ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Anchorage, Alaska
November 4, 2005
1:12 p.m.

MEMBERS PRESENT

Senator Gene Therriault, Chair
Representative Ralph Samuels, Vice Chair
Senator Bert Stedman
Senator Ben Stevens
Senator Lyman Hoffman
Representative Mike Hawker
Representative Pete Kott
Representative Beth Kerttula

MEMBERS ABSENT

Senator Lyda Green
Representative Mike Chenault
Senator Gary Wilken
Representative Reggie Joule
Representative Kevin Meyer

COMMITTEE CALENDAR

APPROVAL OF MINUTES
REVISED PROGRAM - LEGISLATIVE (RPLs)
EXECUTIVE SESSION
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DIANE BARRANS, Executive Director
Postsecondary Education Commission
Department of Education and Early Development
Juneau, Alaska
POSITION STATEMENT: Provided information on RPL 05-06-6017.

LAURA BAKER, Budget Chief
Finance and Management Services
Department of Health and Social Services

Juneau, Alaska
POSITION STATEMENT: Provided information on RPL 06-06-0168.

DAVID TEAL, Legislative Fiscal Analyst
Legislative Finance Division
Juneau, Alaska
POSITION STATEMENT: Provided information on RPL 06-06-0168 and 25-06-1039.

NANCY SLAGLE, Director
Division of Administrative Services
Department of Transportation & Public Facilities
Juneau, Alaska
POSITION STATEMENT: Provided information on RPL 25-06-1039.

ACTION NARRATIVE

CHAIR GENE THERRIAULT called the Legislative Budget and Audit Committee meeting to order at 1:12:27 PM. Senators Hoffman and Therriault, and Representatives Samuels, Hawker, Kott, and Kerttula were present at the call to order. Senators Stedman and Stevens arrived as the meeting was in progress.

APPROVAL OF MINUTES

1:14:29 PM

REPRESENTATIVE SAMUELS moved to approve the committee minutes from the following dates: May 6, 2005; May 11, 2005; July 12, 2005; August 31, 2005; and September 26, 2005. There being no objection, the specified committee minutes were approved.

REVISED PROGRAM - LEGISLATIVE (RPLs)

1:14:35 PM

CHAIR THERRIAULT announced that the committee would now turn its attention to the RPLs.

REPRESENTATIVE SAMUELS moved that the committee approve RPL 05-06-6017, Department of Education - Alaska Commission on Postsecondary College Goal Sunday.

CHAIR THERRIAULT objected for discussion purposes.

1:15:03 PM

DIANE BARRANS, Executive Director, Alaska Commission on Postsecondary Education (ACPE), Department of Education and Early Development (EED), explained that the aforementioned RPL would carry forward funding that was in the prior year's budget. The [commission] received a three-year grant from the Lumina Foundation to support activities for the College Goal Sunday. She further explained that the College Goal Sunday is sponsored collaboratively by the University of Alaska, the Alaska Association of Financial Aid Administrators, and the Alaska Native Claims Settlement Act (ANCSA) Education Consortia. College Goal Sunday is an effort to provide high school students, parents, and other individuals assistance in filling out the Free Application for Federal Student Aid (FAFSA). The first year was successful. However, the budget authority provided by the Lumina Foundation wasn't fully expended. Therefore, this is a request to roll those funds forward so that in year two ACPE will have access to the additional funding. Ms. Barrans informed the committee that seven sites around the state participated, and the desire is to expand to three to four more sites.

1:16:46 PM

CHAIR THERRIAULT turned attention to the fiscal analyst's comment, which relates that the total fiscal year (FY) 2006 budget will be $91,645 with $70,000, the remainder of the grant, to be used in FY 07. Therefore, he inquired as to the amount that will be carried forward in FY 07.

1:17:15 PM

MS. BARRANS answered that the $21,645 will be carried forward in FY 07. She explained that the grant was split into three equal components of $70,000. Because the full amount of the prior year's grant wasn't expended, the [$21,645] remained. Under the rules of the grant, the remaining balance was allowed to be carried forward into the next activity year.

1:17:46 PM

CHAIR THERRIAULT surmised then that ACPE isn't anticipating consuming all of FY 06 and thus some funds will be forwarded into FY 07.

1:17:58 PM

MS. BARRANS answered that such may be the case. However, the additional sites may actually expend the total amount in the current fiscal year. However, she expected that there would be some carry-over in FY 07 because ACPE doesn't want to overspend the budget. In further response to Chair Therriault, Ms. Barrans confirmed that the remainder of the grant would [be spent] in the third year.

CHAIR THERRIAULT withdrew his objection.

There being no further objection, RPL 05-06-6017 was approved.

1:19:08 PM

REPRESENTATIVE SAMUELS moved that the committee approve RPL 06-06-0168, Department of Health and Social Services State Planning Grant on Uninsured.

CHAIR THERRIAULT objected for discussion purposes.

LAURA BAKER, Budget Chief, Finance and Management Services, Department of Health and Social Services (DHSS), explained that DHSS is requesting additional federal authorization in the amount of $964,000 for a state planning grant project to review the status of uninsured Alaskans. This grant funding is coming from the U.S. Department of Health and Human Services. Ms. Baker further explained that one of the goals with this project is to assemble current data, to describe the levels and nature of the lack of health insurance coverage and its impact. Additionally, the project would bring policymakers and stakeholders, both public and private, together with DHSS as a convener to identify possible strategies in Alaska's challenging health insurance environment in order to propose a coordinated approach to realizing the benefits of coverage to all.

CHAIR THERRIAULT drew attention to the fiscal analyst's comments, which specifies that the replacement of several grants with this single program appears to provide an opportunity for position reclassification. He asked Mr. Teal to detail the meaning of position reclassification.

1:21:36 PM

DAVID TEAL, Legislative Fiscal Analyst, Legislative Finance Division, answered that the reference is specifically to reclassification. He explained that five different grants have been eliminated and now there is a single grant. Currently, there are three managers, a coordinator position, and a planner, which are in the pay ranges of 17-21. The question is whether there is going to be any reclassification of those positions. However, he acknowledged that reclassification is strictly left to the executive branch, which has indicated that it doesn't know which grants it will be operating with which people. Therefore, Mr. Teal didn't expect there to be any reclassifications.

1:22:57 PM

MR. TEAL, in further response to Chair Therriault, clarified that the reclassification was referring to potential range changes. He explained that the question is whether three managers are necessary to work on this single grant or could these employees be reclassified in a manner that might make more sense under a single program.

1:23:35 PM

MS. BAKER informed the committee that the unit itself oversees 10 federal grants of which many have been ongoing for 5 years. There may be some smaller grants coming, she noted. Ms. Baker highlighted that the positions working on this federal grant would also be working on two to six other grants. The staff resources are allocated across all grants and based on the level of staffing experience and classification. Therefore, she emphasized that this single grant really isn't replacing five whole grants.

1:24:30 PM

CHAIR THERRIAULT related his understanding that before the committee today is whether to approve the grant and allow the money to be accepted and expended in the current fiscal year or not. The number of personnel who would draw off this grant is left to the executive branch, he surmised.

1:24:50 PM

MR. TEAL agreed.

1:24:54 PM

SENATOR STEDMAN directed attention to the bottom paragraph of the first page of RPL 06-06-0168, and inquired as to the definition of the term "population planning related to health care needs."

1:25:14 PM

MS. BAKER answered that in general the [Health Planning and Infrastructure] unit works with communities and organizations to assure access to quality primary and acute health care services in Alaska. She related that the unit is discussing performing a current population survey. In further response to Senator Stedman, Ms. Baker added that the language refers to the unit reviewing the old data and performing new surveys in order to determine the size of the uninsured population.

1:27:07 PM

REPRESENTATIVE HAWKER inquired as to the work product of [HPI]. He then inquired as to the contractual services for which $551,000 is designated in the RPL.

MS. BAKER explained that some of the contractual dollars will be utilized for the following: household/employer surveys; key informant interviews; focus groups for regional data collection; actuarial consultation; current population survey update; technical assistance on model reform initiatives, including other state's initiative analyses as compared to Alaska. The final report will have to be printed as well.

1:28:46 PM

REPRESENTATIVE HAWKER inquired as to what information in the final report will be of value to and provide policy guidance to the legislature.

MS. BAKER responded that it will provide analysis with regard to Alaska's uninsured population and what the public health system can do to ensure that Alaskans receive the health care necessary.

1:29:35 PM

CHAIR THERRIAULT removed his objection.

There being no further objection, RPL 06-06-0168 was approved.

1:29:46 PM

REPRESENTATIVE SAMUELS moved that the committee approve RPL 10-06-5025, Department of Natural Resources - Potter Marsh Phase I. There being no objection, RPL 10-06-5025 was approved.

1:31:27 PM

SENATOR STEDMAN returned attention to RPL 06-06-0168 and the breakdown information regarding salaries, benefits, personnel costs, and consulting costs. He said, "The fringe benefits were roughly 45 percent of the salaries and wages, and I'm just wondering if some time we shouldn't have that ratio checked and a broader break down brought to the committee for general information." He opined that 45 percent seems high.

1:32:44 PM

MR. TEAL provided the following summary. He confirmed that the benefit costs are about 45 percent of the salary. He explained that the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) have had 5 percent increases over the last couple of years and increases are expected to occur again. The PERS increase is increasing to 21-26 percent on that item alone. The remainder of the percentage is standard stuff that hasn't changed much over the years.

1:34:00 PM

REPRESENTATIVE SAMUELS moved that the committee amend RPL 25-06-1039, Department of Transportation & Public Facilities - Anchorage Handicapped & Pedestrian Access of 2006 National Veterans' Wheelchair Games, to cite the appropriation authority as "Section 1, Chapter 61, SLA 2001, page 37, line 33" and delete "Section 1, Chapter 3, FSSLA 05, page 85, line 20". He noted that this was requested by the fiscal analyst.

CHAIR THERRIAULT objected for discussion purposes.

1:35:14 PM

MR. TEAL explained that the original citation was for the general federal earmarked funds, which are typically transportation projects. Under that appropriation of the earmarked funds there was no specific project related to this [RPL]. Legislative Legal and Research Services had a problem with that and the revised cite certainly stops any questions and is clearly an appropriate link.

1:36:02 PM

CHAIR THERRIAULT surmised then that an RPL has to attach to an active appropriation that is project specific, which the original citation did not.

MR. TEAL agreed, adding that the first citation was not specific enough.

1:36:41 PM

REPRESENTATIVE SAMUELS moved that the committee approve RPL 25-06-1039, as amended.

CHAIR THERRIAULT objected for discussion purposes.

1:37:16 PM

NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation & Public Facilities, explained that the request is for $2 million in federal receipts and expenditure authority related to the Veterans' Wheelchair Games. This is a congressional earmark for support of the 2006 National Veterans' Wheelchair Games, which are scheduled to take place the first part of July. These funds will be used to make improvements to the Anchorage football stadium, to the sidewalks and crosswalks in the Anchorage area to accommodate athletes and supporters in wheelchairs. These funds will be passed on to the Municipality of Anchorage, which will oversee the design and construction of these improvements. Furthermore, the municipality will provide matching funds as well.

1:38:54 PM

REPRESENTATIVE SAMUELS, on behalf of the Veterans' Wheelchair Games and the Veterans' Administration, thanked U.S. Congressman Young, who managed to [secure these funds].

1:39:25 PM

CHAIR THERRIAULT withdrew his objection. There being no further objection, RPL 25-06-1039 was approved.

CHAIR THERRIAULT announced that the committee would take a brief at-ease before going into executive session.

EXECUTIVE SESSION

The committee went into Executive Session at 1:39 p.m.

[Due to technical difficulties the motion to move into and return from Executive Session was not recorded nor were the following items discussed under Other Committee Business. Therefore, the following information was obtained from the notes of the committee aide who was present at the hearing.]

OTHER COMMITTEE BUSINESS

CHAIR THERRIAULT informed the committee that the Alaska Permanent Fund Corporation (APFC) Board of Trustees will be meeting November 15th and 16th in order to take up a regulation to allow the fund managers to keep some investment strategies and decisions confidential. Although Michael Burns, Executive Director, Alaska Permanent Fund Corporation, has indicated that the trustees have been vested with the authority to do so since the creation of the APFC in 1980, the matter in conjunction with the trustees' new flexibility regarding investment decisions has received attention. In fact, an op-ed piece on the subject has been written and its author, Gregg Erickson, is continuing to follow the story. Since the committee is charged with the oversight of APFC, Chair Therriault asked if members wished to have the APFC appear at the next meeting in order to provide an overview of these regulations.

CHAIR THERRIAULT then reminded the committee that at its July meeting, it approved a reimbursable services agreement (RSA) with the Alaska Department of Fish & Game to continue to do research work on navigable waters in the state. The Department of Natural Resources has provided a request for a similar RSA to help pay for the costs necessary to perform its part of the work regarding navigable waters and R.S. 2477 trails. Chair Therriault announced that the aforementioned request will be an agenda item for the next meeting. He offered that his staff can make the request available to committee members and answer any questions.

CHAIR THERRIAULT informed the committee that prior to the issuance of the Attorney General's opinion regarding the commissioner of the Department of Natural Resources' memo expressing concerns with regard to the natural gas pipeline, Representative Berkowitz requested an independent legal review of the aforementioned memo. Chair Therriault related his recommendation that Representative Berkowitz should exhaust the avenues available to him through the Legislative Legal Division before the committee considers his request. However, Chair Therriault said that he wanted to solicit input from the committee members before making such a recommendation.

[Due to technical difficulties the adjournment was not recorded.]

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 3:39 p.m.