.

Ms. Clarke replied that the Assets Building is State owned. She informed that the State funded the construction of the facility in the form of a grant to a non-profit organization, which later became insolvent and the building was transferred to State ownership. She noted that a non-profit organization currently occupies the building, which the State maintains to protect its investment into the facility.

Co-Chair Green asked the amount of rent paid by the non-profit organization.

Senator Taylor questioned apparent duplication of requests, such as a proposed project for shower replacement in the Nome Youth Facility. He asked if this is in the event the larger renovation project is not funded.

Ms. Clarke agreed. She reassured that projects would not be undertaken only to be demolished. She indicated that some proposed project lists were compiled independently and stated they would be reviewed to eliminate duplications. She qualified that funding for the major renovation is uncertain and that the smaller repairs are necessary.

Senator Taylor requested that the smaller projects be included in the major renovation project.

Office of Management and Budget

CHERYL FRASCA, Director, Office of Management and Budget, Office of the Governor, gave an overview of the entire Governor's capital budget request. She read into the record a handout titled, "FY 04 Proposed Capital Budget Highlights, Senate Finance Committee Overview, March 17, 2003" [copy on file], as follows.

Total Spending:	\$1.4 billion
General Funds	\$134 million
Federal Funds	\$1 billion (71%)
Other State Funds	\$268 million
FY 04 Proposed Compares to FY 03:	

Total Spending	\$168 million higher
General Funds	\$25 million higher
Federal Funds	\$56 million higher
Other State Funds	\$41 million higher

Biggest Share of Capital Budget Pie: DOT/PF

Total Funds:	\$825 million (59% of capital budget)
Federal Funds	\$695 million
General Funds Match	\$62 million
General Funds	\$25 million
Other State Funds	\$43 million

General Fund Support of Maintenance, Equipment, New Facilities:

Deferred/maintenance projects	\$22.3 million
Equipment repair/replacement	\$3.2 million
New facilities:	
Nome Youth Facility	\$3.9 million
Ketchikan Public Safety Bldg	\$2.5 million
Chandalar Maintenance Station	\$4.4 million

#### Selected Project Highlights

##### Economic Development

- Brooks Range Oil and Gas Reservoir Data \$50,000 GF  
Acquisition and analysis of baseline data needed for increased private sector gas exploration and development on State and native corporation lands in the Brooks Range foothills.
- Oil and Gas Exploration, Development and Permit Streamlining \$737,700 FF  
Increase development activity from small to moderate sized firms by providing extensive public information on existing wells via the Internet; also streamline permitting process to reduce start-up time to help lower the entry costs for new producers
- North Slope Tundra Travel Analysis \$250,000 FF  
Potential to increase winter work season for production activities by determining resistance of tundra to disturbance due to wintertime cross-country travel; goal is to provide production activity but also ensure environmental protection of the tundra surface
- Industrial Development and Community Access Roads \$10 million GF  
These funds would support reconnaissance engineering and preliminary environmental studies necessary to advocate access roads serving communities and resource development. This advance engineering and environmental work would accelerate these projects, as construction funding is made available. Additional funding is being

sought from multiple sources including Denali Commission, federal earmarks, and changes in other federal programs that could assist in road development.

The Department has identified 5 priority resource roads that would benefit from early engineering and environmental effort. The four that lack funding include:

- 1) the road and bridge to Nuiqsut (opens NPR-A [National Petroleum Reserve-Alaska] oilfield development)
- 2) Foothills road from Dalton Hwy to Nuiqsut (opens state oil leases in foothills region of Brooks Range)
- 3) Glacier Creek road near Nome (opens the Rock Creek mine and nearby areas)
- 4) Yukon River port near Holy Cross and road to Poorman and McGrath (supports Donlin Creek mine and many nearby gold fields)

Community Access Roads: The Department has identified several priority community access roads that currently lack other funding sources, including:

- 1) Seldovia to Port Graham with ferry at Jackelof Bay
- 2) Williamsport to Pile Bay (connects Cook Inlet to Lake Illiamna villages)
- 3) Yukon River Highway (links several villages between Manley Hot Springs and Nome)
- 4) Chena Hot Springs to Circle Hot Springs Road
- 5) Chignik Connectors (links Chignik to Chignik Lagoon and Chignik Lake villages)
- 6) Naknek to South Naknek bridge and road.

- Navigable Waters Assertions \$188,700 GF  
For preparation and filing of applications with BLM [federal Bureau of Land Management] for "Recordable Disclaimers of Interests" that will clear State title to certain navigable waters; except to file for several hundred rivers within the next year as part of this project. This is in response to January 2003 US Interior Department revised regulation to allows filing of these requests to resolve land title issues with the Federal government
- Forest Productivity Improvement in \$100,000 GF  
Southern Southeast Alaska  
Sustain a long-term timber supply to value-added processors in SE Alaska by thinning young, overstocked stands
- Nearshore Marine Research Studies \$998,000 FF  
Conduct stock assessment and research as prerequisite to development fishery management plans for sustainable

fisheries on previously unexploited or lightly exploited marine resources in order to foster economic development of coastal communities

- Harbor Construction \$8.25 million GF/Match  
Haines Harbor design (\$100,000); Wrangell Heritage Harbor construction (\$4 million); St. Paul Harbor and navigation improvements (\$4.15 million)
- Pre-Harvest Geoduck PSP Testing \$250,000 GF  
Monitoring, data collection to improve marketability as a live fishery
- Regional Learning Center (Yuut Elitnaurviat People's Learning Center) \$1 million GF  
Phase 1 - vocational education center to serve Yukon-Kuskokwim Delta Region
- Capital Matching Grants Program \$15 million GF  
General Funds supplants AIDEA [Alaska Industrial Development and Export Authority] dividend as fund source

#### Public Safety and Health

- Statewide Illegal Drug and Alcohol use \$2 million FF  
Community policing approach to fight alcohol and drug abuse in rural areas
- Alaska Land Mobile Radio \$680,000 GF  
Continue process of converting Federal, State, and local emergency communications systems so all jurisdictions will be able to communicate with each other
- Community water/sewer projects \$108 million
  - o Village Safe Water \$84 million (+14 m above FY 03)
  - o Municipal matching grants \$24 million

Senator Taylor asked if \$600,000 represents the total amount of requested capital budget funds for the Alaska Land Mobile Radio (ALMR) project, or whether additional requests would be found within the Department of Public Safety and other agencies to purchase equipment to interact with the ALMR project.

Ms. Frasca stated the amount indicated in the overview represents funding requested for the Department of Military and Veterans Affairs. She stated she would research the matter, noting capital budget requests have been submitted for the Emergency Medical Services for the Code Blue project.

Senator Taylor told of efforts of the previous session on this project and the Knowles Administration's withdrawal of all ALMR funding requests despite entering into a contract for the project.

Ms. Frasca noted the departments have additional funding requests

not mentioned in her overview.

Co-Chair Wilken asked if AIDEA dividend funds for FY 04 would be possible.

Ms. Frasca replied that legislation would be necessary to amend the definition of net income on which the dividends are based. She relayed discussions were held with AIDEA before the legislative session and it was determined that in the "environment of Enron", redefinition of the basis in which dividends are paid would be unadvisable. Enron was the major energy corporation whose officers are alleged to have falsified accounting procedures to misrepresent the amount of debt and earnings of the organization. She stated the intent is to fund the FY 04 capital budget without AIDEA dividend funds and offset the loss with general funds.

Co-Chair Wilken asked if the matter of redefining net income for AIDEA would be considered in the future.

Ms. Frasca responded that the expectation is an AIDEA dividend paid to the State in FY 05.

Co-Chair Wilken asked if US Congressman Don Young were successful in renewing TEA-21 funds, whether the appropriation would pass through the Denali Commission.

Ms. Frasca explained two funding sources would occur; the TEA-21 funds which would be appropriated through the Department of Transportation and a separate program that would receive transportation-related funds through the Denali Commission. She assured the funds appropriated to the Denali Commission would not "take the place of our regular entitlement".

Co-Chair Wilken asked if the Village Safe Water projects are contained in the Department of Environmental Conservation budget.

Ms. Frasca affirmed.

Co-Chair Wilken requested a complete list of projects proposed under this item.

Ms. Frasca stated the Department of Community and Economic Development would provide the information.

Senator Hoffman recalled that economic development was the "cornerstone" of Governor Murkowski's State of the State Address. Senator Hoffman asked when revenue from the proposed economic development projects would be generated to the State's general

fund.

Ms. Frasca responded it is "highly unlikely" revenues would be realized in the "immediate future", pointing out the time required to develop the projects. She stressed the importance of beginning the projects now rather than waiting, remarking "it's worth it in the long term".

Senator Hoffman asked if the investments proposed in the FY 04 capital budget would generate revenue within the next five years.

Ms. Frasca replied that private sector "activity" is required. She offered to discuss with the Department of Transportation and Public Facilities, the partnerships proposed and in place, and the time frame for completion of the road projects. She stated that additional funds from alternate funding sources would be necessary and that construction dates are unknown.

Department of Health and Social Services (cont.)

Pioneers' Homes Deferred Maintenance, Renewal and Repair  
\$1,000,000 general funds

Reference No.: 37934

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-going Project

Funding is requested for Fire and Life Safety problems and for deferred maintenance and structural repairs of Pioneers' Homes throughout the State. All projects listed in this request are considered Category 1. Category 1 issues relate to Fire and Life Safety and other integrity of emergency, electrical, and other building systems that without resolution place residents and staff at risk of harm.

Ms. Clarke noted these facilities had been managed by the Department of Administration and that the Department of Health and Social Services is attempting to assume operating duties and maintenance requirements.

Ms. Clarke listed design and engineering for structural modifications for the Ketchikan Pioneers Home as the highest priority project at a cost of \$176,100. She informed that an initial engineering survey has been conducted, which identified structural deficiencies. She stated the proposed project would be the first phase and that the Department would later request additional funds for the construction portion. She remarked that

although the building is deemed safe for occupancy, serious concerns exist that high winds might compromise the structural integrity of the building.

Ms. Clarke then told of the main entry door upgrade proposed for the Palmer Pioneers Home to replace two heavy exterior doors that could not be opened by an infirm person.

Ms. Clarke continued with the Anchorage Pioneers Home Fire Alarm System Renovation proposed project at a cost of \$597,800. She stated that during a building survey conducted in 2001 for a ventilation project, it was discovered that the existing fire alarm system was obsolete, unreliable and subject to numerous faulty alarms. She shared that false alarms cause problems at the Anchorage Pioneer Homes, given that a high percentage of residents become "easily confused".

Ms. Clarke described the Juneau Pioneers Home Fire Alarm and Emergency Lighting System Upgrades. She explained the existing fire alarm system is independent and only recognizes that smoke or fire is present in a large group of rooms, rather than specifying an exact location. She furthered that the system lacks adequate detectors, horns, strobes, etc.

Ms. Clarke listed the final proposed project as \$42,000 for the Anchorage Pioneers Home Wireless Emergency Call System Installation. She informed that the existing system is obsolete and frequently fails to receive emergency calls.

Co-Chair Wilken requested the funding history for this item as previously appropriated to the Department of Administration.

Ms. Clarke responded that she would compile the information.

Co-Chair Wilken asked if the proposed projects are listed according to priority.

Ms. Clarke affirmed.

Co-Chair Wilken asked if the fire alarm and emergency lighting project in the Juneau Pioneers Home is to address a code violation or rather a "convenience upgrade."

Ms. Clarke indicated she would research the matter.

Safety and Support Equipment for Public Health Nurses,  
Probation Officers and Social Workers  
\$431,000 federal receipts

\$259,500 G/F Match  
\$140,500 general funds  
Reference No.: 32446  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
State Match Required  
On-going Project

Project provides funds for critical equipment needed by the Department to enhance security, improve program efficiency and replace aging or dysfunctional equipment for the Department's statewide operations. Older or unsuitable vehicles have been identified as the most dangerous equipment and as a priority for replacement. There is an urgent need for this equipment so that Family and Youth Service social workers, Juvenile Justice detention and probation officers and Public Health nurses can perform their duties safely and effectively. Failure to fund some equipment purchases will mean that they may not be able to do their job or that they may be placed in danger.

Ms. Clarke included vehicle maintenance and security cameras located in Juvenile Justice facilities as some of the safety and support equipment projects. She added that a mobile clinic van for public health nurses, recently made available, would also be purchased with the requested funds. She stated this would be located in the Fairbanks area for service to communities assessable by road to Fairbanks.

Senator Taylor asked if the Department purchases or leases the vehicles.

Ms. Clarke replied the vehicles are purchased through the State equipment fleet.

Senator Taylor noted the Department of Transportation and Public Facilities performs all maintenance on these vehicles and charges back the Department of Health and Social Services. He asked the hourly rate assessed.

Ms. Clarke was unsure.

Senator Taylor cited the amount "several years ago" was \$75 per hour. He suggested that if the vehicles were leased under a "wet lease" agreement, dealerships would perform maintenance at no charge to the State as well as provide another vehicle for use during the time the State vehicle is being serviced.

Co-Chair Wilken understood the current administration would research the viability of leasing vehicles.

Emergency Medical Services Ambulances and Equipment Statewide  
- Match for Code Blue Project  
\$425,000 G/F Match  
Reference No.: 33797  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
State Match Required  
On-going Project  
This request will provide funding to match federal dollars and other funding to purchase ambulances and other emergency medical equipment needed in rural Alaskan communities.

Ms. Clarke noted the legislature has funded this project for many years. She listed other funding sources utilized to purchase these vehicles, including the US Department of Agriculture, the Rasmussen Foundation and the Denali Commission.

Ms. Clarke informed that some of the requested funds could be for communities to access the Alaska Land Mobile Radio project. She indicated a detailed listing of all Code Blue projects could be made available to the Committee.

Co-Chair Wilken clarified this request for matching funds would facilitate over \$2 million for emergency services across the State.

Ms. Clarke affirmed.

Juneau Public Health Center Heating and Ventilation Upgraded -  
Phase 2  
\$142,066 federal receipts  
\$647,191 G/F Match  
Reference No.: 32451  
Category: Health/Human Services  
Location: Juneau (Juneau/Downtown/Douglas)  
Election District: Juneau/Downtown/Douglas  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
State Match Required  
Phased - underway Project  
This facility has no ventilation system and the heating system is on the verge of failure. The legislature provided funds in FY 2002 for the design of a new heating and ventilation system. The legislature provided funds in FY 02 for the design of a new heating and ventilation system. A detailed evaluation

conducted by Southeast Energy Consulting found that the heating and ventilation system at the Juneau Public Center is out of compliance with the 1991 and 1994 Uniform Building Code requirements. This request would provide funding to replace the current heating system and to provide a new ventilation system.

Ms. Clarke informed that the State purchased this facility in 1991 from a private physician at what appeared to be a "very good deal" at the time, given that the State was leasing space. However, she stated it has since been learned that some upgrades had not been made.

Ms. Clarke referenced a handout titled, "Department of Health and Social Services, Juneau Public Health Center Heating and Ventilation System Upgrades" [copy on file], which details the project.

Ms. Clarke noted this is the third year of this request and she expressed appreciation for the design funds appropriated in FY 01. She pointed out that this project could begin immediately, once funds were appropriated.

Fairbanks Public Health Center Repair and Back-up Generator  
\$46,800 federal receipts

\$229,450 general funds

Reference No.: 37687

Category: Health/Human Services

Location: Fairbanks (City of Fairbanks)

Election District: City of Fairbanks

Estimated Project Dates: 07/01/2003 - 06/30/2008

State Match Required

One-Time Project

This request will provide funding to make major repairs and to buy a reliable back-up generator for the Fairbanks Public Health Center.

Ms. Clarke stated this request reflects a collaborative effort with the Fairbanks local government contributing some major maintenance. She informed that State public health nurses solely occupy the facility and of the transfer of the facility to State ownership. She stated the transfer is the result of the local government's determination that the functions were not within its core mission. In acquiring the facility, she pointed out "major maintenance issues" must be "corrected".

Ms. Clarke furthered that the facility has no backup generator and she told of vaccines destroyed within minutes of a power outage due

to temperature sensitivities. She emphasized the facility operates as a regional hub of vaccine storage for the northern portion of the State.

Co-Chair Wilken asked whether the Golden Valley Electric Association (GVEA) has been contacted on this matter. He indicated the GVEA would be installing a backup battery system and anticipated a decrease in the number of power outages in the Fairbanks area.

Residential Child Care Grantee Capital Needs

\$30,587 federal receipts

\$30,587 G/F Match

\$169,413 general funds

Reference No.: 33815

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

State Match Required

One-Time Project

Provides for capital funds to Residential Child Care grantees in FY 04 and beyond for deferred maintenance, ADA upgrades, remodeling and equipment needs for in-state residential youth care facilities. The Department of Health and Social Services is also pursuing funding from private foundations, including the Rasmussen Foundation.

Ms. Clarke spoke to the State's responsibility for ensuring that children, who are in State custody, are housed in safe "grantee" facilities.

Co-Chair Wilken exemplified Kids Are People, Inc., one of the grantees and the proposed \$59,000 deferred maintenance project and asked if the State would fund this project at a non-State owned or operated facility because the children house there are wards of the State.

Ms. Clarke affirmed most of the grantees have a majority of residents who are in State custody. She qualified that the facilities also house some children who are not in State custody.

Ms. Clarke assured a process would be undertaken to prioritize the requests, noting the list included in the backup material is a "wish list" of all requests submitted by grantees.

Co-Chair Wilken requested clarification of the three funding sources. He asked if the general fund match appropriation, taken from the general funds is to indicate the federal matching fund

requirement is met.

Ms. Clarke affirmed.

Senator Taylor pointed out these are not State-owned facilities and that the State has contracted with organizations to house children in State custody.

Ms. Clarke agreed the facilities are owned and operated by non-profit organizations, known as grantees. She stressed that the State has some responsibility in maintaining the viability of the grantees because if they did not exist, the State would be required to provide housing directly.

Senator Taylor questioned the State providing funds to improve and rebuild privately owned structures.

Ms. Clarke emphasized that the State is not rebuilding any facilities rather the funds would be utilized to undertake repairs and make some improvements. She reminded that the legislature has awarded grants to non-profit organizations that provide State services in the past.

Senator Taylor referenced one request and questioned the "pressing need" to replace three canoes and sea kayaks for a facility located in Juneau.

Ms. Clarke reiterated the Department would prioritize the requests.

The remaining items are included in HB 76 and relate to mental health issues.

MH [Mental Health] Treatment Based Special Needs Housing Program

\$250,000 Alaska Housing Financing Corporation (AHFC) dividend  
\$150,000 Mental Health Trust Authority Authorized Receipts (MHTAAR)

Reference No.: 37901

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-Time Project

Mental Health Bill

This program provides funding to develop special needs Trust beneficiary housing that is treatment based, and thus cannot be funded under AHFC because of statutory limitations.

Ms. Clarke indicated the other special needs housing items are included in the Alaska Housing Finance Corporation (AHFC) budget.

Ms. Clarke stated this program is intended to allow Trust beneficiaries to stay in home-like atmospheres rather than be institutionalized.

Co-Chair Wilken characterized the AHFC dividend as general funds since the dividend is annually deposited into the general fund for appropriation.

Ms. Clarke affirmed.

Co-Chair Wilken asked for identification of any MHTAAR funded capital projects that would require future State funding for operation or maintenance expenses.

MH Deferred Maintenance and Accessibility Improvements

\$333,300 MHTAAR

Reference No.: 33670

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-going Project

Mental Health Bill

This program makes capital funds available on a competitive basis to Mental Health Trust service provider agencies for deferred maintenance and accessibility improvements for program facilities.

Ms. Clarke pointed out that although matching general funds are typically utilized to partially fund this program, none are included in the FY 04 Governor's recommendation.

Ms. Clarke explained these projects address maintenance needs of mental health treatment facilities and are utilized for a variety of purposes, including ADA compliance and upgrades. She noted all mental health beneficiaries are eligible to receive funding under this program. She pointed out that an extensive prioritization process is undertaken by the Department to identify the most critical needs.

Co-Chair Wilken asked for a definition of GF/MH as listed as a funding source on some of the items.

Ms. Clarke explained this is designation of general funds that are utilized for mental health-related expenditures and are included in

the Mental Health appropriation. She stated that the MHTAAR funds are those funds administered by the Mental Health Trust Authority and proposed for certain projects, subject to legislative authorization through the mental health appropriation legislation. She emphasized that every item included in this legislation have been reviewed and endorsed by the Trust Authority. She noted that the MHTA assumed a certain amount of GF/MH funds would be available to supplement the MHTAAR funds proposed for the projects; however, the Governor has chosen to recommend against the general fund appropriations.

Senator B. Stevens pointed out several projects would not require a general fund appropriation for FY 04, but indicate future general fund requirements of approximately \$1.5 million. He asked if approval of these projects would "bind" future legislatures to fund the projects.

Ms. Clarke answered it would not, as the legislature would make funding decisions annually. She asserted that the Trust Authority has "worked well" with the legislature to provide MHTAAR funds to match general funds in past projects and would continue to do so.

Senator B. Stevens clarified that the legislature would not be charged with under funding or undercutting the projects if funding were not appropriated the following year.

Ms. Clarke replied that the projects are undertaken individually, based on the amount of funds available. She detailed the request for proposal (rfp) process to determine which projects would be addressed.

Senator Taylor asked if the MHTAAR funds are receipts generated by the Trust from its land and resource base.

Ms. Clarke affirmed.

MH Essential Program Equipment Grants to Service Providers

\$250,000 MHTAAR

Reference No.: 33672

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-going Project

Mental Health Bill

The request will provide capital equipment grants through the competitive request for proposal process for agencies providing services, activities and programs for Mental Health

Trust beneficiaries.

Ms. Clarke indicated the same rfp prioritization process is applied to projects funded through this item. She listed therapeutic equipment, general office equipment, and telepsychiatry equipment, as examples.

MH Adult Day Facility Modifications  
\$125,000 MHTAAR  
Reference No.: 37929  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2004 - 06/30/2008  
Phased Project  
Mental Health Bill

The Adult Day Facility Dementia Design project in FY 02 funded a contract for a design architect to analyze each of the 12 Adult Day programs to better accommodate the health and safety needs of persons with dementia. Recommendations were developed unique to each program and the subsequent Adult Day Facilities Modifications project was continued with reduced funding in FY 03. This funding request will assist in completing the required modifications.

Ms. Clarke this was funded in past through the Department of Administration. She stated that funding would be awarded through a competitive process limited to the 12 facilities. She noted the amount of this request is "considerably less than what was envisioned originally," as the Trust had recommended matching general funds.

MH Integrating Cultural Resources into ADRD Programs and Environments  
\$87,500 MHTAAR  
Reference No.: 37908  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
On-going Project  
Mental Health Bill

The goal of this research project is to advance the understanding of culture and the ways it can be used for planning enhanced programs and environments for persons with Alzheimer's Disease or Related Disorders (ADRD). This is a follow-up to the FY 02 Adult Day Dementia Design and FY 03 Adult Day Modifications projects previously supported by the

Trust.

Ms. Clarke stated this project is intended to ensure the ADRD programs are operated utilizing "culturally relevant approaches".

SFC 03 # 22, Side A 10:39 AM

Ms. Clarke offered experts on this project to answer any questions.

Senator Taylor asked if this project would study the impact of Norwegian culture in the treatment of ADRD patients in Petersburg.

Ms. Clarke understood this project relates to the communities of Kodiak and Bethel. She qualified the Department has recently assumed responsibility for this project and has limited knowledge of the matter.

Senator Taylor requested additional information.

MH Vehicle and Housing Modifications for Families or  
Individuals

\$300,000 MHTAAR

Reference No.: 33671

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-going Project

Mental Health Bill

This project provides housing and vehicle modification funds for people with special needs. Vehicle modification funds are for individuals with developmental disabilities or special needs for their families for modifications to make their vehicles accessible.

Ms. Clarke stated funding for these projects would allow persons with disabilities to remain in their homes and could potentially reduce State expenses in providing special housing. She listed ramps, doorway widening and kitchen and bathroom modifications as examples of projects undertaken by this program.

Ms. Clarke noted vehicle modification would be utilized in those communities where no adequate public transportation is available. She suggested modifications could be less expensive than purchasing new vehicles.

Senator Olson asked if the vehicle modification program applies to privately owned vehicles or vehicles utilized by service providers.

Ms. Clarke was unsure and understood the funds could be utilized for both privately owned and program utilized vehicles.

Senator Olson asked if funds are provided to individuals based on financial need.

Ms. Clarke replied the individuals must have a disability to qualify and that the Department would review each situation to determine the need for modified housing or vehicles.

Senator Olson pointed out that some individuals with disabilities are financially able to cover these expenses.

Ms. Clarke stated she would research the matter.

MH Safe Harbor Addition  
\$300,000 MHTAAR  
Reference No.: 37893  
Category: Health/Human Services  
Location: Anchorage (Downtown/Rogers Park)  
Election District: Downtown/Rogers Park  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
One-Time Project  
Mental Health Bill

This project would expand the capacity of programs like the Safe Harbor Inn, a non-profit motel in Anchorage that successfully provides safe, affordable lodging for homeless families and persons with mental and physical disabilities as a transition to permanent housing.

Ms. Clarke stated the Safe Harbor Inn has been successful in providing transitions to permanent housing. She informed the facility operates at full capacity and the Department intends to expand the service to provide additional transitional housing.

MH Repair and Replacement of Village-Based Counselors' Offices  
\$75,000 MHTAAR  
Reference No.: 37894  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
One-Time Project  
Mental Health Bill  
Offices for rural mental health/substance counselors are in

deplorable and non-therapeutic condition. This project would augment inadequate capital funding available from DHSS through their rural facilities needs assessment process.

Ms. Clarke overviewed this request.

MH Replacement of Rural Community Mental Health Centers

\$250,000 MHTAAR

Reference No.: 37895

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-Time Project

Mental Health Bill

Local community mental health center (CMHC) facilities in rural Alaska are often physically substandard and therapeutically inappropriate. This project will provide matching funds for replacement of local CMHC facilities with priority accorded to proposals with funding partnerships.

Ms. Clarke stated this item would address structural integrity of the local facilities. She qualified the amount requested would not allow for construction of new facilities.

Ms. Clarke understood the Trust Authority envisioned receiving general funds for this item.

Co-Chair Wilken requested a list of the highest priority facilities and identified repairs needed.

MH Consumer Designated and Managed Projects

\$131,300 MHTAAR

Reference No.: 34042

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-Time Project

Mental Health Bill

Provides capital funds to assist mental health consumers in setting up consumer run programs. Qualified proposals would secure other funding.

Ms. Clarke informed that historically these funds have been allocated to non-profit organizations that are "consumer run and organized". She stated the program has been successful.

MH Micro Enterprise Funds

\$75,000 MHTAAR

Reference No.: 34043

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-Time Project

Mental Health Bill

Provides funds to purchase start-up equipment and working capital for beneficiaries who want to be self-employed; for service providers to establish small businesses to employ beneficiaries; and for private enterprises interested in expanding their businesses in exchange for hiring beneficiaries.

Ms. Clarke noted this item reflects a recommendation of the Governor's Council on Disabilities and Special Education. She furthered that the majority of the businesses targeted in this program are small with start-up costs of less than \$10,000 and are "seldom" eligible for most grant and loan programs. She stated this would provide incentive to hire beneficiaries.

MH Provider Resource Sharing and Coordination

\$150,000 MHTAAR

Reference No.: 34039

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-going Project

Mental Health Bill

Funds will be used to pilot recommendations at the local or regional provider level and provide resources to make changes at the State level (i.e. regulatory changes).

Ms. Clarke stated this project is intended to promote efficiencies and reduce overhead expenditures of non-profit service providers.

Senator Taylor spoke of the high cost of liability insurance for non-profit providers and expressed intent that more funds be utilized for providing services rather than for insurance expenses. He indicated the State is self insured and mentioned that indemnity could be extended to the organizations and that organizations could contribute to this expense.

Ms. Clarke stated she would research the matter.

Senator Olson requested additional information demonstrating the success rate of the Micro Enterprises Fund program, Reference No. 34043.

#

**ADJOURNMENT**

Co-Chair Gary Wilken adjourned the meeting at 10:53 AM