

HOUSE FINANCE COMMITTEE
March 23, 2006
2:51 P.M.

CALL TO ORDER

Co-Chair Chenault called the House Finance Committee meeting to order at [2:51:50 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Richard Foster
Representative Mike Hawker
Representative Jim Holm
Representative Mike Kelly
Representative Beth Kerttula
Representative Carl Moses
Representative Bruce Weyhrauch

MEMBERS ABSENT

Representative Reggie Joule

ALSO PRESENT

Speaker John Harris; David Teal, Director, Legislative Finance Division; Dean Guaneli, Chief Assistant Attorney General, Criminal Division, Department of Law; Tom Lawson, Director, Administrative Services, Department of Fish and Game; Cheryl Frasca, Director, Division of Management & Budget, Office of the Governor; Sharon Kelly, Staff, Representative Mike Chenault; Denby Lloyd, Director, Division of Commercial Fisheries, Department of Fish and Game; Jim Dieringer, Staff, Representative Jim Holm; Portia Parker, Deputy Commissioner, Office of the Commissioner, Department of Corrections; Angela Solarno, Advisory Board for Alcoholism and Drug Abuse

SUMMARY

HB 365 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.

CS HB 365 (FIN) was reported out of Committee with a "do pass" recommendation.

HB 366 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.

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#HB365

#HB366

HOUSE BILL NO. 365

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HOUSE BILL NO. 365

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HOUSE BILL NO. 366

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.

AMENDMENTS

Department of Environmental Conservation - (no amendments)

Department of Fish and Game

Legislature

Office of the Governor - (no amendments)

Department of Health & Social Services

Department of Law

DEPARTMENT OF LAW

Co-Chair Chenault MOVED to ADOPT Law #3. Representative Hawker OBJECTED.

REPRESENTATIVE JOHN HARRIS, SPEAKER OF THE HOUSE, stated that LAW #3 was a request from the City of Valdez for a district attorney and that he was working with the Department of Law to address these concerns. He acknowledged the request was large, including about three positions.

DEAN GUANELI, CHIEF ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, DEPARTMENT OF LAW, advised there are a number of district attorney offices across Alaska and that almost all of those offices are required to cover court proceedings in surrounding areas. Some areas do not have a district attorney.

[2:55:42 PM](#)

Mr. Guaneli pointed out that a number of communities of comparable size, actually have larger caseloads than those in Valdez. Placement of district attorneys is actually driven by caseload. He noted the office that covers Valdez is located in Palmer.

Co-Chair Chenault understood that the Department was adequately staffed in the Valdez area and was not requesting the funding with the amendment. Mr. Guaneli said correct.

Representative Hawker MAINTAINED his OBJECTION. Co-Chair Chenault WITHDREW LAW #3.

[2:58:19 PM](#)

DEPARTMENT OF FISH AND GAME

Representative Holm MOVED to ADOPT F&G #1, which would add \$250 thousand general fund dollars to the Hunter Education Public Shooting Ranges, 1004 General Fund and delete the amount from the same appropriation component, funding source 1023 Fish and Game Fund. There being NO OBJECTION, F&G #1 was adopted.

Representative Holm MOVED to ADOPT F&G #2. Representative Hawker OBJECTED for clarification.

Representative Holm explained that the amendment would add \$200 thousand 1018 EVOS Trust dollars to Commercial Fisheries. The fund shift would allow for the dogfish research/studies in Price William Sound area.

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, F&G #2 was adopted.

[3:01:03 PM](#)

Representative Moses MOVED to ADOPT F&G #3. Representative Kerttula OBJECTED for clarification.

Representative Moses explained that the amendment would delete Intent L regarding Southeast Dive Fisheries. The draft House committee substitute deleted the \$150 thousand dollar increment to the Governor's budget by the subcommittee for SE Dive Fisheries but left in the intent language that accompanied that increment. If the Department honored the intent language without receiving additional funding for that purpose, other core programs of the Commercial Fisheries Division would have to be cut. The amendment simply deletes the intent language regarding the SE Dive Fisheries.

Representative Kerttula WITHDREW her OBJECTION. There being NO further OBJECTION, F&G #3 was adopted.

[3:02:05 PM](#)

Co-Chair Chenault MOVED to ADOPT F&G #4. Vice Chair Stoltze OBJECTED.

SHARON KELLY, STAFF, REPRESENTATIVE MIKE CHENAULT, explained that the amendment would restore funding sources and amounts as reflected in the Governor's version of the FY07 adjusted base. General fund increments were requested for FY07 salary adjustments when increased revenue from the other funding sources was not likely. In the Governor's operating budget request, other funding source base adjustments were requested. Without the amendment, the Division will have to absorb costs, which will cause reductions to programs, staff and services.

- Eliminate the Chilkoot River sockeye weir and reduce staff attendance at Fish and Game Advisory Committee meetings in the Southeast Region;
- Eliminate the Central region's aquaculture/mari-culture permitting and planning functions and reduce the Central region's public information office capabilities;
- Reduce Kuskokwin and Yukon Delta Herring biomass and fishery monitoring surveys by approximately half, reduce the AYK region's public information office capabilities, and reduce Yukon summer salmon monitoring;
- Eliminate the Chignik River sockeye salmon smelt and stock composition projects, rescue the Westward region's marine fisheries research staff, and reduce staff attendance at Fish and Game Advisory Committee and other public meetings; or

- Use the \$400.0 General Fund increment approved by the House Fish and Game Finance subcommittee to restore State funding to Southeast salmon management biologists, and \$22.2 thousand dollars out of the \$300 thousand dollars CFEC Receipts increment to increase salmon stock assessment projects in the Central Region to cover the reduction.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, F&G #4 was adopted.

3:04:00 PM

Co-Chair Chenault MOVED to ADOPT F&G #5. Representative Holm OBJECTED. The amendment would add \$391.4 thousand general fund dollars, deleting the same amount of federal receipt dollars for wildlife conservation; additionally, it would add \$35.1 thousand general fund dollars and delete the same amount of inter agency receipt dollars for wildlife conservation special projects.

Ms. Kelly explained that the amendment would be used to restore funding sources and amounts as reflected in the Governor's version of the FY07 adjusted base. General fund increments were requested for unavoidable FY07 salary adjustments when increasing revenue from the other funding sources could not be realized. In the Governor's operating budget request, other funding source base adjustments are requested when they are expected to obtain increased revenue. It would be an adjustment to salaries.

Ms. Kelly continued, without the amendment, the Division of Wildlife Conservation would have to absorb personnel cost increases for Public Employee Retirement System (PERS) and bargaining unit contracts from existing programs. The Division does not anticipate that other funding sources would realize the necessary revenue to pay the unavoidable increased costs for existing positions. The action would force reductions to the frequency of field surveys for big game species and hunting opportunities for Alaskans.

Representative Holm WITHDREW his OBJECTION. There being NO further OBJECTION, F&G #5 was adopted.

3:04:54 PM

Co-Chair Chenault MOVED to ADOPT F&G #6, which would add \$174.4 thousand general fund dollars and delete \$7.1 thousand CIP receipts, \$8.5 EVOS Trust dollars & \$158.0 I/A receipt dollars for Administration services, administration & support for the Department. Representative Holm OBJECTED.

Ms. Kelly explained that the amendment restores funding sources and amounts as reflected in the Governor's version of the FY07 adjusted base. General fund increments are requested for FY07 salary adjustments when increased revenue from the other funding sources is not anticipated. In the Governor's operating budget request, other funding source base adjustments are requested when likely to obtain increased funding. Without the amendment, the Division would have to absorb the costs, which would cause various reductions to programs, staff and services.

Representative Holm interjected that F&G #4, #5 & #6, "perverts the legislative and subcommittee process". With his comments on record, Representative Holm WITHDREW his OBJECTION. There being NO further OBJECTION, F&G #6 was adopted.

[3:06:31 PM](#)

Representative Moses MOVED to ADOPT F&G #7, which would add \$278 thousand general fund dollars, deleting the same amount for Headquarters Fisheries Management, Commercial Fisheries appropriation. Co-Chair Chenault OBJECTED.

Representative Moses pointed out that the amendment would change the funding source for the Extended Jurisdiction section. That area provides data and policy analyses needed for State participation in the North Pacific Fishery Management Council and other federal fishery arenas. Funding for that area has been federal, but the funding fell short.

Co-Chair Chenault commented that the Division had adequate funding to accomplish the necessary tasks of the Department.

[3:08:22 PM](#)

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (2-8).

[3:09:18 PM](#)

Representative Moses MOVED to ADOPT F&G #8, which would add \$300 thousand general fund dollars to the Commercial Fisheries Special Projects. Co-Chair Chenault OBJECTED.

Representative Moses noted that the amendment would restore the ground fish/shellfish project increment to the requested level. The funding would provide biometric support for survey design and data analysis in various shellfish programs, shrimp stock assessments, and biological sampling in the red sea urchin fishery. It would fund:

- Shrimp stock assessments in Prince William Sound, Cook Inlet & the Westward Region;
- Biological catch sampling, data analysis and population assessment for crab species in Southeast Alaska; and
- Fund a trawl survey for the Norton Sound Red King Crab fishery, the most valuable fishery north of the Yukon River.

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (2-8).

[3:11:25 PM](#)

Representative Moses MOVED to ADOPT F&G #9, which would add \$150 thousand general fund dollars, deleting the same amount in federal funds for the Commercial Fisheries Special Project Management. Co-Chair Chenault OBJECTED.

Representative Moses explained that the amendment would restore and increment to the \$300 thousand dollar level requested in the Governor's budget for Bristol Bay Science & Education Initiative & restore authorization for 3 Petroleum Production Tax (PPT) staff.

Representative Hawker questioned if the amount had been taken care of through F&G #4. Co-Chair Chenault thought that was so.

Co-Chair Chenault commented that the Committee was charged with the issue to control the budget. Representative Holm interjected that there are other funds that could be used to do address the concern. Co-Chair Chenault requested Representative Holm and Representative Moses work together to address the concern.

F&G #9 was HELD for further consideration.

[3:13:15 PM](#)

Representative Moses WITHDREW F&G #10.

[3:13:56 PM](#)

Representative Kerttula MOVED to ADOPT F&G #11, which would add \$200 thousand general fund dollars to the Commercial Fisheries Special Projects-Southeast Region. Co-Chair Chenault OBJECTED.

Representative Kerttula added that F&G #4 took care of part of the amendment and would restore Southeast Region salmon stock assessment increment at the level in the Governor's budget. F&G #11 specific projects include the Chilkat River mark and recapture studies, increased aerial surveys, reinstatement of weirs previously eliminated due to reduced funding, and increased seasonal duration of weir operation that has been reduced due to reduction in funding.

Representative Kerttula MOVED to AMEND F&G #11, reducing the amount by \$27.4 thousand dollars, making the total request in the amount of \$172.6 thousand general fund dollars. There being NO OBJECTION, the amendment was amended.

DENBY LLOYD, DIRECTOR, DIVISION OF COMMERCIAL FISHERIES, DEPARTMENT OF FISH AND GAME, commented that the amendment would provide funds to replace aerial surveys in Southeast Alaska for the salmon assessment program. Additionally, it would help restore the Chilkat River fish wheel project providing a full estimate of sockeye salmon abundance, which is integral to the management of the northern Southeast fisheries.

Representative Holm pointed out a substantial budget increase over the past four years to that component.

Representative Hawker inquired if the request was creating a new area. Mr. Lloyd stated there was one single special project included in the budget & for clarification purposes, the Department identified that increment in the Governor's budget component, as divided by region.

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (2-8).

[3:19:12 PM](#)

Representative Moses WITHDREW F&G #12.

[3:19:35 PM](#)

Representative Moses MOVED to ADOPT F&G #13, which would add \$400.0 thousand general fund dollars to the Westward Region, Commercial Fisheries, deleting that amount from the federal receipts, and deleting the unrealizable federal receipt authority from the Department's budget. Vice Chair Stoltze OBJECTED.

Representative Moses stressed that F&G #13 is important, as it allows the Department to conduct critically important aerial surveys, reinstate weirs previously eliminated due to reduced funding and increase seasonal duration of weir operations in areas where duration has been reduced due to funding reductions.

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (3-7).

Representative Moses WITHDREW F&G #14.

[3:22:22 PM](#)

Representative Holm MOVED to ADOPT F&G #15, which would add \$70 thousand 1007 inter agency receipts to Sport Fisheries Habitat. Vice Chair Stoltze OBJECTED.

Representative Holm stated that implementation of the amendment would be used for RS2477 navigability and access defense.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTIONS, F&G #15 was adopted.

[3:23:10 PM](#)

Representative Holm MOVED to ADOPT F&G #16, which would add \$704.1 thousand 1024 Fish & Game Funds to Sport Fisheries, while deleting \$100 thousand Sport Fish Enterprise Account dollars and \$604.1 thousand general fund dollars. Representative Kerttula OBJECTED for further clarification.

Representative Holm explained that the amendment would replace general fund and Sport Fish Enterprise Account funds with Fish & Game Funds. The Sport Fish Division has a \$5.7 million dollar balance that can be utilized prior to

expending general funds. The highest priority for general fund spending within the Department is in the Wildlife Conservation Division, which has a negative balance. The change would force the Department and the Wildlife Conservation Division to operate Hunter Education Public Shooting Ranges at increased capacities and without reliance on decreasing the hunting license fee receipts within the Fish and Game Fund.

JIM DIERINGER, STAFF, REPRESENTATIVE JIM HOLM, added that the funding had been requested by the Sports Division, requesting general fund dollars. The money used for the shooting range is a general fund increment, not requested by the Governor.

Representative Kerttula did not understand, questioning what would be received for the shooting ranges. Mr. Derringer explained that the \$250 thousand dollar amendment previously adopted would be a general fund increment to the shooting ranges. Sport Fish had a balance left from last year; the subcommittee thought it was appropriate to move the funds.

TOM LAWSON, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF FISH AND GAME, understood that the amendment would back out monies from the House Finance Committee (HFC) substitute to deal with the "unrealized" federal funds. The amendment would back-out general fund dollars and replace that authorization. He believed it would "un-do" what was requested.

[3:28:16 PM](#)

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION PASSED (6-4).

[3:29:43 PM](#)

LEGISLATURE

Representative Weyhrauch MOVED to ADOPT LEGIS #2, which would add \$70 thousand interagency receipt dollars for Legislative Budget and Audit (LBA) component. There being NO OBJECTION, the amendment was adopted.

[3:30:21 PM](#)

DEPARTMENT OF HEALTH & SOCIAL SERVICES

*Representative Hawker MOVED to ADOPT HSS #1, which adds \$1.5 million general fund dollars and \$2,152.0 million federal fund dollars to the Developmental Disabilities (DD) Medicaid waiver for seniors and Disabilities Medicaid Services; it would also delete \$1.500 million general fund dollars from the disproportionate share hospital authorization, Medicaid Services. Vice Chair Stoltze OBJECTED.

Representative Hawker explained that the amendment would complete funding the DD waitlisted needs identified by the Governor's Council on Disabilities & Special Education; it incorporates recommendations of the Ad Hoc Committee on the Developmental Disabilities waitlist. The balance of the appropriation for the Disproportionate Share Hospital Authorization upon passage of the amendment would be \$3.223.1 million general fund dollars and \$4.954.4 million federal dollars.

[3:34:02 PM](#)

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, HSS #1 was adopted.

[3:34:51 PM](#)

LEGISLATURE

Vice Chair Stoltze MOVED to RESCIND previous action taken on adopting LEGIS #2. There being NO OBJECTION, previous action was rescinded. Then Representative Weyhrauch OBJECTED.

Mr. Derringer explained that it would provide clarification as there had been a typing error.

Representative Weyhrauch WITHDREW his OBJECTION. There being NO further OBJECTION, LEGIS #2 was adopted as amended.

[3:37:24 PM](#)

DEPARTMENT OF HEALTH & SOCIAL SERVICES

Representative Hawker MOVED to ADOPT HSS #2, which would delete \$1,990.2 million general fund dollars from Medicaid Services in the Health Care Services component. Vice Chair Stoltze OBJECTED.

Representative Hawker explained that the change resulted from a reduction to the Medicare Part D clawback. The

Centers for Medicaid and Medicare Services (CMS) recently revised downward the per capita Medicare Part D clawback phase-down payment from \$145.32 (budgeted) to \$119.57 million dollars. The payment was reduced because the inflation rate used for the calculation changed. The amount of general fund match needed by the Department dropped from \$4,360.0 to \$2,369.8 million dollars.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, HSS #2 was adopted.

[3:38:57 PM](#)

Representative Holm MOVED to ADOPT HSS #3, which would add \$1,700.0 million 1004 general funds dollars to Human Services Community Matching Grants. Representative Hawker OBJECTED.

Representative Holm noted that it would restore the Human Services matching grant to previous levels, funding the Governor's request, leveraged six times @ \$12 million dollars. He pointed out that there are 12 worthy agencies who use those funds.

Representative Hawker responded that the matching grant component had been an issue every year. It is a program that gives block grants to the municipalities and does not provide services outside other areas of the State. The block grant program is divided among Alaskan communities. The program has been level funded for the past few years and monies were added last year, holding harmless Matsu and Fairbanks. He acknowledged that the Governor had requested the program increment. The subcommittee maintained the base funding and that nothing more had been replaced. It is difficult to allocate general fund money to accomplish the greatest good for State services; funding is a matter of prioritizing. He maintained that policy direction toward social service issues should be the community's responsibility.

Representative Holm respected those comments, but maintained the need.

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (4-6).

[3:45:26 PM](#)

Representative Holm MOVED to ADOPT HSS #4, which would add \$125 thousand Mental Health Trust (MHTAAR) dollars & \$125 thousand dollars to Flexible Long Term Care Services, the Home and Community Base Care component. Representative Hawker OBJECTED.

Representative Hawker advised that the request had been brought forward after the subcommittee had completed their work. He acknowledged the Legislature's continued need to address the "unrelenting demand for senior services now and into the upcoming future".

Representative Hawker MOVED to AMEND, changing Home and C Based Care to Senior & Community based grants. There being NO OBJECTION, HSS #4 was amended.

Representative Hawker WITHDREW his OBJECTION to the amended HSS #4. There being NO further OBJECTION, HSS #4 was adopted as amended.

[3:49:24 PM](#)

Representative Kerttula MOVED to ADOPT HSS #5, which would add \$5 million general fund dollars and \$1 million TANF dollars to Community Action Prevention & Intervention Grants component. Representative Kelly OBJECTED.

Representative Kerttula stated that the program would impact youth in Alaska who are at risk of substance abuse, suicide or adopting criminal behavior through providing alternatives, productive activities, good role models and appropriate mentors.

Co-Chair Meyer noted he serves on the Boys and Girls Club of Anchorage, which has proven to help youth at-risk statewide.

Representative Hawker argued that the request creates a new program with an annual investment of \$6 million general fund dollars. He recommended instead, a competitive grants program. He added that the proposed initiatives were about services to help parents. He urged that specific programs be targeted, including basic parenting skills. He urged that the amendment not be adopted.

[3:56:49 PM](#)

Vice Chair Stoltze commented on his financial support of the Mat-Su Boys and Girls Club, adding that he could not second guess the work of the subcommittee or those budget decisions.

[3:58:18 PM](#)

Representative Weyhrauch discussed the process, stipulating that his "no vote" would not reflect the end of the request process for the FY07 budget.

Representative Kerttula echoed sentiments voiced by Representative Hawker, regarding the need to leverage federal funds; however, experience indicates that such funds are competitive and that they do end up leveraging money. She referenced past dollars well spent through the Big Brothers, Big Sisters programs. She added her comments regarding parenting services, pointing out that some are families who work hard and just need a little help. With that help, those kids could make it.

[4:02:40 PM](#)

Representative Kelly maintained his objection, commenting that the State cannot sustain the type of increases. Representative Kerttula maintained that the programs are successful.

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (4-6).

[4:05:06 PM](#)

Representative Kerttula MOVED to ADOPT HSS #6, which would add \$1.096 million general fund dollars to the Alaska Fetal Alcohol Syndrome Program, Behavioral Health. Representative Hawker OBJECTED.

Representative Kerttula explained that continuation of a targeted effort at identification, training, and service development for individuals with Fetal Alcohol Syndrome Disorder (FASD) is necessary to minimize the number of children born with FASD and for those individuals experiencing some disability as a result of FASD, maximizing success at living independent, productive lives. Funds proposed for FY2007 would be used specifically to:

- Develop/provide adult diagnostic services;
- Job-training & coaching for youth & adults with FASD;
- In-state residential treatment options for children & youth with FASD; and
- Statewide prevention messaging & educating Alaska about the dangers of drinking alcohol during pregnancy.

Representative Kerttula urged support for the amendment.

Representative Hawker countered that FASD was the beneficiary of \$5 million federal dollars for those efforts. He encouraged that FASD be addressed through a larger policy arena and that "throwing money at it" has not demonstrated success.

Representative Kerttula asked about the number of teams working on this issue statewide and what they had accomplished.

ANGELA SOLARNO, ADVISORY BOARD FOR ALCOHOLISM AND DRUG ABUSE, noted that there are 12 diagnostic teams serving the State. They serve a variety of populations - children and adults.

Representative Kerttula asked what teams do when addressing those persons diagnosed with FASD. Ms. Solarno explained that a diagnosis of FAS is rather difficult and that it would be a functional assessment. After they are diagnosed, the recipient is then available to receive the type of treatment they need. They can become somewhat independent; otherwise, they become added costs to the State system.

Representative Kelly acknowledged that it takes a multiple system approach. He talked about stigmatizing the abusers [mothers] and the need for them to share in the blame. He emphasized the harsh realities of FAS. He did not think money could solve the problem.

Representative Kerttula voiced support of continued education; she stressed that the condition is controllable and agreed, it is a "terrible crime".

A roll call vote was taken on the motion.

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

Representative Stoltze & Representative Joule were not present for the vote.

The MOTION FAILED (3-6).

[4:15:37 PM](#)

Representative Kerttula MOVED to ADOPT HSS #7, which would add \$300 thousand general fund/mental health dollars to behavioral health grants. Representative Hawker OBJECTED.

Representative Kerttula spoke to the amendment. Funding additional social detox beds in Anchorage would provide treatment services to 300-600 people annually. She pointed out that substance abuse professionals have testified that social detox beds are desperately needed throughout Anchorage. Alcohol abuse requires early intervention and prevention services to reduce the negative outcomes of alcohol such as domestic violence, child abuse crime and health problems. Funding for the program would cover expenses needed for room, board and rehabilitation services associated with clients who are in intoxicated states at the time of admission. The program emphasizes the development of personal skills needed for sober and drug free living. Additional social detox beds could reduce the burden and wait list for more costly medical detox beds.

Representative Hawker maintained his objection and related information regarding the social-detox "soft approach". He proposed that there be greater coordinated program systems.

[4:19:18 PM](#)

Vice Chair Stoltze inquired if the amendment was intended to be added to the Mental Health Budget. Representative Kerttula said it was.

Co-Chair Meyer asked for clarification regarding which budget the amendment would be taken from.

SHARON KELLY, STAFF, CO-CHAIR CHENAULT, commented it was okay to proceed as both bills were currently under consideration.

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (2-8).

[4:22:55 PM](#)

Representative Kerttula MOVED to ADOPT HSS #8. Representative Hawker OBJECTED. Representative Kerttula preceded to AMEND HSS #8, adding to the appropriation line Public Assistance and allocation to Public Assistance Administration rather than Behavior Health Grants. Also, the funding Source would be the TANF Federal Bonus funding.

Representative Kerttula addressed Amendment 8 as amended, explaining that the Governor had proposed \$3 million in

funding for community-based services, programs and practices focused on prevention of underage alcohol use. Substance abuse prevention funding is critical to Alaska's future & that underage alcohol use is a significant problem throughout Alaska. Preventing teen alcohol abuse would save considerable money in the long-term areas of traffic crash, criminal justice, productivity losses, health care and public assistance.

[4:24:31 PM](#)

Representative Hawker questioned if the amendment to the HSS #8 restored the reduction made by the subcommittee to the social services budget. Representative Kerttula affirmed it would. Representative Hawker recommended the amendment be withdrawn.

AT EASE: [4:25:48 PM](#)
RECONVENE: [4:32:19 PM](#)

Representative Kerttula WITHDREW the amended language proposed to HSS #8. She re-worded the change, leaving current language and adding \$1 million from TANF to Public Assistance. Representative Hawker OBJECTED for the purpose of discussion.

Representative Hawker said in order to make the amendment work technically, the State would be spending a portion of the bonus pool. Unless the authority to fund the interagency receipt is provided, there is nothing to spend.

Representative Hawker WITHDREW his OBJECTION to the amendment to the amendment.

[4:35:00 PM](#)

A roll call vote was taken on the motion as amended.

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

Representative Joule & Representative Moses were not present for the vote.

The MOTION FAILED (2-7).

[4:36:28 PM](#)

Representative Kerttula MOVED to ADOPT HSS #9. Representative Hawker OBJECTED. Representative Kerttula requested to amend the amendment, changing the allocation

from SED Youth to Behavior Health Administration. There being NO OBJECTION, HSS #9 was amended.

Representative Kerttula spoke to HSS #9, which would provide adequate staffing and project management for coordination and gate-keeping functions. She stressed that the allocation would help youth-at-risk.

Representative Hawker countered that the amendment would add three more positions within the Department's administrative structure.

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (2-8).

[4:40:40 PM](#)

Representative Kerttula MOVED to ADOPT HSS #10. Representative Hawker OBJECTED. Representative Kerttula MOVED to AMEND the amendment to indicate general funds/1037, adding \$1.250 million general fund dollars to the seriously & emotionally disturbed youth, Behavioral Health. There being NO OBJECTION to the amended language, it was adopted.

Representative Kerttula spoke to the amended HSS #10, which would provide additional funding to the Community Mental Health Centers to work with families and youth prior to consideration by the placement/resource committees for residential care. Currently, some families & children may never connect with a community mental health clinician prior to moving into residential care.

[4:42:44 PM](#)

Representative Hawker maintained that "bringing the kids home" does not exist; he noted that the subcommittee had funded \$800 thousand of the requested amount.

A roll call vote was taken on the motion.

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

Representative Joule was not present for the vote.

The MOTION FAILED (2-8).

[4:46:30 PM](#)

FUNDING CAP

Co-Chair Meyer MOVED to ADOPT FUND CAP #1, which would add \$1.8 million dollars from the commercial passenger vessel environmental compliance fund. Representative Kerttula OBJECTED.

Co-Chair Meyer MOVED to AMEND FUND CAP #1 to change Line 1, Page 62, Line 27, to reflect the current version of the bill. There being NO OBJECTION, it was amended.

Co-Chair Meyer spoke to FUND CAP #1 as amended, which helps the Department of Environmental Conservation with oil spill contingency funding. Representative Kerttula WITHDREW her OBJECTION. There being NO further OBJECTION, FUND CAP #1 was adopted as amended.

[4:48:20 PM](#)

Co-Chair Chenault MOVED to ADOPT FUND CAP #2, which would insert \$76,241.4 million dollars and delete \$59,592.9 million dollars for Alaska Industrial Development Export Authority (AIDEA) dividends. Vice Chair Stoltze OBJECTED.

Ms. Kelly explained the amendment. It would capitalize the Alaska Debt Retirement Fund and replaces \$16,649.5 million AIDEA dividends with general funds; also, it would delete capitalization of the Clean Water Fund, Drinking Water Fund and Information Services Fund. Moving the capitalization of the funds to the capital budget, flow into and out of the funds would appear in the same appropriation bill. The action is necessary to improve coordination of the capitalization and appropriation amounts. There is no net impact on the total budget.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, FUND CAP #2 was adopted.

[4:49:49 PM](#)

Co-Chair Chenault MOVED to ADOPT FUND CAP #3, which would amend Section 21(o) & Section 26(o). Vice Chair Stoltze OBJECTED.

Ms. Kelly explained that in April 2006, Sport-fish revenue bonds would be sold. Due to a delayed issuance, there is anticipated more surcharge revenue collections prior to debt service being payable than previously estimated. The increment to debt service would allow the repayment of funds to occur more quickly than originally budgeted.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:51:01 PM](#)

Co-Chair Chenault MOVED to ADOPT FUND CAP #4, which would amend Section 26(g), State Debt and other obligations. Vice Chair Stoltze OBJECTED.

Ms. Kelly explained that in March 2006, \$344.6 million dollars in Alaska International Airport System revenue bonds were sold to refinance \$104.9 million of outstanding bonds for savings and to fund \$240 million dollars in new spending. The increment to debt service due to the new money issue and payable in FY2007, is reflected in the amendment.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:52:03 PM](#)

STATEWIDE

Co-Chair Chenault MOVED to ADOPT STATEWIDE #1, #24-GH2033\I.15, Bailey, 3/23/06. Vice Chair Stoltze OBJECTED.

Ms. Kelly explained that the STATEWIDE #1, #2 & #3 amendments were all related. The House Finance Committee wanted to address fuel issues in the budget, not including it in the base. The amendment attempts to appropriate no additional general funds unless oil prices exceed the official forecast of \$54 dollars per barrel (bbl). As the price of oil increases, the amount appropriated to off-set agency costs would increase to a maximum of \$24 million dollars. The amount of the appropriation would be determined by the year to date price of oil. There would be two different dates during the fiscal year, one September 30th, 2006 and the other March 31st, 2007. The following day of each month, there would be a distribution of funds up to \$12 million dollars. For budgeting & reporting purposes, the estimated amount is zero.

Ms. Kelly continued, STATEWIDE #2 reappropriates the non-general fund fuel increases in the budget; however, it deletes \$100 thousand general fund dollar match to the Department of Military & Veterans Affairs, which would keep that budget consistent with the other departments. Co-Chair Chenault said it had been added during the subcommittee process.

[4:54:46 PM](#)

Ms. Kelly noted that STATEWIDE #3 was an amendment to STATEWIDE #1, which places sidebars on appropriations so that the monies would be appropriated to the Governor and then their Office would distribute it to the departments. She reiterated the sidebars for certain State agencies.

Representative Hawker thought that the amendment created a "tape linkage" between the price of Alaska North Slope (ANS) crude oil as the base for the State agencies and asked if members were comfortable with that linkage. Ms. Kelly replied that the Chairman's office used the \$53.26/bbl price amount as budgeted; the Administration could have to come back for additional supplemental funding. The amendment attempts to take care of the agencies in the budget, without needing to save operating revenue for fuel.

Representative Hawker questioned if evidence existed that the table corresponds to the retail refined product price purchased by the departments. Ms. Kelly could not provide absolute assurance; however, the price was approved by the Administration.

[4:57:37 PM](#)

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, stated that they had not looked at the correlation but instead used information from the Department of Transportation & Public Facilities, since they have the greatest diesel fuel costs. There is a correlation between crude prices and refined product prices. Representative Hawker appreciated that perspective but worried about additional supplementals for the State in FY08.

Co-Chair Chenault wanted to get away from supplemental funding requests. There is a need for a mechanism to assure the departments that there would be funding to cover the fuel costs this year.

[5:00:49 PM](#)

Representative Hawker concurred with the objective.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, STATEWIDE #1 was adopted.

Mr. Teal pointed out that STATEWIDE #3 was an amendment to STATEWIDE #1.

Co-Chair Chenault MOVED to AMEND STATEWIDE #1 to include STATEWIDE #3. There being NO OBJECTION, STATEWIDE #3 was adopted as amended.

[5:02:38 PM](#)

Co-Chair Chenault asked if there was objection to adopting STATEWIDE #2. There being NO OBJECTION, it was adopted.

[5:03:08 PM](#)

DEPARTMENT OF NATURAL RESOURCES

Co-Chair Meyer MOVED to RESCIND previous action taken on DNR #2. Representative Kelly OBJECTED.

Co-Chair Meyer realized that the program was important to the people in Fairbanks but did not think the State should be responsible to fund it. Representative Kelly countered that the increment had been funded for a longtime by the State and was included for funding recommended by the Governor.

AT EASE: [5:05:29 PM](#)

RECONVENE: [5:09:04 PM](#)

[5:09:19 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Stoltze, Weyhrauch, Foster, Hawker, Meyer, Chenault

OPPOSED: Holm, Kelly, Kerttula, Moses

Representative Joule was not present for the vote.

The MOTION PASSED (6-4) & action was RESCINDED.

Representative Holm stated the State does not do a good job promoting renewable industry; he thought that was not in the best interest of the State.

Representative Kelly echoed those sentiments, understanding the frustration with the difficulties of the program.

[5:11:15 PM](#)

Vice Chair Stoltze pointed out that the amendment had not yet been reintroduced for discussion. Representative Kelly acknowledged that, pointing out that given the vote taken on rescinding, he would WITHDRAW DNR #2.

[5:12:31 PM](#)

Co-Chair Chenault MOVED to ADOPT DNR #5, #24-GH2033\I.12, Bailey, 3/22/06. There being NO OBJECTION, it was adopted.

DEPARTMENT OF FISH AND GAME

[5:13:34 PM](#)

Representative Moses WITHDREW F&G #9. There being NO OBJECTION, it was withdrawn.

[5:14:12 PM](#)

DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT

Representative Moses MOVED to reinstate DCCED #5, which would add \$6,460.0 million general fund dollars to Power Cost Equalization (PCE). Co-Chair Chenault OBJECTED.

Representative Moses advised that the State had not fully funded that need for many years and has been prorated for some time and now seriously needs funding.

Co-Chair Chenault acknowledged the importance of the concern for rural Alaska, however, pointed out the statewide fueling issues now on the table. He thought that concerns addressed should be the ones "on how to best help all Alaskans". He did not support the amendment.

[5:19:06 PM](#)

Representative Kerttula agreed that there needs to be a long-term fix to the problem of energy costs; however, communities hardest hit are the ones requesting PCE assistance. Those communities are experiencing an 8 to 10 cent per kilowatt hour increase.

[5:20:02 PM](#)

Representative Moses acknowledged that PCE had been added years ago with the understanding that it would be fully funded. He felt strongly that it should be fully funded. Co-Chair Chenault agreed but maintained his objection.

[5:20:34 PM](#)

A roll call vote was taken on the motion.

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

Representative Weyhrauch and Representative Joule were not present for the vote.

The MOTION FAILED (3-6).

5:21:21 PM

Co-Chair Chenault acknowledged that there are many needs throughout the State which have not been addressed. He invited Ms. Frasca from the Office of the Governor to highlight certain items of concern in the budget funding process; however, urged that the process move forward.

5:22:-43 PM

CHERYL FRASCA, DIRECTOR, DIVISION OF MANAGEMENT & BUDGET, OFFICE OF THE GOVERNOR, thanked the Chair for her "first and only opportunity" to address the full Committee. She noted that the budget proposed by the Governor reflected his priorities for the State of Alaska and the State's basic responsibilities, such as funding for K-12 education, protecting Alaskans through the Department of Corrections, Department of Public Safety, Division of Public Health, and the Department of Transportation and Public Facilities with maintenance of roads, harbors and airports. The proposed budget, additionally, included requests by which the State could take steps to meet future opportunities; however, most of those were rejected. She observed that the House Finance Committee substitute reflects only the priorities of the Committee and not the State's responsibility & best interest. The Administration has requested many opportunities to address concerns with the budget being proposed.

Ms. Frasca acknowledged that the Committee had accommodated some of the Governor's concerns. She pointed out continued concerns received from the Office of Children's Services case management system, positions in the Division of Oil and Gas, transportation safety, & rural energy assistance. She stated she would not address those concerns at this time; however, indicated significant concerns regarding the Department of Corrections.

Ms. Frasca pointed out that within "budgeting circles", there is a sophisticated, highly technical budgeting practice; it is more commonly know as a "shell game" or some describe it as "smoke and mirrors". In Alaska, the budget practice hit a fevered pitch in the late 90's - early 2000's. For those unfamiliar with the practice, it's where you re-label what had previously been general fund spending and you then call it a general fund reduction. In 1997, the Legislature created 5 non-general fund categories. In 2000, the Legislature created another 21 [categories]. In 2002, the Legislature created another 24. Ms. Frasca maintained that amending the statute that defines non-general fund program receipts, created 50 non-general fund designations.

Ms. Frasca commented that the State's primary general fund responsibilities are public safety, corrections, court system, K-12, & the legislature's budget. Every time the Legislature takes more out of the general fund for a special interest, there is less to meet the basic traditional responsibilities. She expressed her respect for the Legislature's power to appropriate, but asked that the laws that govern such designations, be respected and amended with caution.

[5:27:17 PM](#)

PORTIA PARKER, DEPUTY COMMISSIONER, OFFICE OF THE COMMISSIONER, DEPARTMENT OF CORRECTIONS, stated that the budget proposed for the Department will be problematic and that there is no feasible way to absorb the funding level while continuing to provide the current level of service. The Department will have to reduce services while eliminating programs to achieve the 10% reduction. She pointed out that interest arbitration for correctional officers was not funded; the residential substance programs were not funded and consequently will be discontinued. The Department will need to look at non-security items and decide what has the least impact on public safety.

[5:28:47 PM](#)

Representative Hawker clarified that there had been misrepresentation in the media regarding the interest arbitration issue. That was an amendment offered by the Governor's office after the Department of Corrections subcommittee had closed. He noted concerns with the budget and asked if the 23rd Legislature had brought forward a bill that would have consolidated other off-budget, other funds into the general fund.

[5:30:18 PM](#)

Ms. Frasca explained it occurred through HB 232. Representative Hawker pointed out that he had supported the efforts with that bill.

Ms. Frasca reiterated her appreciation working in the budget process and noted that they would continue to work toward "transparency" in budgeting.

Co-Chair Meyer related that the subcommittee process worked diligently with the Administration, although they had not always agreed with increases being proposed.

[5:31:58 PM](#)

Co-Chair Chenault referenced a "huge increase to the budget", acknowledging that the increases were not

sustainable into the future. He thanked the subcommittee chairs for all their hard work. He thought that the proposed budget was a "bit irresponsible".

[5:35:48 PM](#)

Representative Kelly said the timing was early. He stated that the budget delivered by the Governor was over-weight, pointing out that federal funding was falling away at a very quick rate. The budget can not be fixed and he worried about addressing the poorest of the poor.

[5:37:58 PM](#)

Co-Chair Chenault MOVED authority be given to Legislative Legal Services to make necessary changes so the legislation works as it should. There being NO OBJECTION, that authority was adopted.

Representative Foster MOVED to REPORT CS HB 365 (FIN) out of Committee with individual recommendations.

CS HB 365 (FIN) was reported out of Committee with a "do pass" recommendation.

Representative Foster MOVED to REPORT CS HB 366 (FIN) out of Committee with individual recommendations.

CS HB 366 (FIN) was reported out of Committee with a "do pass" recommendation.

#

[5:39:13 PM](#)

ADJOURNMENT

The meeting was adjourned at 5:40 P.M.