

MINUTES
SENATE FINANCE COMMITTEE
March 03, 2004
9:15 AM

TAPES

SFC-04 # 28, Side A
SFC 04 # 28, Side B
SFC 04 # 29, Side A

CALL TO ORDER

Co-Chair Gary Wilken convened the meeting at approximately 9:15 AM.

PRESENT

Senator Lyda Green, Co-Chair
Senator Gary Wilken, Co-Chair
Senator Con Bunde, Vice-Chair
Senator Fred Dyson
Senator Ben Stevens
Senator Lyman Hoffman
Senator Donny Olson

Also Attending: DAVE STANCLIFF, Administrative Regulatory Review Committee, Office of the Senate President Senator Gene Therriault; ANDY HEMENWAY, Hearing Officer, Procurement & Longevity Bonus, Department of Administration; ERIC SWANSON, Administrative Services Director, Department of Administration; KAREN REHFELD, Deputy Commissioner, Office of the Commissioner, Department of Education and Early Development; DIANE BARRANS, Executive Director, Alaska Commission on Postsecondary Education, Department of Education and Early Development; SUSAN TAYLOR, Director, Administrative Services Division, Department of Revenue; DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue; LES CAMPBELL, Budget Director, Alaska Housing Finance Corporation, Department of Revenue; BRYAN BUTCHER, Legislative Liaison, Alaska Housing Finance Corporation, Department of Revenue; JOHN CRAMER, Director, Administrative Services Division, Department of Military and Veterans Affairs; CRAIG SCHREIBER, Lieutenant, Construction and Facilities Management Officer, Alaska Army National Guard, Department of Military and Veterans Affairs; KEVIN DUFFY, Director, Administrative Services, Department of Fish and Game; ED FISHER, Deputy Commissioner, Department of Labor and Workforce Development; JANET CLARKE, Director, Division of

Administrative Services, Department of Health and Social Services

Attending via Teleconference: There were no teleconference participants.

SUMMARY INFORMATION

SB 203-ADMINISTRATIVE HEARINGS/OFFICE

The Committee heard from the bill's sponsor and the Department of Administration. The bill reported from Committee.

SB 257-APPROP: CAPITAL PROJECTS

The Committee heard capital budget request overviews from the Department of Education and Early Development, the Department of Revenue, the Alaska Housing Finance Corporation, the Department of Military and Veterans Affairs, the Department of Fish and Game, the Department of Labor and Workforce Development, and the Department of Health and Social Services. The bill was held in Committee.

SB 1-INCREASE AMT OF BASE STUDENT ALLOCATION

This bill was scheduled but not heard.

#sb203

CS FOR SENATE BILL NO. 203(JUD)

"An Act relating to administrative hearings, to hearing officers, and to administrative law judges; establishing the office of administrative hearings and relating to that office; and providing for an effective date."

This was the third hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken stated that this legislation would create an independent administrative hearing office within the Department of Administration, which would be supervised by a Chief Administrative Law Judge. Testimony would address Committee questions pertaining to whether the University of Alaska would be included in this legislation as well addressing the cost of producing and adopting of regulations. Members' packets also contain a letter in support of this legislation from the National Federation of Independent Businesses (NFIB) dated March 1, 2004 [copy on file]. In addition, discussion would be presented regarding the bill's fiscal notes.

DAVE STANCLIFF, Regulatory Review Committee, Office of the Senate President Senator Gene Therriault, Judiciary Committee noted that, as reflected in the memorandum [copy on file] dated February 27, 2004 to Senate President, Senator Gene Therriault, from Tam Cook, Director, Division of Legal and Research Services, there is no Constitutional conflict in regards to applying the standards imposed by this legislation to both State and University of Alaska hearing officers. However, by desire and by an exemption provided in the State's procurement code, the University of Alaska is exempt from the jurisdiction of the proposed central panel. He also noted that certain State entities' jurisdictional issues are continuing negotiations with the bill's sponsor and the Governor Frank Murkowski Administration. The recommendation in regard to these negotiations is that they be further addressed by the House of Representatives Judiciary Committee, as the bill progresses.

ANDY HEMENWAY, Hearing Officer, Procurement & Longevity Bonus, Department of Administration, communicated that efforts are being undertaken by the sponsor to address jurisdictional issues that have been presented by the Division of Insurance and the Department of Revenue.

Mr. Stancliff also noted, in response to Senator Hoffman's concern regarding a possible conflict of interest that might arise were a full-time hearing officer to also practice law as a private citizen, that a law book titled "Judicial Canon" [copy not provided] would be distributed that would properly define how these types of issues should be addressed. He noted that this book is the national model in regards to the conduct of administrative hearing officers, and, as specified in the legislation, this is the law reference that must be adopted by the Chief Administrative Law Judge. He acknowledged that the sponsor "is very much aware" of this concern.

Senator Dyson asked for an overview of "the criticisms or any opposition" to the bill.

Mr. Stancliff responded that there has been broad based support and input from members of every committee that has conducted a hearing on this bill. There is no sense of partisanship. A conflict arises regarding how to incorporate the mechanics of this new model and its jurisdiction with the existing process and the transition to the new model. This transition process is the concern that has made some employees and divisions "nervous." At this point, the tensions have been 98-percent alleviated.

Co-Chair Wilken noted that 15 fiscal notes accompany this legislation.

ERIC SWANSON, Administrative Services Director, Department of Administration, summarized the Department's fiscal notes regarding the incorporation of the new centralized office of administrative hearings into the Department: ten positions would be transferred to the Department and \$500,000 would be required to establish the new office during the first year with some of the funding being transferred from other agencies as interagency funding. However, he noted that some agencies funding sources are not transferable. \$50,000 of new general fund funding would be required the first year to fund the new Chief Administrative Law Judge (CALJ) position. He noted that, other than the CALJ, the majority of the hearing officer positions would not be transferred to the office until on or after January first 2005.

Co-Chair Wilken asked regarding the net total expected expenses.

Mr. Swanson responded that the net total increase would be \$52,000 in the first year. In addition, the Division of Insurance would experience an increase in receipt supported service expenses. Therefore the net total increase would amount to approximately \$80,000 the first year. There would be a reduction in expenses as other funding sources transfer over in January 2005.

Co-Chair Green moved to report the committee substitute from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS SB 203 (FIN) was REPORTED from Committee with \$500,600 fiscal note #6, dated March 2, 2004, from the Department of Administration; negative \$113,600 fiscal note #7, dated March 2, 2004, from the Department of Administration; zero fiscal note #8, dated February 27, 2004, from the Department of Labor and Workforce Development; negative \$5,000 fiscal note #9, dated February 27, 2004, from the Department of Public Safety; zero fiscal note #10, dated February 25, 2004, from the Department of Health and Social Services; negative \$22,500 fiscal note #11, dated February 27, 2004, from the Office of the Governor; indeterminate fiscal note #12, dated February 27, 2004, from the Department of Community and Economic Development; zero fiscal note #13, dated March 1, 2004, from the Department of Education and Early Development; zero fiscal note #14, dated February 24, 2004, from the Department of Environmental Conservation; \$38,300 fiscal note #15, dated March 1, 2004, from the Department of Community and Economic Development; zero fiscal note #16, dated February 27, 2004, from the Department of Community and Economic Development; indeterminate fiscal note #17, dated February 12, 2004, from the Department of Law; indeterminate fiscal note #18, dated March 1,

2004, from the Department of Education and Early Development; negative \$203,600 fiscal note #19, dated March 2, 2004, from the Department of Revenue; and negative \$52,400 fiscal note #20, dated March 2, 2004 from the Department of Revenue.

#sb257

SENATE BILL NO. 257

"An Act making capital appropriations and supplemental appropriations; capitalizing funds; making other appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

Department of Education and Early Development

KAREN REHFELD, Deputy Commissioner, Office of the Commissioner, Department of Education and Early Development, noted that the Department's three requests pertain to the Alaska Commission on Postsecondary Education.

Upgrade Alaska Commission on Postsecondary Education

Due Diligence Autodialer

\$101,100 P-Sec Rcpt

Reference No: 39008

Project Type: Information Systems

Category: Education

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2006

One Time Project

ACPE uses an autodialing system to place outbound calls, leave messages, and update loan servicing records in connection with performing due diligence on delinquent and defaulted borrower accounts. This project is to upgrade that system to 1) make it compatible with Windows software, 2) ensure compliance with federal regulations governing student loan collections, and 3) provide staff with the ability to record messages and do programming that currently must be contracted to a software development vendor.

DIANE BARRANS, Executive Director, Alaska Commission on Postsecondary Education, Department of Education and Early Development, explained that this project would replace an eight-

year old "obsolete" auto-dialer computer system with an updated version that would reduce the chance of system viruses and other security issues. This request is mission critical in terms of functionality.

AlaskAdvantage Education Gets You There! Outreach Center
\$103,318 P-Sec Rcpt
Reference No: 39009
Project Type: Renovation and Remodeling
Category: Education
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30-2005
One-Time Project

This project is to establish an Anchorage-based storefront outreach center, designed to provide information and resources for: 1. Parents and students about planning for higher education; 2. Parents and students about paying for higher education; 3. Parents and students about planning for economically sound career choices and career advancement; 4. Professionals, non-profit and faith-based organizations to assist them in counseling and encouraging students to stay in school and to pursue higher education; and 5. Displaced adult workers and working adults about retraining and career planning opportunities.

Ms. Barrans explained that this request would provide funding to renovate and remodel the Commission's Anchorage early awareness and outreach campaign operation.

Co-Chair Wilken, noting that this is a one-year funding request, asked how forthcoming years' funding would be provided.

Ms. Barrans stated that staff expenses would continue to be funded by the Commission. The funding would exclusively be utilized to upgrade the facility and move it to a high traffic area such as a mall.

Co-Chair Wilken understood therefore that this would be considered a "start-up" fund.

Senator Hoffman observed that the goal for the number of Alaskans who attend college in the year 2010 is 49-percent. He inquired to the current rate.

Ms. Barrans responded that it is less than 27-percent. The goal is to establish a 50-percent increase in the number of Alaskans who attend college.

Enhance Higher Education-Loan Management System with Infocentre
\$100,775 P-Sec Rcpt
Reference No: 39276
Project Type: Information Systems
Category: Education
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2006
One-Time Project

This project will provide the software to allow ACPE staff to perform financial and operational queries from HELMS (Higher Education Loan Management System) data via drop down boxes including the ability to select, sort, and aggregate 119 different data elements from HELMS. HELMS currently does not have this functionality at the user level. This enhancement will allow ACPE staff to perform trend analysis on the loans currently being serviced and view data by school of attendance, loan type, funding source etc. This will increase decision-making efficiency and efficacy by providing more and better data analysis options for our education loan portfolio management.

Ms. Barrans stated that this request would enhance the current student loan system by implementing a query search component. This was not a problem in 1995 when the system was installed as the usage of the system was in its infancy; however, this upgrade would allow Commission managers to query the higher education management database, and analyze a large amount of data without having to access other information support resource systems. This would allow managers to more thoroughly review how the portfolio is performing in terms of such things as student population or the behavior of students attending a particular institution.

Co-Chair Wilken asked Ms. Rehfeld for an update regarding an FY 04 capital budget appropriation intended to allow the Department to monitor costs associated with providing services to severely disabled students. He understood those costs to be five-times that of other students.

Ms. Rehfeld recounted that a \$225,000 appropriation was granted over a two-year period. The State Board of Education would be meeting in March and would be adopting a regulation to clarify the definition of an "intensive student." Once this definition is established, a contract would be established with a firm to conduct a survey of the students in that "intensive category" in order to determine whether the State is appropriately funding those

children.

Co-Chair Wilken asked when the report would be available.

Ms. Rehfeld responded that the report should be available in January 2005.

Department of Revenue

SUSAN TAYLOR, Director, Administrative Services Division, Department of Revenue, stated that the Department would be presenting four Information Technology (IT) project requests.

PFD Imaging System Update

\$220,000 PFD Fund

Reference No: 38927

Project Type: Information Systems

Category: General Government

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

Phased-underway Project

The mission of the Permanent Fund Dividend Division is to distribute the annual Permanent Fund Dividend to eligible Alaskans. Imaging of the more than two million applications and supporting documents received each year is pivotal to maintaining low processing costs and therefore mission critical. The Division's image system, like all complex computer systems, requires periodic upgrades in software and hardware to handle growth, obsolescence, to take advantage of efficiency improvements, and to assure adequate disaster recovery capability. This particular upgrade is urgent. The current system will reach the end of warranty and vendor support in October 2004, and simultaneously hit capacity for storage of images.

Ms. Taylor explained that the technical support for the current software would be unavailable as of December 2004. In addition to replacing this software, this request would upgrade the digital document imaging system. Upgrading this system would eliminate the need for three-point-five full time operators who manually operate the imaging system. These and other associated enhancements would assist the Department in achieving its performance measurement goal of paying 100-percent of eligible Permanent Fund applicants by October. This past year that goal was not realized until December. In addition, these upgrades would reduce, over time, the cost of processing PFD applications by 25-percent.

Co-Chair Wilken noted that the prior funding history depicts an \$80,000 appropriation in FY 03 and a zero appropriation in FY 04. Therefore, he asked whether the FY 05 appropriation request is a complement to the FY 03 funding. In addition, he asked whether it would complete the project.

Ms. Taylor explained that, as a result of management changes and a review of the Division's goals, the FY 03 appropriation has not been expended. The FY 05 request should complete the project.

Co-Chair Wilken understood therefore, that the FY 05 request could be considered as Phase Two of two.

Ms. Taylor concurred.

Senator Hoffman asked the percentage of Permanent Fund applications that are being filed online.

Ms. Taylor could not specify the number of online filings, however, she stated that the Division feels that over time, this would be the direction of growth. Online filings would save a tremendous amount of money. She acknowledged that some technical difficulties this past filing period hindered online filings.

Senator Hoffman asked whether these funds would improve the online filing process.

Ms. Taylor was uncertain as to whether this funding would be utilized in that manner, but assured the Committee that the online filing system problems are being addressed.

Senator Hoffman pointed out that the backup material indicates that 625,000 Alaskans are customers of the online filing system. Therefore, streamlining the online filing system should be a priority. He asked that information be provided in regards to the efforts being exerted to streamline the online filing, as he is aware that many people were unable to file in that manner due to "glitches" in the system. Those people had to revert to filing paper documentation. This resulted in more work for the applicant and more work for the State. Efforts should be made to minimize the process.

Ms. Taylor agreed that online filing is "the wave of the future." Specifics in regard to the number of online filings and the efforts that are being undertaken to enhance the process would be provided.

Child Support Enforcement Case File Imaging Project Phase 2
\$574,000

\$378,840 Fed Rcpts
\$195,160 Rcpt Svcs
Reference No: 37886
Project Type: Information Systems
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30-2006
State Match Required, Phased-underway Project
This is phase 2 of a project to provide paperless case files to be used for child support cases. All information regarding cases including support orders from the court, correspondence, forms, applications, etc. are currently in over 50,000 paper files. A file center staff of 3 full-time employees is devoted to delivering them to caseworkers as requested, retrieving, updating and re-filing. As the number of documents that are handled by CSED grows over the coming years, the ability to create imaged files instead of paper files will greatly increase the efficiency of the caseworkers, accounting and audit staff. It will also allow file center personnel to be reallocated to provide even more client service.

Ms. Taylor informed that while the Permanent Fund Dividend Division has been conducting document imaging since the year 2000, the Child Support Division's efforts in this regard are in their infancy. The components of the system were designed and purchased in Phase One. This request would implement the system and allow the Department to image all existing case files. This would result in significant personnel and other cost savings.

Child Support Enforcement Computer Replacement Project-Phase 5
\$210,000
\$138,600 Fed Rcpts
\$ 71,400 Rcpt Svcs
Reference No: 37810
Project Type: Equipment
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30-2006
State Match Required, On-Going Project
This is a continuation of the computer and printer replacement project initiated in FY2000. The agency objective is to replace personal computers, printers and servers that have exceeded their useful life. With approximately 300 computers in use within the division, a five year replacement plan has 60 computers in that situation, as well as several servers and duplex printers. By replacing these units, we will be able to

serve our clients quicker and more effectively as well as saving repeated costly repairs to equipment that has exceeded its useful life. The end result is increased customer satisfaction and a better use of state funds.

Ms. Taylor stated that a two-to-one federal/State match would fund this project. The consultants involved in the Department's IT planning process recommended that the request highlight the fact that the Department is on a five-year replacement schedule whereas the State standard is four-years.

Co-Chair Wilken asked the reason this on-going project does not reflect any funding projections after FY 05.

Ms. Taylor responded that the forward funding projections would be provided.

Co-Chair Wilken expressed that, at minimal, funding projections for FY 06 and FY 07 would be helpful.

Ms. Taylor acknowledged.

Tax Document Imaging
\$120,000 Gen Fun
Reference No: 39278
Project Type: Information Systems
Category: General Government
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2005
One-Time Project

A key element of the mission of the Tax Division is to optimize tax collections. Competent and timely management of taxpayer accounts through efficient and accurate processing of returns and claims is critical to meeting this objective. The transfer of physical documents between offices and work units is a significant bottleneck representing a material restriction of our ability to achieve our mission timely and at minimum cost. Imaged files will compliment our electronic workflow routing for enhanced operational excellence.

Ms. Taylor stated that the Tax Division's mission is to optimize tax collection; however this process is hindered by the fact that tax reviews are conducted in Anchorage while the tax accounting is conducted in Juneau. Implementation of this tax document imaging system would allow, going forward, documents to be imaged and thereby accessible from either location without the requirement to physically transfer files. Over time, this streamlining would

eliminate 1.25 staff positions.

Alaska Housing Finance Corporation (AHFC)

DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue, noted that the projects being presented are detailed in the booklet titled "Alaska Housing Finance Corporation Executive Budget Summary 'Results-Oriented' FY2005 Proposed Draft Capital Budget" [copy on file] dated March 3, 2004.

Homeless Information Management System
\$35,000 Corporate Receipts
Reference No: 39023
Project Type: Transitional
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
One-Time Project

The purpose of this program is to establish a database to manage and track grant activity for persons using the Homeless Service Delivery programs statewide, excluding Anchorage.

LES CAMPBELL, Budget Director, Alaska Housing Finance Corporation, Department of Revenue, stated that this new project would allow for the development of an interactive database to provide unduplicated accounting of persons in the Homeless Service Delivery program throughout Alaska, outside of Anchorage as Anchorage has its own program. Approximately 30 agencies would be sharing information via this system. This project is federally required.

Housing Loan Program/Teacher/Health Professionals Housing
\$4,000,000 Corporate Receipts
Reference No: 37918
Project Type: Transitional
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of this program is to increase home ownership for low-income borrowers by subsidizing interest rates based on family income and family size.

Mr. Campbell stated that this request would supplement and expand this "popular" housing program.

Supplemental Housing Development Program

\$4,300,000 Corporate Receipts
Reference No: 6323
Project Type: Construction
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
The purpose of the program is to supplement federal housing funds provided to Regional Housing Authorities to ensure safe, decent, affordable housing throughout Alaska.

Mr. Campbell stated that this request would supplement the existing federal Housing and Urban Development (HUD) housing development programs and would provide such things as water distribution systems, sewer hookups, electrical distributions, site development, and road construction in 20 urban and rural communities. The State match is 20-percent of the total HUD development costs per unit. Use of these funds for administrative purposes is prohibited.

Co-Chair Wilken asked that a list of the communities that would benefit from this funding be provided.

Mr. Campbell noted that this funding would assist in addressing the total \$12 million backlog in housing needs.

Co-Chair Wilken asked that, were this funding allocated, a list of the projects that would be addressed be provided. Additionally, he asked whether some Village Safe Water issues might be addressed in this request.

Mr. Campbell stated that a list would be developed. The Village Safe Water issues would be addressed provided they were connected to a subdivision system being worked upon.

Co-Chair Wilken informed that a recent Legislative Budget & Audit report [copy not provided] reflected concern in regards to some Village Safe Water program management problems. He suggested that AHFC review that audit in order to prevent similar issues from occurring.

Low-Income Weatherization Program
\$4,329,000
 \$1,800,000 Federal Receipts
 \$2,529,000 Corporate Receipts
Reference No: 6332
Project Type: Renovation and Remodeling
Category: Housing/Social Services
Location: Statewide

Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
On-Going Project

The purpose of the program is to provide cost effective energy improvements to homes of low-income families.

Mr. Campbell stated that this project would increase recipients' energy efficiency by improving furnaces, chimney, and wood stove performances, electrical systems, and egress windows.

Senior Citizen's Housing Development Fund (SCHDF)
\$2,000,000 Corporate Receipts

Reference No: 6334

Project Type: Transitional

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of the program is to provide funds for the development of senior citizen housing.

Mr. Campbell stated that this project would provide funds to municipalities and public and private non-profit organizations for developing senior housing. Uses could include site preparation, materials, construction or the re-habilitation of existing senior housing.

HUD Federal HOME Grant Program

\$3,925,000

\$ 750,000 Corporate Receipts

\$3,175,000 Federal Receipts

Reference No: 6347

Project Type: Renewal and Replacement

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of this program is to expand the supply of affordable, low- and moderate-income housing and to strengthen the ability of the State to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing.

Mr. Campbell stated that this request requires corporate matching funds for the federal funds that would be dedicated to expanding the supply of affordable low and moderate income housing through the Home Investment Partnership Program. Another goal of the program would be to strengthen the State's ability to achieve an

adequate supply of safe and efficient affordable housing.

Mr. Fauske stated that, while the federal program has provided this level of funding for several years to small states such as Alaska, Delaware and Hawaii, efforts are being undertaken, at the federal level, to increase the funding to five million dollars, primarily to counter inflation.

Senator Olson asked how the federal increase to five million dollars would affect the corporate match.

Mr. Campbell replied that the program does require a 25-percent corporate match.

Senator Hoffman asked regarding the application process involved in accessing these funds.

Mr. Campbell stated that municipalities, private partnerships, and non-profit organizations could apply for these grants.

Senator Hoffman asked what is considered to be the range to qualify for low to medium income housing.

Mr. Campbell stated that qualifications are based on the federal HUD medium income parameters. This information would be provided.

Mr. Fauske expressed that this would vary for each region in the State.

HUD Capital Fund Program (formerly CGP)
\$500,000 Federal Receipts
Reference No: 6342
Project Type: Renewal and Replacement
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
The purpose of this program is to provide management improvements to the Public Housing program.

Mr. Campbell stated that these federal funds would be used to renovate public housing developments in the State. Administrative expenses, tenant education projects, drug elimination, safety projects, and management improvements could also be funded. The total federal grant would be \$3.5 million; however, the funds are split in order to provide management improvement funding. That portion is reflected elsewhere in the capital budget.

Federal and Other Competitive Grants
\$4,000,000

\$1,000,000 Corporate Receipts
\$3,000,000 Federal Receipts

Reference No: 6348

Project Type: Health and Safety

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of this program is to allow AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs, and supportive services, of low income and special needs groups; such as senior citizens, the mentally, physically, or developmentally disabled or the homeless. AHFC will also apply for energy related grants as they relate to housing. When required, AHFC will provide the needed matching funds. Some of the funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

Mr. Campbell read the project purpose.

Competitive Grants for Public Housing
\$1,000,000

\$250,000 Corporate Receipts
\$750,000 Federal Receipts

Reference No: 6350

Project Type: Health and Safety

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of this program is to allow AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs of low-income and special needs groups; such as senior citizens, the mentally ill, disabled, or the homeless who are eligible for public and/or assisted housing. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families attain economic self-sufficiency. When required, AHFC will provide the needed match.

Mr. Campbell read the project purpose.

Energy Efficiency Monitoring Research
\$500,000 Corporate Receipts
Reference No: 6351

Project Type: Health and Safety
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
The purpose of this project is to conduct research, analysis, information dissemination and interchange among members of the industry, as well as, between the industry and the public.

Mr. Campbell stated that this request would provide grants to the Cold Climate Housing Research Center.

State Energy Program (SEP) Special Projects
\$533,500

\$ 50,000 Corporate Receipts

\$483,500 Federal Receipts

Reference No: 32526

Project Type: Health and Safety
Category: Housing/Social Services
Location: Statewide
Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of this program is to allow the State to participate in special project grants offered by the Federal Department of Energy to promote energy related technologies and research.

Mr. Campbell noted that the energy related technologies of this federal/corporate match program include such things as building technologies, codes and standards, wind and power technology, renewable energy for remote areas and transportation technology.

Homeless Assistance Program Mental Health Bill
\$750,000

\$250,000 Corporate Receipts

\$500,000 Mental Health Trust Fund Receipts

Reference No: 6359

Project Type: Transitional
Category: Housing/Social Services
Location: Statewide
Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of this program is to support programs that prevent homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless.

Mr. Campbell stated that this Mental Health Bill would provide

grants to communities and agencies that develop programs to address homeless issues. The program is funded via an AHFC/Mental Health Trust match. The list of applicants and recipients is listed in the booklet on page 3-26. This FY 05 \$750,000 request would fund the requests for the first ten applicants and a portion of the eleventh entity's request. The remaining applicants' requests would be unfunded. The total grant requests of the qualified applicants amounts to \$2,240,516.

Beneficiary and Special Needs Housing, Mental Health Bill
\$1,200,000 Corporate Receipts
Reference No: 6360
Project Type: Health and Safety
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of this program is to provide funds for Alaskan non-profit service providers and housing developers to increase housing opportunities to Alaska Mental Health Trust beneficiaries and other special needs populations throughout Alaska.

Mr. Campbell read the project summary and stated that these funds could either be used for housing development or residential accessibility modifications.

Mr. Fauske, referencing the Housing Loan Program/Teacher/Health Professionals Housing Program, Reference No: 37918, shared that as the result of FY 04 funding, the Corporation would be constructing 22 condominiums in Kotzebue "that would be for sale to teachers." This program would also benefit AHFC by providing it the opportunity to get into the homes for sale market. He also noted that a similar project is underway for the community of Savoonga. This project received attention when the national Secretary of Education toured the State last year.

SFC 04 # 28, Side B 10:03 AM#

Mr. Fauske continued that insufficient funds were available to address two other such projects, however, additional funding is being sought on the federal level for those projects. Therefore, he anticipated that the program would continue to grow as it is a good grant program through which to solve education housing needs, particularly in Rural areas of the State.

Mr. Fauske also acknowledged the successful outcome of a bill that Co-Chair Wilken sponsored through which AHFC has been able to provide, beginning in August 2003, 48 loans to K-12 teachers and 21 loans to nurses. He assumed that the success of the program could result in it being expanded. This program would continue to be important in the efforts to recruit and retain teachers and nurses in Alaska.

Co-Chair Wilken asked the percentage of these 69 people who were new to the State.

BRYAN BUTCHER, Legislative Liaison, Alaska Housing Finance Corporation, Department of Revenue, recalled that the recipients were a mix of residents and newcomers. The interest in the program is growing and word of the program is being advanced by medical facilities.

Co-Chair Wilken appreciated the fact that the medical field is advertising the program.

Senator Hoffman asked about the DHSS-Residential Housing Programs, Mental Health Bill, reference number 37901, located in the booklet on page 3-31.

DHSS-Residential Housing Programs, Mental Health Bill
\$250,000 Corporate Receipts
Reference No: 37901
Project Type: Transitional
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009

The purpose of this program is to provide funding to develop special needs housing that cannot be funded under AHFC, due to statutory limitations. The funding can be used for acquisition, rehabilitation, new construction, and accessibility modification projects.

Mr. Campbell stated that this project is included in the booklet because while it would be funded by the Corporation; it, in actuality, is a Department of Health and Social Services program and would be explained during their capital budget presentation.

Department of Military and Veterans Affairs

Bethel Readiness Center New Construction
\$11,250,000
\$8,062,500 Fed Rcpts

\$2,187,500 G/F Match
\$1,000,000 Gen Fund
Reference No: 34848
Project Type: Construction
Category: Public Protection
Location: Bethel
Election District: Bethel
Estimated Project Dates: 07/01/2004-06/30-2009
State Match Required, Phased-underway Project
The Bethel National Guard Readiness Center is currently in the design phase to replace the existing undersized and outdated facility. Construction of a new facility is necessary to meet the minimum requirements established by the National Guard Bureau. The Federal Government requires 25% matching funds for construction and 100% state funding for building site work.

JOHN CRAMER, Director, Administrative Services Division, Department of Military and Veterans Affairs, read the summary of need.

Army Guard Deferred Maintenance, Renewal & Replacement
\$1,287,000
\$400,000 AHFC Bonds
\$887,000 Fed Rcpts

Reference No: 38963
Project Type: Deferred Maintenance
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
State Match Required, On-Going Project
With 237 buildings at 96 various locations and an average age of the buildings at approximately 30 years old, deferred maintenance and renewal and replacement are a high priority. Preventable maintenance is performed on a schedule, yet building components have a limited life thus renewal and replacement is required. Priority projects for deferred maintenance contain a mix of federal funding ratios which require a 38% general fund match. The deferred maintenance goal is to achieve an annual 5% reduction in backlogged projects.

Mr. Cramer read the summary of need.

Co-Chair Wilken asked whether this "is a hard match."

Mr. Cramer affirmed that it is.

Anchorage Armory Expansion

\$250,000 Fed Rcpts
Reference No: 39011
Project Type: Construction
Category: Public Protection
Location: Anchorage Areawide
Election District: Anchorage Areawide
Estimated Project Dates: 07/01/2004-06/30-2009
One-Time Project

This project is for the first floor roof demolition and the construction of a 1,790 square foot second floor addition to the Anchorage National Guard Armory. The department is pursuing federal reimbursement from the U.S. Department of Justice, Federal Emergency Management Agency and the National Guard Bureau.

Mr. Cramer read the summary of need.

Storage Buildings
\$1,500,000 Fed Rcpts
Reference No: 38956
Project Type: Construction
Category: Public Protection
Location: Anchorage Areawide
Election District: Anchorage Areawide
Estimated Project Dates: 07/01/2004-06/30-2009
One-Time Project

Federal authority for National Guard Bureau approved storage buildings. 100% Federal Funds are provided by National Guard Bureau for this construction project.

Mr. Cramer read the summary of need. This project would allow for the construction of five 4,000 square foot, unheated, pre-engineered metal buildings at Fort Richardson.

Federal Scout Readiness Centers Energy Projects
\$150,000 Fed Rcpts
Reference No: 32560
Project Type: Construction
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003-06/30/2008
On-Going Project

This is for Federal Authority only. 100% Federal Funds are provided by the National Guard Bureau.

Mr. Cramer read the summary of need. He noted that this energy project would serve to lower operating expenses relating to heating

and electrical requirements in facilities.

Federal Scout Readiness Centers and Storage Facilities

\$1,700,000 Fed Rcpts

Reference No: 6913

Project Type: Construction

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

On-Going Project

This request is for Federal Authority Only. These projects are 100% Federally Funded provided by the National Guard Bureau. Provides for the construction of 2 Federal Scout Readiness Centers and 3 storage facilities located throughout rural Alaska. The facilities are included in the Long Range Construction Plan provided to the National Guard Bureau.

Mr. Cramer read the summary of need.

Co-Chair Wilken observed that this request, combined with the \$3.4 million remaining from the FY 03 and FY 04 appropriations, would amount to \$5.1 million. Therefore, he asked where and when these facilities would be constructed.

CRAIG SCHREIBER, Lieutenant, Construction and Facilities Management Officer, Alaska Army National Guard, Department of Military and Veterans Affairs, stated that the exact sites have not been finalized. Determining factors in this decision would include facility age, location, stationing plans, and number of personnel.

Co-Chair Wilken asked therefore whether the intent is to accumulate funding until the overall plan is finalized.

Lieutenant Schreiber stated that the objective is to move away from constructing Readiness Centers and to construct storage facilities to protect snow machines and other equipment from the weather as well as from such things as vandalism.

Senator Dyson asked whether these projects would be constructed by military personnel or would be put out to bid.

Lieutenant Schreiber responded that the projects are being bid out.

Alaska National Guard Counterdrug Support Program

\$80,000 Fed Rcpts

Reference No: 31915

Project Type: Health and Safety

Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30-2009
On-Going Project

This program participates in the US Dept. of Justice Forfeiture Program. This federal program's primary purpose is to deter crime by depriving criminals of profits and proceeds from their illegal activities.

Mr. Cramer read the project summary and stated that the funding source results from the sale of criminals' forfeited items.

Co-Chair Wilken noted that while both the Department of Military and Veterans Affairs and the Department of Transportation and Public Facilities highly leverage federal dollars for projects, the federal funding of Department of Military and Veterans Affairs projects "trump" the Department of Transportation and Public Facilities.

Department of Fish and Game

KEVIN DUFFY, Director, Administrative Services, Department of Fish and Game, noted that while the total funding for the nine projects being presented today is \$6.9 million, only \$150,000 of that amount is general fund requests. The balance consists of bonds and federal funds.

Deferred Maintenance Facilities
\$400,000 AHFC Bonds
Reference No: 30128
Project Type: Deferred Maintenance
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
On-Going Project
This project will provide for repair, maintenance and renovation of department facilities statewide.

Mr. Duffy stated that this is an annual request to address the "most pressing" of the Department's four million dollar backlog of deferred maintenance needs.

Co-Chair Wilken noted that the list is in alphabetical rather than priority order.

Mr. Duffy affirmed.

Vessel and Aircraft Repair and Maintenance

\$150,000 Gen Fun

Reference No: AMD 30129

Project Type: Renovation and Remodeling

Category: Natural Resources

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

On-Going Project, Amendment

This project will provide funding to maintain the department's research vessels and aircraft, which are used to support fishery monitoring efforts and stock assessment programs. Maintenance work to be done includes replacing the gensets, sandblast and paint, overhaul engines, general yard work and inspection, and replacing fishing gear and aircraft manuals.

Mr. Duffy noted that this request is the Department's share of a collaborative effort between departments to best deploy and utilize vessels and aircrafts. This would address approximately ten-percent of the maintenance needs for large research vessels.

Southeast Region Vessel Facility

\$800,000 ASLC Bonds

Reference No: 30418

Project Type: Construction

Category: Development

Location: Juneau (Juneau/Downtown/Douglas)

Election District: Juneau/Downtown/Douglas

Estimated Project Dates: 07/01/2004-06/30-2009

Phased-new Project

This CIP request will replace the Southeast Region Fish and Game vessel shop which is currently located in the Subport building in Juneau. The Subport building was built on land that was included in the Mental Health Trust settlement.

Mr. Duffy noted that the Department has received an eviction notice for the current facility, which is located on Mental Health Trust land. The site must be vacated by June 2005. This funding request would be combined with \$800,000 from the federal Pacific Coastal Salmon Recovery funds to fund the construction of a vessel facility in the same area that would be collaboratively shared with the National Oceanic and Atmospheric Administration (NOAA).

Senator Olson asked the reason the Trust desires the land to be vacated.

Mr. Duffy responded that the Trust is seeking to develop and

utilize this waterfront land for other purposes. He noted that a number of State agencies currently utilize the Subport building and would be required to develop alternate plans.

Senator Olson surmised therefore that other State agencies might be requesting re-location funding.

Mr. Duffy voiced being unsure of other departments' needs. However, the current operation conducted by Department of Fish and Game must be re-located to a waterfront location

Senator Olson asked the percentage of vessel maintenance that is conducted by the private sector.

Mr. Duffy responded that the entirety of the major maintenance repair is conducted by the private sector. Minor things such as small welding and woodworking repairs and camp development are conducted at this location.

DIDSON Sonar Equipment Purchase
\$300,000 AHFC Bonds
Reference No: 39293
Project Type: Equipment
Category: Natural Resources
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
Phased-new Project

The DIDSON (Dual Frequency Identification Sonar) is newly developed imaging sonar that has demonstrated itself to be easy to use, the data easy to interpret, and the results highly accurate. It is a system that provides accurate passage estimates with minimal required training and supervision. At this time, the department has settled on the use of DIDSON sonar built by the Applied Physics lab at the University of Washington and has identified twelve sites for installation. This request seeks funding to purchase three DIDSON units.

Mr. Duffy noted that the sonar currently being utilized is becoming obsolete.

Senator Olson asked whether this sonar would be more reliable than previous ones as the Yukon River fishery count inaccuracies have had a negative affect on the fishing industry in the Bethel area.

Mr. Duffy stated that this system would improve the accuracy of the fish count.

Sport Fish and Recreational Boating and Non-Boating
\$2,000,000

\$1,500,000 Fed Rcpts

\$ 500,000 Fish/Game

Reference No: 30432

Project Type: Construction

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

State Match Required, On-Going Project

This project will provide funds to the Division of Sport Fish to construct boating and sport fishing access facilities throughout the state. The Sport Fish Restoration (STR) program requires that 15% of the federal funds available to Sport Fish be used for recreational boating access development. SFR funds may also be used to develop access facilities for non-boating anglers.

Mr. Duffy noted that this annual request would provide the funds required by the federal aid program that specifies that 15-percent of the funding amount be set aside for boating or angler access projects such as boat launch facilities or pedestrian amenities for stream fishing.

Interior Habitat Enhancement for Wildlife

\$80,000

\$60,000 Fed Rcpts

\$20,000 Fish/Game

Reference No: 39001

Project Type: Renewal and Replacement

Category: Natural Resources

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 07/01/2004-06/30/2009

State Match Required

Improve habitat quality for wildlife through the use of prescribed fires, felling of mature aspen and birch groves, and thinning of trees in mature forest to promote revegetation. Past woodland fire suppression efforts, current fire protection needs near valuable properties, and relatively modest timber harvests have resulted in reduced amounts and distribution of early to mid-growth forest which are essential components of diverse productive wildlife habitats. This CIP will continue habitat enhancement work begun under the 1996 Demonstration Project/Post-Logging Revegetation and Wildlife Enhancement CIP.

Mr. Duffy explained that this funding, which is a 75/25-federal/State match, would provide for controlled burns in the Interior. These burns enhance wildlife habitat. A list of the projects is provided in the request backup material.

Equipment for Regional Wildlife Conservation Management
\$200,000

\$105,000 Fed Rcpts

\$ 95,000 Fish/Game

Reference No: 38984

Project Type: Equipment

Category: Natural Resources

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

Wildlife Conservation has field biologists in 23 locations statewide performing field research and management of wildlife species. They have a continuing need for reliable, efficient and safe equipment. Unreliable equipment jeopardizes the ability of staff to survey wildlife populations, manage hunts, and serve the public. Equipment that becomes unsafe puts field staff at risk of personal injury. Periodic equipment replacement to be purchased include: snow machines, all-terrain vehicles, skiffs and motors, aircraft engines, storage sheds, and network computer servers.

Mr. Duffy stated that this request, which is conducted on an every other year basis, would fund equipment replacement for such things as all terrain vehicles, snow machines, and aircraft surveying equipment.

Co-Chair Wilken asked whether this is a required match.

Mr. Duffy affirmed that it is.

Birch Lake Outlet Weir and Land Purchase
\$75,000

\$56,250 Fed Rcpts

\$18,750 Fish/Game

Reference No: 39028

Project Type: Construction

Category: Natural Resources

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 07/01/2004-06/30/2005

State Match Required, One-Time Project

The Birch Lake weir, in its current location since 1950s, exists on land that has an Interagency Land Management

Agreement that was made between the Department of Fish and Game and the Department of Natural Resources. This land is now part of the Mental Health Lands Trust and as such will require the purchase of the property once the agreement expires. The agreement is due to expire on July 1, 2005. To enable continued maintenance of the Birch Lake weir and the fishery associated at Birch Lake, the department is requesting to purchase the land on which the weir is located.

Mr. Duffy noted that a 75/25-percent federal/State match would fund this project. The Birch Lake Weir has been located on this Mental Heath Trust land site since the 1950s. This funding would allow the State to purchase the small site and maintain the weir. Anglers in the region heavily utilize the site.

Division of Sport Fish Access Improvement and Conservation Program

\$2,928,447 Fed Rcpts

Reference No: 38985

Project Type: Construction

Category: Natural Resources

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

State Match Required, Phased-underway Project

This program works cooperatively with private landowners to develop conservation strategies to protect key fish and wildlife habitats, including habitats for species of special concern or species listed under the Endangered Species Act. Working with willing sellers, this voluntary non-regulatory program emphasizes conservation easements and fee title acquisition to achieve long-term habitat protection or population goals. Additional benefits include increased economic opportunities for participating landowners, local and regional communities; broader public access; and maintenance of traditional uses of protected lands.

Mr. Duffy stated that this program would allow the Department to purchase small tracts of land to protect wildlife habitat. The criteria developed for these land purchases include the requirement that there must be a private match and that no State funds be utilized. The four projects that are included in this request include Phase Two of a process to purchase a site near Gustavus as well as a site to protect critical habitat for endangered species. Acquisition of land would serve to protect endangered species as well as to provide opportunities for hunters and fishermen.

Senator Bunde understood that one concern is that recreational

users might be disturbing such things as nesting sites. Therefore, he asked whether the issue of who owns the land has any bearing on this issue.

Mr. Duffy stated that land ownership does not "necessarily dictate land usage." This issue should be further monitored. The desire is that the Department, through guidance and an educational process, could inform users that proper consideration and protection of habitat would "perpetuate the species that live there."

Senator Bunde opined that simply acquiring land would not serve to protect a species.

Mr. Duffy acknowledged. He pointed out that these federal funds are available solely to purchase land for habitat. It is "a difficult issue" and the Department is taking "steps forward" to protect critical habitat areas. He acknowledged that such things as four-wheelers do harm critical habitat.

Senator Bunde suggested therefore that in addition to funds with which to purchase these lands, the Department should further allocate funds for education and enforcement.

Mr. Duffy noted that the Department does conduct educational programs including educating hunters that steel shot is preferred to lead shot, which is harmful to the food chain.

Co-Chair Wilken asked whether any of the four projects that are identified in this request involve the purchase of private land holdings.

Mr. Duffy specified that while three of the four projects involve private land holdings, the sellers must be willing to voluntarily sell.

Co-Chair Wilken asked the specifics of the three projects.

Mr. Duffy stated that the Department could provide the specifics, including the location of critical habitat areas. Whether a private landowner would be willing to sell their land would be one of the determining parcel size factors.

Senator Bunde asked whether purchasing these parcels would serve to remove the land from any property tax roll.

Mr. Duffy replied that he was unsure.

Co-Chair Wilken stated that his staff would follow up in this

regard.

Co-Chair Wilken inquired regarding the handout titled "HR 108-401 To accompany H.R. 2673, Pacific Coastal Salmon Recovery" (copy on file) that the Department has distributed.

Mr. Duffy stated that the Department had distributed that handout to accompany an amendment, AMD 33647, that is included in the Governors Amended Budget material.

AMD: Pacific Coastal Salmon Recovery Fund
\$20,868,000
Reference No: AMD 33647
Project Type: Planning
Category: Natural Resources
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2008
On-Going Project, Amendment
Federal fiscal year 2004 (FFY04) appropriations legislation contains funding for the Pacific Coastal Salmon Recovery Fund (PCSRF). Coordination of individual state funding is through the respective Governor's offices. The Alaska portion of the FFY04 appropriation is \$20.9 million. Funding comes to the state through a Memorandum of Understanding with the U.S. Department of Commerce designating Alaska Department of Fish and Game as the program manager.

Mr. Duffy stated that this amended request would lower the amount as presented in the original Governor's Budget request. \$26 million was originally specified as Alaska's share of the total of \$90 million federal funding that is shared between Alaska, Oregon, Washington, Idaho, California, and the Northwest Tribes. The money is transmitted to the Governor's office and then to the Department for earmarked projects as specified in the backup material.

Department of Labor and Workforce Development

ED FISHER, Deputy Commissioner, Department of Labor and Workforce Development noted that the four capital projects being presented total \$2,234,000.

AVTEC Deferred Maintenance
\$1,500,000 AHFC Bonds
Reference No: 38979
Project Type: Deferred Maintenance
Category: Education
Location: Seward

Election District: Homer/Seward
Estimated Project Dates: 07/01/2004-06/30/2010
On-Going Project
AVTEC life and safety deferred maintenance projects. Safe and healthy facilities are key to AVTEC's ability to train Alaskan's for Alaskan jobs.

Mr. Fisher stated that this request would address life and safety maintenance and replacement issues relating to such things as mechanical system and re-roofing repairs at the 13-building Alaska Vocational and Technical Education Center in Seward.

Vocational Rehabilitation Business Enterprise Program Facility
Development and Equipment Replacement
\$500,000 Small Bus
Reference No: 39067
Project Type: Renewal and Replacement
Category: General Government
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2007
On-Going Project
The Business Enterprise Program (AS 23.15.100) provided employment opportunities for blind individuals through the establishment and operation of vending facilities on federal and state properties. This appropriation from the BEP Revolving Fund will pay for construction of a new vending facility at the Atwood Building in Anchorage (300.0) and vending facility equipment replacement in the Juneau Federal Building, Anchorage University Plaza, and Anchorage Court House (200.0).

Mr. Fisher noted that this request would be funded via the Randolph Sheppard Act Business Enterprise Program that assists blind individuals in becoming self-sufficient by teaching them how to operate vending businesses in government buildings such as the Atwood Building in Anchorage and the Juneau Federal Building.

Wage and Hour Internet Application for Certified Payroll
\$134,000 Gen Fund
Reference No: 39275
Project Type: Information Systems
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2005
One-Time Project
Chapter 111, SLA2003 (CSHB 155), requires the Department to

have a secure on-line system available for filing certified payrolls by 7/1/2004, however no funding was provided in the FY 04 budget. This project will fund the programming necessary to create the system to enable contractors to file certified payrolls online via a secure connection.

Mr. Fisher informed that the project is the result of legislation that was enacted but not funded in the year 2004. The request would allow the implementation of online filings of certified payrolls by providing the funding required for a secure on-line system.

Electronic Data Interchange Expansion to the Workers' Compensation Computer System Phase 3
\$100,000 Wrkrs Safe
Reference No: 39162
Project Type: Information Systems
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2006
Phased-underway Project
This project will enable the Workers' Compensation program to produce statutorily required reports and allow electronic filing of First Report of Injury (FROI) information. New programming will provide insurance companies and employers the opportunity to submit required information directly into the workers' compensation information handling system via Electronic Data Interchange (EDI).

Mr. Fisher stated that this project would be the third phase of a multi-phase software project, which would allow employers and the insurance industry to submit electronic filing of First Report of Injury (FROI).

Department of Health and Social Services

DELETE: State Veterans' Home Conversion-Palmer
\$0
Reference No: AMD 38868
Project Type: Health and Safety
Category: Health/Human Services
Location: Palmer (Greater Palmer)
Election District: Greater Palmer
Estimated Project Dates:07/01/2004-06/30/2009
State Match Required, One-Time Project, Amendment
This project has been moved to the FY2004 supplemental appropriation bill.

JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services, stated that this amended request would allow this project to be removed from the Governor's FY 05 Capital Budget Request and be presented instead via the FY 04 Supplemental Budget request.

Department of Health and Social Services: Deferred Maintenance, Renovation, Repair and Equipment
\$709,280

\$644,800 AHFC Bonds

\$ 64,480 Fed Rcpts

Reference No: 31862

Project Type: Deferred Maintenance

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

State Match Required, On-Going Project

This request is for deferred maintenance projects for 34 health centers, youth facilities and behavioral health facilities statewide with a combined replacement value of \$163 million. Funds would be used for immediate and critical renewal, repair, replacement and equipment needs in state-owned facilities along with selected leased facilities. This request does not include the deferred maintenance needs for the Pioneers' Homes or the Alaska Psychiatric Institutes (API). In order for staff to provide services for Alaskans, the facilities need to be secure, maintained, and safe.

Ms. Clarke shared that this request would address deferred maintenance needs for facilities other than the Pioneers Home. A handout titled "Department of Health and Social Services FY 05 Deferred Maintenance Capital Request" [copy on file] was provided that contains descriptions and pictures of the projects. An overview of the projects in the booklet was provided. The backup material also depicts the projects in priority order.

Pioneers' Homes Deferred Maintenance, Renovation, Repair and Equipment

\$750,000 AHFC Bonds

Reference No: 37934

Project Type: Deferred Maintenance

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

On-Going Project

This request is for deferred maintenance projects for

Pioneers' Homes statewide, including immediate and critical renewal, repair, replacement and equipment needs. The Department is responsible for operating and maintaining the six Pioneers' Home throughout the State. Locations include Ketchikan, Sitka, Juneau, Anchorage, Palmer, and Fairbanks. The homes all operate on a 24-hour basis and have a combined replacement value of \$128.7 million.

Ms. Clarke stated that this request would address maintenance needs for the Pioneers Homes. This is the first year in which the Department is responsible for these facilities and an extensive audit of the properties was conducted. The top priority project is the fire alarm system replacement at the Fairbanks Pioneer Home. While a priority list has been provided, it should be noted that the order might change were an emergency situation to occur.

Co-Chair Wilken noted that the prior year funding included \$450,000 in receipt supported services; however, the FY 05 funding, in its entirety, is AHFC Bonds.

Ms. Clarke affirmed.

Senator Hoffman observed that the projects on the list are not fully funded.

Ms. Clarke explained that were funds insufficient to fully address the next project on the list, the Department would skip to the next lesser expensive project.

Comprehensive Client Database

\$500,000

\$350,000 Fed Rcpts

\$150,000 G/F Match

Reference No: 39149

Project Type: Information Systems

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

State Match Required, One-Time Project

Develop a comprehensive client database of all clients that receive services from the Department. This will be used by all Service Delivery applications to insure the accurate identification of clients.

Ms. Clarke shared that this project is commonly referred to as the "Master Client Index Project." When Department of Health and Social Services Commissioner Joel Gilbertson requested an unduplicated

client list, one could not be developed as independent rather than linking databases are currently in use by various division programs. This prohibits the sharing of client information. Therefore, this request would allow the Department to develop a master client demographic listing while continuing to allow the various programs to independency determine eligibility requirements.

McLaughlin Youth Center-Cottage Master Plan
\$100,000 ASLC Bonds
Reference No: 38895
Project Type: Planning
Category: Health/Human Services
Location: Anchorage (University/Airport Heights)
Election District: University/Airport Heights
Estimated Project Dates: 07/01/2004-07/01/2009
Phased-new Project

This request will fund the planning and some design work for the renovation or replacement of four of McLaughlin Youth Center's five treatment cottages. The cottages are approximately 30 years old and either need a complete renovation or replacement.

Ms. Clarke stated that this request would allow for the development of a master plan through which the Department could determine how to address the needs of these detention treatment cottages

Federal Health Insurance Portability and Accountability Act
Compliance - Phase 2
\$592,000
 \$296,000 Fed Rcpts
 \$296,000 G/F Match
Reference No: 35721
Project Type: Transitional
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004-06/30/2009
State Match Required, Phased-underway Project

The HIPAA project is essential to provide a superior level of confidentiality and security of individual's private health care information. The Health Insurance Portability and Accountability Act (HIPAA) was enacted by the Federal government in 1996. Deadlines for compliance with regulations concerning electronic transmission, privacy and security of patient and health care information will be set over the next several 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.

Ms. Clarke stated that this is the final year of a three-year project through which the Department must align with Federal Health Insurance Portability and Accountability Act Compliance guidelines. She referred the Committee to page 19 of the back-up material, which depicts the remaining privacy and security components that must be addressed in the Department's data processing system.

Child Protection Information System - Phase 3

\$480,600

\$240,300 Fed Rcpts

\$240,300 G/F Match

Reference No: 6816

Project Type: Information Systems

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

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 Office of Children's Services (OCS) workers and to increase worker productivity. OCS is in the final development phase of the Online Resources for the Children 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 stated that this is the final phase of a three-phase project regarding upgrades to the child protection information system. The system itself would be functional this year; however, other components such as enhanced social worker training and corresponding computer fieldwork compatibility would be addressed.

Co-Chair Wilken voiced optimism that the project would work as designed as a tremendous amount of money has been spent in this regard.

Senator Bunde opined that the word "final" is difficult to accept when stated by this Department.

Safety and Support Equipment for Public Health Nurses,

Probation Officers and Social Workers

\$480,200

\$130,200 Fed Rcpts

\$304,542 G/F Match

\$ 45,458 Gen Fund

Reference No: 32446

Project Type: Equipment

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004-06/30/2009

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 operations. There is an urgent need for this equipment so that Office of Children's Service social workers, Juvenile Justice detention and probation officers, front line Public Assistance workers and Public Health nurses can perform their duties safely and effectively. Failure to fund some equipment purchases will result in workers being unable to perform their jobs or placing them in danger.

SFC 04 # 29, Side A 10:51 AM

Ms. Clarke stated that this project would allow the Department to address a variety of items including safety equipment for juvenile officers and some one-time appropriations for vehicles in the State equipment fleet. An itemized listing is included in the back-up material.

Senator Dyson asked what is included in the safety equipment category; specifically whether it would include safety cameras.

Ms. Clarke affirmed that it would include safety cameras.

Senator Dyson asked whether the Department of Transportation and Public Facilities or the Department of Health and Social Services would own the vehicles.

Ms. Clarke responded that the Department has recently conducted a vehicle analysis. Most of the Department's vehicles are part of the fleet owned by Department of Transportation and Public Facilities.

Senator Dyson requested that a vehicle replacement and maintenance plan be developed in the future.

Ms. Clarke stated that the aforementioned report contains such things as staff to vehicle ratios, life cycles, and age of vehicles. This information could be provided.

Senator Dyson asked that he receive a copy of the reports.

Co-Chair Wilken stated that the Department's remaining requests would be presented during the March 4, 2004 Committee meeting.

The legislation was HELD in Committee.

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ADJOURNMENT

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