

HOUSE FINANCE COMMITTEE
March 31, 2005
1:45 P.M.

CALL TO ORDER

Co-Chair Chenault called the House Finance Committee meeting to order at [1:45:11 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Eric Croft
Representative Richard Foster
Representative Mike Hawker
Representative Jim Holm
Representative Reggie Joule
Representative Mike Kelly
Representative Carl Moses
Representative Bruce Weyhrauch

MEMBERS ABSENT

None

ALSO PRESENT

David Teal, Director, Legislative Finance Division; Larry LaBolle, Staff, Representative Richard Foster; John Cramer, Director, Administration Services Division, Military and Veterans Affairs; Bill Legere, General Manager, KTOO, Juneau; Wayne Regelin, Acting Commissioner, Office of the Commissioner, Department of Fish and Game; Pat Pitney, University of Alaska Budget Director, University of Alaska

SUMMARY

HB 66 An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date.

HB 66 was HEARD and HELD in Committee for further consideration.

HB 67 An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date.

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#HB66

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[1:46:00 PM](#)

DEPARTMENT OF HEALTH & SOCIAL SERVICES

[1:47:06 PM](#)

Representative Croft MOVED to ADOPT HSS #10, which would add a total of \$1.169 million dollars to the Pioneer Homes from various sources. Vice-Chair Stoltze OBJECTED. (Copy on File).

Representative Croft explained that the Anchorage Pioneer Home has 228 licensed beds of which 78 are not currently occupied; there are 56 people on the active wait list for the Anchorage Home. To make the vacant beds in the Anchorage home available for Level II and Level III care, some modest renovation would need to be done. The amendment proposes to spend \$269 thousand general fund dollars for renovation and \$300 thousand general fund dollars for staffing. The amounts would bring in approximately \$600 thousand dollars in Medicaid and client fees, which would open up 15 beds.

A roll call vote was taken on the motion.

IN FAVOR: Joule, Moses, Croft
OPPOSED: Hawker, Holm, Kelly, Stoltze, Weyhrauch,
 Foster, Meyer, Chenault

The MOTION FAILED (3-8).

[1:49:55 PM](#)

Representative Croft MOVED to ADOPT HSS #11, which would provide \$500 thousand dollars to the Department for Senior and Disability services. Co-Chair Chenault OBJECTED. (Copy on File).

Representative Croft explained that the Community DD wait-lists clients in a flexible and cost effective way through non-profit organizations. Funds go to organizations such as the Hope Cottages, Fairbanks Resource Agency, Maniilaq, and Matsu Services for children and adults, including other organizations.

A roll call vote was taken on the motion.

IN FAVOR: Joule, Moses, Croft
OPPOSED: Hawker, Holm, Kelly, Stoltze, Weyhrauch,
 Foster, Meyer, Chenault

The MOTION FAILED (3-8).

[1:51:52 PM](#)

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

Representative Foster MOVED to ADOPT LABOR #1, which would add \$400 thousand dollars to the Department for the Northwestern Alaska Career and Technical Center. Co-Chair Chenault OBJECTED. (Copy on File).

LARRY LABOLLE, STAFF, REPRESENTATIVE RICHARD FOSTER, explained that the amendment would establish a new allocation called the Northwestern Alaska Career and Technical Center for student training and transportation operations related to vocational career education.

Co-Chair Chenault WITHDREW his OBJECTION. There being NO further OBJECTION, LABOR #1 was adopted.

Representative Croft MOVED to ADOPT LABOR #2, which would add \$150 thousand dollars to the Department for vocational rehabilitation services. Co-Chair Chenault OBJECTED. (Copy on File).

Representative Croft explained that the amendment would provide funding for non-profit independent living centers around Alaska by providing services that help Alaskans to live independently in their communities, rather than in nursing care facilities. Dollars to those services save the State money, while ensuring that Alaskans are able to live independently as possible in own homes.

Representative Weyhrauch agreed that the centers offer critical services for helping people into the workforce and to learn how to live independently. He advised that the

amendment had not come before the Subcommittee. The Subcommittee removed money from the Alaska Jobs Initiative and placed it into the Adult Basic Education, increasing that by \$150 thousand dollars. He noted the "good work" done in that area and reluctantly opposed the amendment. Participated on that Subcommittee. Representative Croft WITHDREW LABOR #2.

[1:58:37 PM](#)

DEPARTMENT OF MILITARY & VETERANS AFFAIRS

Co-Chair Chenault MOVED to ADOPT DMVA #4, which would add \$50 thousand dollars to the Department for the National Guard Military Headquarters. (Copy on File). Representative Weyhrauch OBJECTED.

Co-Chair Chenault explained that the amendment would provide financial assistance to families of the Alaska National Guard while their family members are deployed.

JOHN CRAMER, DIRECTOR, ADMINISTRATION SERVICES DIVISION, MILITARY AND VETERANS AFFAIRS, spoke to the amendment, which will provide funding for family support services, noting that during the time of deployments, there are added stresses on the families.

Representative Weyhrauch acknowledged that the funding will provide a token acknowledgement of support for the overseas troops and WITHDREW his OBJECTION.

Representative Joule mentioned his concerns for those military persons overseas ability making their mortgage payments. He asked if the amount was sufficient.

Mr. Cramer acknowledged it would be difficult to determine an adequate level of support for those family centers.

[2:02:37 PM](#)

Representative Joule inquired if it was intended that the full amount go toward services. Mr. Cramer understood that it would entirely go directly to support services.

Mr. Cramer responded to comments made by Vice-Chair Stoltze, currently, there are approximately 220 National Guardsmen, and it is anticipated that the number will increase to 300 within the year. Vice-Chair Stoltze acknowledged that there will be a great upheaval to many lives because of the deportation and that the funding might help with the stress on those families.

Mr. Cramer pointed out that the centers will be open 24/7's, providing valuable support to family members.

There being NO further OBJECTION, DMVA #4 was adopted.

[2:06:08 PM](#)

Representative Foster MOVED to ADOPT DMVA #5, deleting \$242.2 thousand dollars from the Department for the Local Emergency Planning Committee. There being NO OBJECTION, DMVA #5 was adopted. (Copy on File).

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DEPARTMENT OF NATURAL RESOURCES

Co-Chair Chenault MOVED to ADOPT DNR #4, creating a \$78.9 thousand dollar funding change from Receipt Supported Services (RSS). (Copy on File). Vice-Chair Stoltze OBJECTED.

Co-Chair Chenault explained that per AS 37.05.144, program receipts can be used only by that program generating those receipts. The Department requests an allocation that does not generate RSS. The amendment would exchange general funds and RSS funds between allocations in order to meet the requirement of AS 37.05.144. An amendment adopted 3/22/05, failed to include a Public Employees Retirement System (PERS) cost adjustment.

Vice-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, DMVA #4 was adopted.

DEPARTMENT OF NATURAL RESOURCES

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Co-Chair Chenault MOVED to ADOPT DNR #5, which would help fund positions and associated costs addressing the backlog experienced with selling land under the preferred right leases, adding \$106.7 thousand dollars. (Copy on File).

There being NO OBJECTION, DNR #5 was ADOPTED.

DEPARTMENT OF PUBLIC SAFETY

Co-Chair Chenault pointed out that DPS #3 had been WITHDRAWN. (Copy on File).

Representative Joule added that he would WITHDRAW DPS #4. (Copy on File).

ALASKA COURT SYSTEM

Representative Croft MOVED to ADOPT COURT #1, which would add \$165.3 thousand dollars to the Judicial Council. Representative Stoltze OBJECTED. (Copy on File).

Representative Croft explained that the amount would restore a decrement made at the subcommittee level to personal services. Those employees are the ones that investigate judicial applicants, poll bar members as to the applicants' suitability for the bench, and provide staff support to the volunteer Judicial Council. Without the funds, it is possible that the Judicial Council would be unable to fulfill their constitutionally mandated duties.

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Co-Chair Chenault advised that he had chaired that subcommittee. He pointed out that the Judicial Council consists of a seven member volunteer board. At present time, there are seven employees for that seven-member board; he thought that was excessive. He stated current funding is sufficient.

Representative Croft pointed out that judicial vacancies are happening at a higher rate over the past couple years, through normal growth of the State. He commented that the suggesting that a staffing ratio of 1-1 was excessive, look at the legislative staffing ratios. He reiterated that the board is a volunteer board and is expected to do the work. The request is small.

A roll call vote was taken on the motion.

IN FAVOR: Joule, Moses, Croft, Foster
OPPOSED: Kelly, Stoltze, Weyhrauch, Hawker, Holm,
 Meyer, Chenault

The MOTION FAILED (4-7).

[2:16:08 PM](#)

UNIVERSITY OF ALASKA

Representative Weyhrauch MOVED to ADOPT UA #2A, adding language addressing the Cooperative Extension Service Agent position need. Vice-Chair Stoltze OBJECTED. (Copy on File).

Representative Weyhrauch explained that the amendment would insert new language to Page 34, Line 32: "It is the intent of the Legislature that the University of Alaska, to fill the Cooperative Extension Service Agent position specializing in Land Resources and 4-H position in the Northern Southeast section of Alaska.

Vice-Chair Stoltze WITHDREW his OBJECTION.

Representative Holm noted that the University's Cooperative Extension Office had assured him that it was their intent to fill that position.

There being NO further OBJECTION, UA #2 was adopted.

[2:19:15 PM](#)

LANGUAGE

Vice-Chair Stoltze MOVED to ADOPT LANG #2, inserting new language. Representative Weyhrauch OBJECTED. (Copy on File).

Vice-Chair Stoltze explained that the new section would add language: "Notwithstanding any prior expenditure authorization to the contrary, funds appropriated by this Act, by another Act enacted by the First Session of the Twenty forth Alaska State Legislature, or by another Act enacted by a prior legislature may not be used towards the cost of building a new capitol building in the current capital site (AS44.06.010)."

A roll call vote was taken on the motion.

IN FAVOR: Moses, Stoltze, Hawker, Meyer, Chenault
OPPOSED: Kelly, Foster, Joule, Holm, Weyhrauch, Croft

The MOTION FAILED (5-6).

[2:23:47 PM](#)

Representative Joule MOVED to ADOPT LANG #3, which would add a new Section 13, for the capital project matching grant program; renumbering all following sections. Vice-Chair Stoltze OBJECTED. (Copy on File).

Representative Joule explained that the statutory program provides a mechanism for communities to establish priorities for capital improvements and make application to the Department for funding after demonstrating a required local match. Grants are a minimum of \$25 thousand dollars/community with increased amounts allocated to communities based on population according to a statutory formula. Additional requirements prior to community eligibility include:

- A preventative maintenance plan; and
- Proof that the community is adhering to the preventative maintenance plan.

A roll call vote was taken on the motion.

IN FAVOR: Moses, Weyhrauch, Croft, Joule
OPPOSED: Stoltze, Foster, Hawker, Holm, Kelly, Meyer,
Chenault

The MOTION FAILED (4-7).

[2:27:15 PM](#)

STATEWIDE

Representative Croft WITHDREW STATEWIDE #1. (Copy on File).

Representative Croft MOVED to ADOPT STATEWIDE #2, which would delete \$5.845 million dollars in Permanent Fund spending in the budget. (Copy on File).

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Co-Chair Chenault OBJECTED.

Representative Croft reiterated that the amendment deletes \$5.85 million dollars in Permanent Fund spending in the budget. That is everything except for the Public Assistance 'hold harmless' money, the Permanent Fund Corporation operating costs and the permanent fund dividend.

Representative Croft added a conceptual amendment to STATEWIDE #2 to guarantee that the agencies listed be replaced by general funds.

A roll call vote was taken on the motion.

IN FAVOR: Stoltze, Croft
OPPOSED: Weyhrauch, Foster, Hawker, Holm, Joule,
Kelly, Moses, Meyer, Chenault

The MOTION FAILED (2-9).

[2:29:22 PM](#)

Representative Croft MOVED to ADOPT STATEWIDE #3. Co-Chair Chenault OBJECTED. (Copy on File).

Representative Croft explained that the amendment would cut \$49 million dollars from the Executive Branch of government to be implemented at the discretion of the governor. From the FY-5 Management Plan to the House Committee Substitute (CASH) for FY06, education funding grew at a rate of 9.6%; over the same period of time, the operating budget without including education and grew at a rate of 12.7%. The amendment would cap general fund growth in the operating

budget to the same percentage as the growth of K-12 funding. He provided figures from Legislative Finance Division.

Representative Hawker commented that the argument had a "logical flaw". If comparing the management plan from FY05 to the committee substitute from FY06, it does not reflect the FY05 supplemental budget. The true FY05 budget is in excess of the management plan and would correspond to lowering the rate of growth in the non-education budget. He maintained that what was being presented was not an accurate reflection. The largest component of growth in the FY06 budget is Medicaid costs and those other costs in that budget. Representative Hawker opposed the amendment.

Representative Weyhrauch agreed with the approach but would not support the amendment.

Co-Chair Chenault noted concern giving appropriation authority to the Administration and questioned the amendment's intent. He stated that he would be a no vote on the proposed amendment.

Representative Croft summarized that they were correct numbers and that the supplemental funding would change some of the amounts. He questioned if the proposed budget was defensible. The provided numbers come from the Division of Legislative Finance. He acknowledged it was adding \$2 million dollars to the operating budget while cutting the municipal education budget.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Moses
OPPOSED: Weyhrauch, Foster, Hawker, Holm, Joule,
Kelly, Stoltze, Meyer, Chenault

The MOTION FAILED (2-9).

[2:39:20 PM](#)

Representative Croft WITHDREW STATEWIDE #4. (Copy on File).

AT EASE: [2:39:57 PM](#)

RECONVENE: [3:23:51 PM](#)

DEPARTMENT OF CORRECTIONS

Representative Joule requested that COR #1 be WITHDRAWN. (Copy on File).

[3:24:51 PM](#)

LANGUAGE

Representative Holm MOVED to RESCIND previous action taken on the failure to adopt LANGUAGE #2. (Copy on File). Representative Weyhrauch OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Hawker, Holm, Kelly, Moses, Stoltze, Meyer, Chenault
OPPOSED: Foster, Joule, Weyhrauch

Representative Croft was not present for the vote.

The MOTION FAILED (7-3).

Co-Chair Chenault noted the amendment was currently before the Committee. He asked if there was objection to LANGUAGE #2. Representative Weyhrauch OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Hawker, Holm, Kelly, Moses, Stoltze, Meyer, Chenault
OPPOSED: Foster, Joule, Weyhrauch, Croft

The MOTION PASSED (7-4).

[3:28:01 PM](#)

DEPARTMENT OF ADMINISTRATION

Representative Holm MOVED to ADOPT DOA #7, which will delete \$254,300 dollars from Public Broadcasting. (Copy on File). Representative Joule OBJECTED.

Representative Holm clarified that the amendment would reduce the State of Alaska general fund grant to \$500 thousand dollars for public television services. He observed that they had received \$4 million dollars in federal funds for digital programming and will receive another \$2 million dollars in FY06. Digital programming should present a large savings and that their overall budget has increased in membership and federal funding. He maintained that public broadcasting should be "weaned off of State funding".

BILL LEGERE, GENERAL MANAGER, KTOO, JUNEAU, emphasized that the State funds support direct operations and that the federal funds would be reduced. The stations affected are Expenses have increased as a result of the change to digital programming. The proposed cut could force one of the four stations off the air.

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Representative Holm referred to some financial statements from the Alaska Public Broadcasting Association (APBA). Mr. Legere pointed out that the financial figures referenced in the statements do not go to any of the stations that would be cut. Currently, there are 30 organizations in Alaska. All the referenced funds are earmarked for spending for specific projects and are not retained earnings.

In response to queries by Representative Joule, Mr. Legere noted that there has been level funding since 2000. The large State cuts were first experienced in the mid 1990's. He pointed out that KTOO's budget is currently at par to what it was in 1994.

Representative Joule recalled earlier cuts to public broadcasting and noted the efforts behind successful broadcasting fund drives. He stressed that Alaskans support public broadcasting.

[3:36:56 PM](#)

Representative Croft spoke against the amendment, emphasizing the importance of public television. The reduction is dramatic.

Representative Holm acknowledged that public broadcasting is a fine institution; however, pointed out other and more important areas for the State to fiscally support.

Co-Chair Meyer commented that the amendment would only pertain to television. He thought that public television, in the light of Internet options, is not as important as it was 20-years ago. Representative Holm agreed and observed that programming is available through satellite television.

A roll call vote was taken on the motion.

IN FAVOR: Hawker, Holm, Kelly, Stoltze, Chenault, Meyer
OPPOSED: Joule, Moses, Weyrauch, Croft, Foster

The MOTION PASSED (6-5).

[3:42:11 PM](#)

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Representative Joule WITHDREW COM #6. (Copy on File).

Representative Kelly MOVED to ADOPT COM #7, which would boost the PCE program's expenditure authorization to \$18.7 million dollars. Traditional funding was \$15.7 million dollars. (Copy on File). There being NO OBJECTION, it was adopted.

[3:43:02 PM](#)

DEPARTMENT OF FISH & GAME

Representative Joule MOVED to ADOPT F&G #4, adding \$650 thousand dollars for State subsistence. Representative Holm OBJECTED. (Copy on File).

Representative Joule spoke in support of the amendment. He noted that the request was made up of two parts; \$250 thousand dollars for maintaining the program at the FY05 operating level and a \$400 thousand dollar increment requested by the Governor to allow the program to focus on current research, updating databases important for providing information to subsistence management and other hunting and fishing opportunities. Without the \$250 thousand dollars to maintain the existing program, the subsistence staff will no longer be able to continue the mediation role that they have often played between subsistence users and other related individuals on matters before the Board of Fish and Game. The position that serves the North Slope Region is likely to be eliminated which could impede the completion of EIS studies for future oil and gas development.

Representative Holm spoke against the amendment. He noted that the determination that had been made in the Subcommittee was that it was a socio-economic portion of data collection for the Department and would not be beneficial to the Board of Fish and Game. He maintained that data had been based on the use of game species, taken from areas in which the respondents had a stake in the response.

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WAYNE REGELIN, ACTING COMMISSIONER, OFFICE OF THE COMMISSIONER, DEPARTMENT OF FISH AND GAME, noted that both the Board of Fish and Board of Game have sent letters in support of the appropriation. Both boards must determine if a species has customary and traditional use for subsistence. Those board's must also determine the amount used in order to decide the level of need. He stressed that the entire program could be in serious jeopardy without the program. The Division works on a 10-year cycle.

Mr. Regelin disagreed with assessments that data was unnecessary. He emphasized the quality of the data collected. The increment will maintain a 10-year cycle.

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Representative Joule questioned what would happen without the support, regaining State control of subsistence. Mr. Regelin noted that if the State system continues to get

smaller, it would most likely lose the status of a "division" because the system cannot work without someone collecting that data. He estimated that the federal system would then become more entrenched. Data collected by the Subsistence Division helps to keep the federal program honest.

[3:55:56 PM](#)

In response to a question by Representative Croft, Mr. Regelin estimated that there would be more court challenges without the data collection.

Representative Croft concluded that in the absence of data, the federal government would error toward more subsistence. He argued that sport hunters also would lose without the collected data.

Representative Kelly pointed out that the data being discussed was not "hard biology". He maintained that the whole system is not based on those facts.

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In response to a question by Vice-Chair Stoltze, Mr. Regelin recalled that there are 37 full time employees around the State. Seasonal employees are hired to collect data. Representative Holm clarified that there are 28 permanent full-time, 9 permanent part-time, and 47 seasonal employees.

Mr. Regelin stressed the need for social science to accompany hard science.

A roll call vote was taken on the motion.

IN FAVOR: Joule, Moses, Croft, Foster
OPPOSED: Kelly, Stoltze, Hawker, Holm, Chenault, Meyer

Representative Weyhrauch was absent from the vote.

The MOTION FAILED (4-6).

DEPARTMENT OF LAW

Representative Croft WITHDREW LAW #1. (Copy on File).

[4:03:36 PM](#)

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

Co-Chair Chenault MOVED to ADOPT DOT #1, which would add funding to the Highways, Aviation & Facilities component. (Copy on File). Representative Croft OBJECTED.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that the amendment would cover the utility and fuel cost increases for operations and maintenance for the Department. The Subcommittee did not consider this amendment. Higher fuel prices and utility costs incurred during FY05 and are expected to continue into FY06. If the request is denied, building temperatures, janitorial services and snow hauling would be reduced, snow plowing and building maintenance tasks delayed, safety training sessions reduced and if needed, staff laid off.

Representative Croft WITHDREW his OBJECTION. There being NO further OBJECTION, DOT #1 was adopted.

[4:06:02 PM](#)

UNIVERSITY OF ALASKA

Representative Weyhrauch WITHDREW UA #3. (Copy on File).

Representative Weyrauch MOVED to ADOPT UA #4, which would add \$22.639 thousand dollars to the University. (Copy on File). Representative Croft OBJECTED for further explanation.

PAT PITNEY, BUDGET DIRECTOR, UNIVERSITY OF ALASKA, commented that the amendment would increase the FY06 operating appropriation to the University of Alaska by a total of \$22.639 thousand dollars, which is the amount originally included in Section 37(a) of HB 67 for the following proposed maintenance level operating items:

- Salary maintenance;
- Operating & extraordinary fixed costs;
- Risk management/insurance fees;
- Network bandwidth;
- Maintenance & repair & new facility operating costs;
- Additional student demand in existing programs;
- Continued expansion of AAS Nursing at three sites; and
- The behavioral health program partnership.

He concluded that combined with the \$3.44 million general fund dollars currently in the bill, the amendment brings UA's general fund increase to \$11.934 million dollars - the amount requested by UA (excluding retirement) and the portion included in the Governor's original budget (excluding retirement).

Representative Croft WITHDREW his OBJECTION. There being NO further OBJECTION, UA #4 was adopted.

4:09:31 PM

DEPARTMENT OF FISH AND GAME

Co-Chair Chenault MOVED to ADOPT F&G #5, which would add \$250 thousand dollars to State Subsistence. (Copy on File). There being NO OBJECTION, F&G #5 was adopted.

Representative Foster MOVED to give the Legislative Finance Division authority to make any necessary technical changes to conform the adopted amendments into the bill. There being NO OBJECTION, it was so ordered.

HB 66 & 67 was HELD in Committee for further consideration.
#

ADJOURNMENT

The meeting was adjourned at 4:13 P.M.