ALASKA STATE LEGISLATURE
JOINT COMMITTEE ON LEGISLATIVE BUDGET AND AUDIT
Anchorage, Alaska
July 12, 2005
1:08 p.m.

MEMBERS PRESENT

Senator Gene Therriault, Chair
Senator Ben Stevens
Senator Lyman Hoffman
Senator Bert Stedman (via teleconference)
Senator Lyda Green (via teleconference)
Senator Gary Wilken, alternate

Representative Ralph Samuels, Vice Chair
Representative Mike Chenault
Representative Mike Hawker
Representative Pete Kott (via teleconference)
Representative Beth Kerttula (via teleconference)

MEMBERS ABSENT

Representative Reggie Joule, alternate
Representative Kevin Meyer, alternate

COMMITTEE CALENDAR

REVISED PROGRAM - LEGISLATIVE (RPLs)
EXECUTIVE SESSION
RELEASE OF AUDITS
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CHERYL FRASCA, Director
Office of Management & Budget
Office of the Governor
Juneau, Alaska
POSITION STATEMENT: Provided background on all the RPLs before the committee.

LES CAMPBELL, Budget Director

Alaska Housing Finance Corporation
Department of Revenue
Anchorage, Alaska
POSITION STATEMENT: Answered questions relating to RPL 04-6-1011.

MARK ROMICK
Planning and Program Development
Alaska Housing Finance Corporation
Department of Revenue
Anchorage, Alaska
POSITION STATEMENT: Answered questions relating to RPL 04-6-1011.

DAN FAUSKE, CEO/Executive Director
Alaska Housing Finance Corporation
Department of Revenue
Anchorage, Alaska
POSITION STATEMENT: Answered questions relating to RPL 04-6-1011.

BRYAN BUTCHER, Director
Governmental Affairs & Public Relations
Alaska Housing Finance Corporation
Department of Revenue
Anchorage, Alaska
POSITION STATEMENT: Answered questions relating to RPL 04-6-1011.

JANET CLARKE, Assistant Commissioner
Finance and Management Services
Department of Health and Social Services
Juneau, Alaska
POSITION STATEMENT: Provided information relating to RPL 06-6-0003.

JEFF JESSEE, CEO
Alaska Mental Health Trust Authority
Department of Revenue
Anchorage, Alaska
POSITION STATEMENT: Provided information relating to RPL 06-6-0004.

PAT DAVIDSON, Legislative Auditor
Division of Legislative Audit
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information regarding professional services contracts.

JOE BALASH, Staff
to Senator Therriault
Legislative Budget and Audit Committee
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Provided information on the navigable waters RSA.

ACTION NARRATIVE

CHAIR GENE THERRIAULT called the Legislative Budget and Audit Committee meeting to order at 1:08:14 PM. Present at the call to order were Senators B. Stevens, Hoffman, Stedman (via teleconference), Green (via teleconference), Wilken, and Therriault and Representatives Chenault, Hawker, Kerttula (via teleconference), and Samuels. Representative Kott joined via teleconference as the meeting was in progress.

REVISED PROGRAM - LEGISLATIVE (RPLs)

CHAIR THERRIAULT announced that the first order of business would be the Department of Administration's RPL for Motor Vehicles Social Security Online Verification.

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CHERYL FRASCA, Director, Office of Management & Budget, Office of the Governor, explained that the first RPL, labeled 02-6-0001, is for $358,425 in federal funds, which is the result of a federal grant the department learned it would receive on June 14th. The funds would be used to hire a contractor to do programming in order that the Division of Motor Vehicles will be able to verify social security numbers when individuals apply for a driver's license or identification card. The Social Security Administration will charge $0.03 per verification, which amounts to about $2,000 per year that the department would pay out of its budget.

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REPRESENTATIVE SAMUELS made a motion to approve RPL 02-6-0001. There being no objection, it was approved.

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MS. FRASCA moved on to RPL 04-6-1011, which would approve receipt authority of $47 million from the Denali Commission for the Teachers & Elders Housing Program. She informed the committee that $20 million had already been authorized as part of the federal fiscal year (FY) 2005 budget. It is anticipated that an additional $27 million will be available in FY 06. She noted that there are two existing positions that will be funded to help administer this program. The federal funds that go to the personal services and other costs will replace Alaska Housing Finance Corporation (AHFC) receipts.

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SENATOR WILKEN related his understanding that the components of RPL 04-6-1011 are as follows: $3 million from the FY 05 capitol budget, $27 million from federal FY 05, and another $20 million expected in FY 06.

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MS. FRASCA agreed.

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SENATOR WILKEN questioned why [the RPL] wasn't broken into two components with the $20 million being approved once the FY 06 budget is approved. Senator Wilken inquired as to where the $10 million in teacher and elder housing is going to be spent. He also inquired as to the grant and review process for these. He further inquired as to how the expenditures for the funds are going to be tracked.

1:13:55 PM

LES CAMPBELL, Budget Director, Alaska Housing Finance Corporation, Department of Revenue, explained that the $10 million allocated to the teacher housing will be for projects that merely need approval and others that are in the works. He noted that the applications received barely exceed the total of $10 million. He informed the committee that the $10 million for the elder housing, although allocated, hasn't gone through the grant process or been awarded. As the money for both of the aforementioned arrives, it will move through the same process as the normal applications.

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SENATOR WILKEN expressed concern that the committee is being asked to approve $20 million with very little backup as to where the funds will go, the criteria for awards, and the method by which the money is going to be accounted. He turned attention to documents in the committee packet referring to a list of housing projects that the committee doesn't have.

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MR. CAMPBELL explained that the money would flow through AHFC. He stated that the process for accounting for the teacher housing funds would be the same as that for the senior citizens. He specified that for the teacher housing, $234,000 for Tyonek and $368,000 to Ambler for five units, $322,682 to Kiana for six units, $1.7 million to St. Paul for six units. Another $10 million has already gone through the application process in the normal teacher housing program. He specified the communities which have applications that total $10,127,426 for 36 units.

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SENATOR WILKEN commented that it would be helpful for the committee to have the list specifying the communities that have applied and the number of units for each. Senator Wilken inquired as to the grant process under which this would be awarded.

1:18:00 PM

MR. CAMPBELL answered that it would be the same as the teacher housing program.

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MARK ROMICK, Planning and Program Development, Alaska Housing Finance Corporation, Department of Revenue, related that the Planning and Program Development division of AHFC administers the funds. He explained that the grant process that applicants go through is a competitive process, specifically there is an RFP generated each year. Once the applications are received, they are reviewed in order to ensure that they meet the minimum requirements. The applications are then sent to a review panel comprised of about five individuals. Once the review panel makes its decision, its recommendations are given to AHFC's executive director and the Denali Commission for final approval.

He explained that then there is an award process and a grant agreement process.

SENATOR WILKEN asked if Mr. Romick had the grant process ranking of the 36 units.

MR. ROMICK answered that the second 36 units to which Mr. Campbell referred are currently in-house and the applications are about to proceed to the review panel. Therefore, the rankings for those aren't yet available. The rankings for the previous year are available and could be provided to the committee. In further response to Senator Wilken, Mr. Romick said that depending upon the application, the owner of the unit could either be the school district or a private organization in partnership with the school district. He mentioned that [AHFC] is doing a lot of work with the Indian Housing Authorities, and therefore it would be involved in the ownership of some of the properties. With regard to how many of these units will replace existing units, Mr. Romick said that he wasn't sure of that number, but he offered to provide the committee with that number.

SENATOR WILKEN reiterated his concern that the committee is being asked to approve a lot of money with little information. He commented that these things tend to "roll down hill" such that the legislature later receives a request for maintenance funding. Therefore, he asked whether any consideration had been given to having a local contribution for maintaining the units.

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SENATOR WILKEN asked if there is a way in which the money can be used to leverage the equity participation of teachers so that they are able to "buy in" to a real asset in a community.

MR. CAMPBELL specified that these are grants for the gap financing, and therefore are representative of loans. He explained that AHFC administers the program, which was originally based on the ability to fund the portion that won't pencil on the loan with grant money while the remainder would be a loan with the corporation. A couple of years ago the legislature even assigned AHFC the authority to negotiate with Rural Education Attendance Areas (REAAs). He emphasized that these are local applications and thus are all equity based. The loans go through AHFC's underwriting process so that there are operations and maintenance dollars available to sustain this over time. Originally, there was great concern from school districts and others who hadn't entered into this relationship and wanted all grant funds. However, [AHFC] refused stating that the program wasn't designed to do that and there isn't enough money to distribute in a total grant program. The committee to which Mr. Romick referred is comprised of engineers and construction specialists who see to it that the cost of the units are in line with the costs across the state. Mr. Campbell turned to the Denali Commission, which, early on, allocated some of its money in the area of energy and tank farms.

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MR. CAMPBELL reminded the committee of the situation a couple of years ago when a great deal of concern was generated when the teachers in Savoonga were sleeping in classrooms due to the dilapidated conditions of the four-plex provided for them. At that time U.S. Senator Lisa Murkowski was successful in earmarking money for [housing for] teachers and health professionals, which is when AHFC began monitoring and managing funds on behalf of the Denali Commission. Mr. Campbell explained that AHFC takes in all of the applications and sets aside its money. Once AHFC reaches its funding cap, then it reviews all the other projects and makes recommendations to the Denali Commission Board. The Denali Commission then meets and approves or disapproves of those recommendations.

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SENATOR WILKEN turned to Hooper Bay, and related his understanding that $4 million will be spent to build 16 units. He inquired as to how the loan is organized around those 16 units.

MR. ROMICK related his understanding that approximately $4 million is the total grant request. He said that the exact amount of the grant that Hooper Bay receives will probably be less than $3.817 million. He explained that the loan will be based on the amount of money the teachers can pay and the market rent costs in the area. Prior to the aforementioned, there is a lot of due diligence to ensure that 16 units is actually appropriate for the size of the community. After the due diligence is completed, the funds are awarded. He clarified that the list to which Senator Wilken has been referring is a list of applicants to which AHFC hasn't agreed to award any funds yet.

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SENATOR WILKEN asked if the $3.817 million would build the 16 units.

MR. ROMICK answered that additional funds would be required. He recalled that the total amount per unit in Hooper Bay is approximately $400,000. He reiterated the need to go through the due diligence process in order to ensure the funds required are commensurate with other construction in Hooper Bay and the surrounding area. He noted that the Denali Commission has construction cost benchmarks and AHFC has some total development cost limits that will be reviewed before approval of the grants, should the project rank high enough to receive funding.

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SENATOR WILKEN inquired as to how the Hooper Bay grant of $3.8 million rolls into the gap financing for the loan. He inquired as to the amount of the loan and to whom it will be made.

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DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue, specified that he hasn't seen the Hooper Bay project. However, he explained that [the Denali Commission] will loan the residual amount to either the school district or a private developer who has entered into a long-term contract with the school district. "Whoever the entity is will have a loan with AHFC for the amount not covered by the grant," he specified.

SENATOR WILKEN inquired as to whether the $3.817 is a grant or a loan.

MR. FAUSKE answered that it's a grant of the Denali Commission. He posed a situation in which the project is $4 million and the grant is comprised of a $3.817 million grant of the Denali Commission.

SENATOR WILKEN related his understanding that there would then be a loan on top of that $3.817 million grant, and then inquired as to the total amount of money that Hooper Bay will receive for these 16 units.

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MR. FAUSKE said he would guess that Hooper Bay's request was about $4.5 million.

MR. CAMPBELL highlighted that the aforementioned would be the total if the project is approved. He informed the committee that the Denali Commission has agreed with AHFC in that the Denali Commission wants to have AHFC [manage] the loans. Therefore, the Denali Commission will allocate money once AHFC has approved an amount that's in line with other costs across the state. "Whatever the grant amount is, that's the grant, and the remainder is what pencils and that will be a loan to the corporation for 30 years," he explained. Mr. Campbell further explained that the school foundation funding formula goes to the districts and within that are salaries upon which this is based. With the possibility of housing health professionals and public safety personnel in these facilities, [such projects] could be easier because it would be a combination of money. The aforementioned could potentially decrease the amount of money from individual sources, although the total amount will remain fairly the same.

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BRYAN BUTCHER, Director, Governmental Affairs & Public Relations, Alaska Housing Finance Corporation, Department of Revenue, informed the committee that there is an operations and maintenance fund that is included in all of these projects. Also, the list of the FY 06 projects specifies the preliminary number of units and dollar amounts requested by the communities, and therefore those can change as the project moves through the process. Mr. Butcher then highlighted that when the funding for teacher and elder housing was first placed in the budget, there was a discussion at the Denali Commission regarding whether they wanted to become involved. The Denali Commission came to the conclusion that it would want AHFC, the housing specialist in the state, to administer the program with the Denali Commission being responsible for approval of the project. He mentioned that [AHFC] has administered the teacher and health professional housing and this year public safety personnel housing was added as well. The aforementioned housing isn't provided by the Denali Commission, which is strictly for rural teacher and elder housing. Therefore, he suggested that more of AHFC's funding would go toward areas that the Denali Commission can't cover.

MR. FAUSKE noted that the elder housing, a priority of the Denali Commission, is a new addition to the funds that AHFC manages.

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SENATOR WILKEN reiterated his concern with the possibility of the legislature being responsible for the money to maintain all of the housing that results from these projects. Therefore, he inquired as to who would be responsible for maintaining these buildings. He surmised that if it's a straight grant that funds the project, then the state legislature is the only entity responsible for maintaining these buildings. Although he applauded the effort to build this housing where it's needed the most, he urged everyone to think beyond constructing the buildings and walking away. Senator Wilken then returned to the issue of cost control with the Hooper Bay project. With the grant of $3.8 million and about $700,000 in a loan, some entity will be responsible for that $700,000. The entities that could be responsible are the school board, REAAs, and local tribal housing authority.

MR. FAUSKE specified that other entities that could be responsible for the loan could be private companies and entrepreneurs through a long-term lease with the school district.

SENATOR WILKEN characterized the $3.8 million loan as a subsidy.

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MR. FAUSKE specified that [AHFC's] relationship would be with the school district. He noted that the construction lending and interim financing is done through the local banks, which provide scrutiny and oversight. He highlighted that AHFC doesn't do the long-term take out until the project is completed and meets all the requirements demanded in AHFC's underwriting. The only thing that AHFC would [require] is percentages of completion to allow draws to pay off certain phases of the projects. However, he acknowledged that AHFC is in risk every day because it loans money. Still, Mr. Fauske opined that AHFC does a fairly good job of underwriting and monitoring the risk. Furthermore, AHFC factors in the funds that areas receive from the school foundation formula, which AHFC assumes is going to continue. With regard to the notion of area schools and regional schools, Mr. Fauske said that's not something AHFC has been charged with addressing.

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SENATOR WILKEN opined that this program is something that everyone would like to continue. However, he highlighted the importance of knowing how this is all going to go together because the [committee] is putting together the structure under which this program is going to operate. He noted his comfort with the scrutiny AHFC is providing, but, again, he expressed the need to be sure as to what entities are responsible for the maintenance of these facilities. Although he related that he was prepared to forward this RPL, he expressed concern with the loose ends. Therefore, he questioned whether the committee would consider not approving the FY 06 $27 million and the involved parties could return to the legislature with a better knowledge of it all and review it for the committee.

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SENATOR WILKEN moved conceptually to approve only the FY 05 federal funds in the amount of $20 million of RPL 04-6-1011.

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MR. FAUSKE offered some reassurances regarding the experience thus far with the teacher housing program. He specified that it's very important for AHFC to underwrite a good quality product because AHFC has to take a large piece of it into the market to sell. He echoed earlier comments with regard to the great deal of scrutiny that occurs through the process.

CHAIR THERRIAULT reminded the committee of Senator Wilken's motion to split the RPL, and then asked if Mr. Fauske saw any downside to only approving the FY 05 portion of the RPL.

MR. FAUSKE answered that there's no problem with only approving the FY 05 portion of the RPL because the FY 05 funding is necessary. The $27 million for FY 06 is currently in the congressional appropriation bill, although [the appropriation process] may not be concluded to near the end of the year or later. He related that AHFC expects to know the kind of number it's looking to receive. However, the application process wouldn't be until early next year at the earliest.

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REPRESENTATIVE HAWKER continued with Senator Wilken's concern regarding future maintenance requests for these facilities. With regard to the $3.817 million application, he asked if someone could verify that the $400,000 per unit specified isn't unreasonable.

MR. BUTCHER specified that it wouldn't be unreasonable for certain types of properties in certain types of areas. For instance, the $400,000 wouldn't be unreasonable for structures being built to withstand the weather of St. Paul. However, the costs would be verified against other construction projects in the area as well as the Denali Commission's benchmark and the federal government's total development cost limits.

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MR. FAUSKE interjected that there are areas in which the rents vary considerably, which he mentioned could perhaps be attributed to the school district offering a subsidy to help recruit teachers. He noted that AHFC has made suggestions to districts when the rent is well below any federal requirements.

REPRESENTATIVE HAWKER pointed out that the Hooper Bay project could end up being a $6 million project in aggregate, which is another $2.2 million hypothetically. Therefore, he surmised that AHFC will have a substantial investment, which he suggested would be in excess of $2 million, in the Hooper Bay project property. He asked if AHFC would have a mandate in its loan documents for an operation and maintenance reserve.

MR. FAUSKE replied yes.

MR. BUTCHER explained that every loan that AHFC makes to a multi-family project requires that there be a replacement reserve, which is typically based on a per unit per year basis. For instance, with the [Hooper Bay] project he proposed the assumption that there would be a $400 per unit per year reserve and the first year would be paid upfront. Therefore, the project would begin with a cash balance in the reserve and each year the loan is underwritten a cash contribution would be made to the replacement reserve. In response to Representative Hawker, Mr. Butcher confirmed that there's a servicing audit done every year on every multi-family project that AHFC [underwrites]. He related that generally there are annual site visits in those areas that are more accessible. The site visits are done in order to ensure that the property is being maintained.

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MR. BUTCHER, in further response to Representative Hawker, specified that the maintenance reserve is usually set up in an escrow account in a financial institution and AHFC has the authority to disperse funds from that escrow account. The borrower has to ask permission to use that account to replace items on the project. He noted that AHFC's servicing department has some rules regarding for what [the maintenance fund] can and can't be used. Each project is underwritten such that a certain amount of funds is available for maintenance. Mr. Butcher suggested that the aforementioned seems to address some of Senator Wilken's concerns about who will be responsible for these properties. Mr. Butcher specified that essentially AHFC watches the project for the life of the loan and audits the escrow to ensure that there are sufficient reserves to handle anything that might arise. In response to Representative Hawker, Mr. Butcher confirmed that AHFC would have the legal authority to mandate and coerce [maintenance] as long as there is a debt to AHFC, which is usually 30 years in length.

CHAIR THERRIAULT reminded the committee that it has a motion before it. However, since there are six Senators in attendance and Senator Wilken is the alternate, Senator Wilken can't make the motion or vote.

1:53:43 PM

CHAIR THERRIAULT restated Senator Wilken's earlier motion to approve only the FY 05 federal funds in the amount of $20 million in RPL 04-6-1011. There being no objection, it was approved. Chair Therriault then requested that the parties involved return to the committee when the federal budget has passed for the remaining funds of the original RPL.

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SENATOR WILKEN noted that it would be helpful to have a total cost of the grant, including the loan and maintenance.

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CHAIR THERRIAULT moved on to the next RPLs for the Department of Health and Social Services (DHSS).

1:55:22 PM

MS. FRASCA informed the committee that the next eight RPLs relate to the expenditure of Alaska Mental Health Trust

Authority (AMHTA) receipts. She related that of the approximately $2.3 million AMHTA has in additional funds, nearly $1 million of that is from trust investment earnings, $332,000 from trust land office income, and instead of the projected $190,000 in interest income the authority earned $847,000. She pointed out that about $1.5 million is proposed to be spent on the DHSS RPLs before the committee today.

MS. FRASCA then turned to the RPL labeled 06-6-0001, which is $125,000 for brokered technical assistance and Medicaid billing training. She explained that this RPL would allow Medicaid billing for Native health corporations so that they can bill Medicaid for 100 percent reimbursement. This allocation and the other DHSS RPLs before the committee today weren't part of the FY 06 budget because these allocation decisions were made by the AMHTA's Board of Directors at its June 1st meeting.

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CHAIR THERRIAULT asked Ms. Frasca to review each RPL individually and then the DHSS RPLs will be moved as group.

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MS. FRASCA explained that RPL 06-6-0002 is a $50,000 grant for geriatric education training, which will continue a training program for Alzheimer's disease and related disorders. This training is for care workers, health care professionals, and family members. Another $150,000 has been approved for FY 07, which would continue the training. She then turned to RPL 06-6-0003, which is $250,000 for behavioral health space in village mental health centers. This [RPL] works with the Denali Commission as it constructs or makes additions to facilities; the grants will be in the amount of $25,000-$50,000 per project selected. She noted that it's about a 5 percent match to the 95 percent that the Denali Commission is contributing.

REPRESENTATIVE HAWKER echoed his earlier concerns for the state's long-term ability to sustain operation and maintenance funds for these facilities to be funded by [RPL 06-6-0003].

1:59:26 PM

MS. FRASCA continued with RPL 06-6-0004, which would provide $150,000 for a suicide follow-back study that would continue the work being done in the area of suicide prevention analysis. This RPL will allow DHSS to perform more interviews in order to have more Alaska-based information upon which to make recommendations.

1:59:55 PM

JANET CLARKE, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services, returned attention to RPL 06-6-0003 to correct the record by informing the committee that the normal match for the Denali Commission's cost sharing is about 25 percent. Therefore, the AMHTA funds amounted to about 5 percent while the other entities are responsible for coming up with the other match. The other match can come from Indian health service funding or other local dollars.

2:00:41 PM

CHAIR THERRIAULT related his understanding then that the committee's note from its budget analyst that specifies Denali Commission's cost share match will be approximately 95 percent is incorrect.

MS. CLARKE replied yes, and confirmed that typically the [Denali Commission's cost share match] could be up to 80 percent. She related that in some cases, depending upon the community, the cost share could actually be 50:50. Therefore, the match amount depends on the resources of the community.

2:01:28 PM

REPRESENTATIVE HAWKER returned to RPL 06-6-0004 and inquired as to what "we" are getting out of the follow-back study.

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MS. CLARKE informed the committee that approximately $400,000 has already been spent on the follow-back study, which has allowed the development of the infrastructure for how the follow-back study will be conducted. Ms. Clarke explained that these studies are with families who have had members who have committed suicide. These studies focus on the individual circumstances. Additionally, data on 221 suicide cases in Alaska has been gathered. The belief is that with this RPL, double that amount of data can be gathered. She related her understanding that the Statewide Suicide Prevention Council will use this [information] in its suicide prevention plan in order to develop programs that are effective in preventing suicides.

2:03:49 PM

REPRESENTATIVE HAWKER opined that he would like to see some evidence of successful efforts with this. He related his opinion that it seems as if, in this case, a study is being done merely for the sake of doing a study.

CHAIR THERRIAULT inquired as to Mr. Jesse's opinion from the AMHTA's perspective.

2:04:20 PM

JEFF JESSEE, CEO, Alaska Mental Health Trust Authority, Department of Revenue, said [RPL 06-6-0004] wasn't an easy sale to the trustees. Therefore, the trustees expressed the need to obtain concrete information from such a study. Mr. Jessee opined that this study will provide useful information. Moreover, the investment in the infrastructure has already occurred, so [with this RPL] the database can be practically doubled for a fraction of the original cost. Mr. Jessee acknowledged that the aforementioned doesn't do anyone any good, if one doesn't believe the product will be worth anything upon completion of the study. However, there aren't very effective ways of identifying and targeting precursors to suicide in Alaska. Although the trustees have echoed some of the same concerns that Representative Hawker has, after much deliberation and debate the authority decided it was an investment it wanted to make.

2:06:19 PM

SENATOR GREEN inquired as to what has happened in the last couple of years with this funding request. She said, "I thought we had pretty well run this through and decided this is not somewhere we wanted to go."

CHAIR THERRIAULT highlighted the fiscal analyst note, which read: "In FY03 $300.0 of general funds was appropriated under Alcohol and Drug Abuse Services/Rural Services & Suicide Prevention, Ch. 1, SSSLA 2002, (SB 2006)."

MS. FRASCA pointed out the paragraph above the fiscal analyst note, which read: "In FY03, the AMHTA contributed $100,000 and the state appropriated $300,000 for the Follow-Back study. In FY04 and FY05 the balance of the $400,000 from FY2003 was encumbered and used for Follow-Back study expenditures." She didn't recall there being a request for this in AMHTA's FY 06 budget.

2:07:28 PM

MS. CLARKE related her understanding that the Statewide Suicide Prevention Council did make a request and it may have went to the legislature directly, but it wasn't funded in any of the FY 06 budgets.

2:07:40 PM

CHAIR THERRIAULT asked if the request was for general fund dollars.

MS. CLARKE replied yes, adding that she believes it was for any kind of money that could be obtained.

CHAIR THERRIAULT surmised, "So, the issue was that the request was before the legislature for general funds, it was not put in. The trust now has proposed using their own money and it's just whether we feel comfortable that the trust has scrutinized this request and feels like there is real benefit to be gained here."

2:08:17 PM

MR. JESSEE recalled that the AMHTA trustees brought forward the desire to develop effective prevention strategies for suicide in the state. Much of AMHTA's consideration was to put to rest the issue of whether precursor activity statements and other situational data could direct intervention and prevention strategies. The feeling at this point is that completing the project and collecting all the interviews is the best way to determine exactly what is known. He suggested that AMHTA's fear was that if this isn't "nailed down" after making the initial infrastructure investment, then not much is gained by the initial investment. Furthermore, the state would still be left wondering whether it could have found information that would target intervention strategies more directly to known precursors. Although Mr. Jessee said he couldn't assure the committee that the data will provide information allowing the department to pinpoint prevention strategies, he opined that the data will identify whether any of those do exist.

CHAIR THERRIAULT asked whether any member didn't want [RPL 06-6-0004] to be included in the approval motion. There was no response.

2:10:36 PM

MS. FRASCA moved on to RPL 06-6-0007, which is for $300,000 for the Bring the Kids Home Initiative. This would provide additional funds to help improve community-based services and the infrastructure for rehabilitative services for in-state residential treatment once the kids return to Alaska.

SENATOR GREEN inquired as to whether [the funds] are for actual treatment, more technicians, or more in-home care.

2:11:15 PM

MR. JESSEE specified that the funds would be used for group home startups, which are unrecoverable upfront costs. The funds will also be used for a number of services, which are currently not reimbursable through the state's Medicaid or grant programs, necessary to support the children. He pointed out that the state is reviewing how to allow broader billing for some of these services without it getting out of control. The trust dollars will be used to try out these services for kids without an ongoing commitment.

2:13:18 PM

SENATOR GREEN asked whether the startup [funds provided in this RPL] only encourage agency entities or nonprofits.

MR. JESSEE confirmed that it certainly encourages the nonprofits. He said he didn't believe it discourages the for-profits, which seem to be interested in the high-end residential care. Those interested in the high-end residential care have been more than willing to put up capital because of the significant return they anticipate.

2:14:18 PM

MS. FRASCA continued with RPL 06-6-0008, which is for $140,000 in AMHTA receipts that will provide another six months of training. She noted that no request is anticipated in FY 07.

MS. CLARKE clarified that this RPL is related to the behavioral health improvement project, which is the integration of mental health and substance abuse.

MS. FRASCA said that the RPL will be amended to reflect that.

2:15:36 PM

MS. FRASCA moved on to RPL 06-6-0009 Housing, which would provide $250,000 for the Bridge Home Pilot Program. Those funds would provide a rent subsidy and other support services to eligible participants, such as those who are released from the Alaska Psychiatric Institute, a correctional facility, or are homeless while awaiting federal approval for Section 8 housing assistance. The final RPL labeled 06-6-0010 is for Alzheimer's disease and related disorders support services in the amount of $250,000. She noted that $250,000 in [AMHTA] dollars was approved for this purpose in the FY 06 budget and this request will supplement that.

2:16:47 PM

REPRESENTATIVE CHENAULT asked if this last RPL will increase the base budget request for next year.

MS. FRASCA said that there is no indication in the RPL that such will be the case, but she deferred to Ms. Clarke.

MS. CLARKE said that she didn't believe it will increase the base budget request for next year. This project has had a complicated funding picture, including federal funds that are no longer available. Ms. Clarke said that the department doesn't intend to change that base of $250,000 in general funds.

REPRESENTATIVE CHENAULT reminded everyone of what happened with breast cancer [funding]. Therefore, he expressed concern that what's happening is an attempt to add another $250,000 to the base even if there's extra left.

MS. CLARKE reiterated that it's not the intention to [add another $250,000 to the base]. She reminded the committee that this project serves a population that cannot obtain services in any other form for Alzheimer's disease and related disorders. The short-term plan is not to increase the GF for this program.

2:18:38 PM

REPRESENTATIVE SAMUELS moved that the committee approve the following RPLs: 06-6-1011; 06-6-0002; 06-6-0003; 06-6-0004; 06-6-0007; 06-6-0008; 06-6-0009; and 06-6-0010. There being no objection, the aforementioned RPLs were approved.

EXECUTIVE SESSION

2:19:25 PM

REPRESENTATIVE SAMUELS made a motion to move to executive session for the purpose of discussing confidential audit reports under AS 24.20.301. There being no objection, the committee went into executive session at 2:19 p.m. and was brought back into regular session at 2:58 p.m.

2:58:37 PM

CHAIR THERRIAULT called the meeting back to order. In attendance at the call back to order were Senators Hoffman, Wilken, and Therriault, and Representatives Samuels and Chenault. Senator Green and Representatives Kott and Kerttula were in attendance via teleconference.

RELEASE OF AUDITS

CHAIR THERRIAULT announced that the preliminary and final audits had been concluded.

3:00:09 PM

REPRESENTATIVE SAMUELS moved that the following preliminary audits be released to the agencies for response: the Department of Health and Social Services - Division of Family & Youth Services; Division of Juvenile Justice; the Office of the Commissioner - selected management issues; and Department of Transportation & Public Facilities - vessel maintenance and repair procurement. There being no objection, those preliminary audits were released for comment.

3:00:34 PM

REPRESENTATIVE SAMUELS moved the State of Alaska Single Audit for the fiscal year ending June 30, 2004, be released. There being no objection, it was released to the public.

OTHER BUSINESS

3:00:49 PM

CHAIR THERRIAULT announced that the next order of business would be the request for the Legislative Audit professional services contract.

3:01:24 PM

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit Alaska State Legislature, requested authority from the committee to authorize contracts. The first contract would be to solicit and award contract(s) in total not to exceed $30,000 for technical assistance with the collection, management, and analyzation of data related to the audit recidivism rates. She expressed her hope that the data is good enough to get into multiple layers of statistical analysis, with which the contract would assist.

MS. DAVIDSON then requested authority from the committee to solicit an award contract in an amount not to exceed $150,000 for audit services to the completion of the FY 05 Statewide Single Audit. She mentioned that the division's experience last year with contracting for audit services was good and bad. Although the prices were higher than expected, the contract did result in the Statewide Single Audit going out in early July versus late September. In conclusion, Ms. Davidson said she would appreciate the committee's support in approving those contract requests.

3:02:40 PM

REPRESENTATIVE SAMUELS moved that the legislative auditor be authorized to solicit an award contract(s) in an amount not to exceed $30,000 for technical data collection, management, and analysis. There being no objection, it was approved.

3:03:01 PM

REPRESENTATIVE SAMUELS moved that the legislative auditor be authorized to solicit an award contract(s) in an amount not to exceed $150,000 for audit services for the FY 05 Statewide Single Audit. There being no objection, it was approved.

3:03:22 PM

CHAIR THERRIAULT turned the committee's attention the navigable waters reimbursable services agreement (RSA).

3:03:40 PM

JOE BALASH, Staff to Senator Therriault, Legislative Budget and Audit Committee, Alaska State Legislature, explained that in calendar year 2003, FY 04 for the capital budget, $400,000 of prior legislative funds were reappropriated to the Legislative Budget & Audit Committee for contracts with the Department of Natural Resources (DNR) and the Alaska Department of Fish & Game (ADF&G) for the purpose of gathering and preparing data regarding potential navigable water and R.S. 2477 rights-of-way. In FY 04 and FY 05, the committee approved contracts with each agency, which have carried out their duties and functions under the RSA. The agencies have submitted progress reports and monthly authorization requests for the transfer of the funds to those agencies. The agencies haven't consumed all the funds that were available. Therefore, an extension was added to the prior appropriation to extend the lapse date to FY 06 and FY 07. He reminded the committee that in the capital budget DNR was appropriated funds for its work and thus they are not requesting a continuing RSA at this time. In order to continue the work with ADF&G on the navigable waters portion of the effort, all that's necessary is an extension of the expiration date and an increase in the overall authorization.

3:05:51 PM

SENATOR HOFFMAN inquired as to the amount of the additional authorization.

MR. BALASH answered that ADF&G's best estimate was $87,000, although he noted that the motion will be for $90,000 in additional authority. In further response to Senator Hoffman, Mr. Balash specified that extension of the expiration date is an extension of one more fiscal year.

3:06:48 PM

REPRESENTATIVE SAMUELS moved that the RSA between the Legislative Budget and Audit Committee and ADF&G be amended to extend by one year and increase the expenditure limit by $90,000. There being no objection, it was approved.

3:07:25 PM

MS. DAVIDSON, in response to Chair Therriault, said that she would probably have some preliminary audit reports ready by late August.

CHAIR THERRIAULT informed the committee that he and Representative Samuels had discussed having a gas pipeline meeting in August that would be open to all legislators [and the public].

3:09:11 PM

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 3:09 p.m.