

MINUTES
SENATE FINANCE COMMITTEE
April 14, 2005
9:15 a.m.

CALL TO ORDER

Co-Chair Wilken convened the meeting at approximately [9:15:42 AM](#).

PRESENT

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

Also Attending: DAVID TEAL, Director, Division of Legislative Finance; JAMES ARMSTRONG, Staff to Co-Chair Wilken; GINGER BLAISDELL, Staff to Co-Chair Green; DAN SPENCER, Director, Division of Administrative Services, Department of Public Safety; LAURA BAKER, Budget Chief, Division of Finance and Management Services, Department of Health and Social Services; JOHN KRAMER, Director, Administrative Services Division, Department of Military and Veterans Affairs; RICHARD MANDSAGER, MD, Director, Division of Public Health, Department of Health and Social Services; SENATOR PETE KELLY, State Relations, University of Alaska;

Attending via Teleconference: There were no teleconference participants.

SUMMARY INFORMATION

HB 66-APPROP: MENTAL HEALTH BUDGET
HB 67-APPROP: OPERATING BUDGET/LOANS/FUNDS

The Committee considered amendments to the committee substitute. The bill was reported from Committee.

#HB 66
#HB 67

[9:16:21 AM](#)

CS FOR HOUSE BILL NO. 66(FIN)

"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."

CS FOR HOUSE BILL NO. 67(FIN)(brf sup maj fld)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee. At the previous hearing, SCS CS HB 66, 24-GH1075\Y and SCS CS HB 67, 24-GH1073\L were adopted as working documents. Amendments offered are to these versions.

[9:16:44 AM](#)

Co-Chair Wilken noted the need for conforming language.

[9:16:54 AM](#)

DAVID TEAL, Director, Division of Legislative Finance testified that an error was made in preparing the bill regarding University of Alaska funding. Three million dollars had been inadvertently omitted but would appear in subsequent copies of the bill to reflect the recommendations of the budget subcommittee. The error is shown in Section 1 on page 36, line 28 and 39.

[9:18:41 AM](#)

Mr. Teal then noted fiscal notes for the pending SB 141, relating to the Public Employees Retirement System (PERS) and the Teachers Retirement System (TRS) were included in the version of HB 67 passed by the House of Representatives, but inadvertently omitted from the committee substitute before the Committee. This was strictly an error made by the Legislative Finance Division.

[9:19:22 AM](#)

Co-Chair Green understood that all funding for PERS and TRS, including the University portion, is included in SB 141.

[9:19:35 AM](#)

Mr. Teal replied that HB 66 and HB 67 include no funding for PERS and TRS expenses.

[9:19:51 AM](#)

Department of Administration

ADMIN #1: This amendment inserts intent language to the Legal and Advocacy Services Budget Request Unit (BRU) on page 4, line 22 of the committee substitute to read as follows.

It is the intent of the legislature that Legal and Advocacy Services develop cost containment measures to curtail expenditures in order to avoid the need for supplemental funding for FY 06 and report to the legislature by January 15, 2006 on the success of these measures.

Accompanying explanatory language reads as follows.

During the past fifteen years, OPA [Office of Public Advocacy] and PD [Public Defenders Agency] typically requested supplemental funding to avoid operating budget shortfalls. In some of those years, these offices were knowingly short-funded with the understanding that a supplemental request would be supported by the legislature.

Section 4 of the bill contains general direction to eliminate supplemental requests. Although this change in policy applies to all programs, this amendment indicates the legislature's specific desire to limit FY 06 expenditures in the Office of Public Advocacy (OPA) and the Public Defender (PD) Agency to the appropriation in the operating bill.

Co-Chair Wilken moved for adoption and objected to offer an explanation.

Co-Chair Wilken told of the struggles of the legislature in addressing continued supplemental appropriations for these programs.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:21:01 AM](#)

ADMIN #2: This amendment reduces \$50,000 general fund from the appropriation to the Legal and Advocacy Services BRU, Public Defender Agency component on page 4, line 24. Accompanying explanatory language reads as follows.

The subcommittee for the Department of Administration accepted a transfer of funds from the Department of Corrections, but the subcommittee for the Department of Corrections did not approve the transfer. This amendment corrects that imbalance.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for an explanation.

Co-Chair Green overviewed the explanatory statement.

The amendment was ADOPTED without objection.

[9:21:32 AM](#)

ADMIN #3: This amendment adds \$6,800 PFD Fund to the Centralized Administrative Services BRU, Office of Administrative Hearings component on page 2, lines 18 and 19. Accompanying explanatory language reads, "This is a technical amendment correcting a negative fund source associated with the removal of PERS funding.

Co-Chair Wilken explained the amendment and noted no objection was voiced to the adoption of the amendment.

The amendment was therefore ADOPTED.

[9:21:35 AM](#)

Department of Corrections

COR #1: This amendment deletes \$379,600 general funds from the Administration and Support BRU, Inmate Transportation component on page 9, line 9, and adds \$379,600 general funds to the Community Jails component on page 8, line 33. Accompanying explanatory language reads as follows.

This amendment moves a \$379,600 reduction taken from Community Jails that should have been taken from Inmate Transportation. The funding is within the same appropriation and the agency could make the necessary adjustment without legislative approval. This amendment reduces the agency's administrative paperwork required to make the adjustment.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for an explanation.

Co-Chair Green overviewed the explanatory statement.

Co-Chair Wilken removed his objection.

[9:22:24 AM](#)

Senator Olson asked which community jails would be affected.

Co-Chair Green referred to COR #2 to explain.

Without further objection the amendment, COR #1 was ADOPTED.

[9:22:56 AM](#)

COR #2: This amendment adds \$151,500 general funds to the Administration and Support BRU, Community Jails component on page 8, line 33. Accompanying explanatory language reads as follows.

After discussions with the Department of Corrections, the City of Kotzebue has agreed to sign the community jails contract at an increased rate totaling \$800,000 for the FY 06 budget year.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for an explanation.

Co-Chair Green spoke to a settlement agreement underway to reopen the community jail in the City of Kotzebue. This funding would be used to satisfy the provisions of the agreement.

Co-Chair Wilken removed his objection and the amendment was ADOPTED.

[9:23:48 AM](#)

Department of Education and Early Development

EDU #1: This amendment adds \$25,000 DEED CIP funds to the Alaska Library and Museums BRU, Museum Operations component on page 11, line 27. Accompanying explanatory language reads, "This amendment appropriates \$25,000 to the Alaska State Museum for acquisition of Alaskan artifacts."

Co-Chair Wilken moved for adoption, objected for an explanation, and told of requests from museum representatives for funds to purchase certain artifacts "as a way to set aside some Alaskan treasures."

[9:24:13 AM](#)

Co-Chair Green asked if funding this request in the operating budget is appropriate.

Co-Chair Wilken understood it was.

[9:24:27 AM](#)

JAMES ARMSTRONG, Staff to Co-Chair Wilken, shared that understanding.

Co-Chair Wilken removed his objection and without further objection the amendment was ADOPTED.

[9:25:03 AM](#)

Department of Environmental Conservation

DEC #1: This amendment deletes \$92,200 Oil & Hazardous Substance Release and Response Fund from the Spill Prevention and Response BRU, Prevention and Emergency Response component on page 12, line 33.

This amendment also adds \$242,200 Oil & Hazardous Substance Release and Response Fund to the Department of Military and Veterans Affairs, Military and Veterans Affairs BRU, Local Emergency Planning Committee component on page 26, lines 14 and 15.

Accompanying explanatory language reads as follows.

The Oil & Hazardous Substance Release and Response Fund (commonly referred to as the "Response Fund") is funded primarily through a nickel surcharge per taxable barrel of oil. Two cents goes into a "Response Account" used for emergency uses. The other three cents goes into a "Prevention Account" from which appropriations are made.

By statute funding of Local Emergency Planning Committees (LEPCs) is based on 3% of the balance of the Response Fund. For FY 06 this amount equals \$57,800. Actual FY 04 LEPC expenditures were \$324,900; FY 05 Management Plan was \$300,000. The \$57,800 funding based on the statutory formula leaves the LEPCs \$242,200 short of expected funding. Allocating \$57,800 among 19 LEPCs means that the smaller communities will receive so little funding that they will cease to exist. The largest LEPCs (Anchorage, Fairbanks, and Kenai) receive only \$22,500 at the \$300,000 funding level.

To keep all 19 LEPCs functioning at an effective level, funding of at least \$300,000 is needed. This amendment appropriates the necessary additional funding.

Senator Dyson stated that the subcommittee inadvertently recommended an inadequate amount of funding for the Local Emergency Planning Committee (LEPC) program. These committees are charged with planning for homeland security situations, as well as fires, biological threats, floods and other emergency situations in local areas.

[9:26:05 AM](#)

Mr. Armstrong explained that the Department of Environmental Conservation budget subcommittee closed out after the Department of Military and Veterans Affairs budget subcommittee closed. It was discovered that a direct appropriation of \$300,000 "470 funding" or "SPAR [Spill Prevention and Response] funding" for LECP was recommended; however, no "mechanism" within the Department of Environmental Conservation was available to allow this and that budget subcommittee chose to request correction before the full Committee.

[9:27:34 AM](#)

Co-Chair Wilken moved for adoption of the amendment and objected for discussion purposes.

[9:27:54 AM](#)

Senator Olson asked if \$157,800 has been added for this program.

Mr. Armstrong stated that this amendment would reflect the intent of the Department of Environmental Conservation budget subcommittee and also fully fund the LEPC increment in the Department of Military and Veterans Affairs

[9:28:40 AM](#)

Co-Chair Wilken removed his objection to the adoption of the amendment.

[9:28:50 AM](#)

Co-Chair Green asked for affirmation that the LEPC program would receive \$300,000.

Mr. Armstrong affirmed, explaining the actions recommended by the

Department of Environmental Conservation budget subcommittee in conjunction with this amendment.

Without further objection the amendment was ADOPTED.

[9:29:26 AM](#)

Department of Health and Social Services

H&SS #1: This amendment adds \$110,000 Statutory Designated Program Receipts (SDPR), as funding for two full time positions, to the Public Assistance BRU, Public Assistance Field Services component on page 19, lines 19 and 20. Accompanying explanatory language reads as follows.

This increment will enable Alaska Native Medical Center staff to improve processing Medicaid claims. The agency will coordinate, implement and evaluate a pilot project designed to assist in attaining the agency's goal of reducing its reliance on state general funds by maximizing and expanding interface for health care services for Alaska Natives. The two staff included in the request are a full time Eligibility Technician I, range 13 and a full time Administrative Clerk, range 8.

Co-Chair Green offered a motion to adopt the amendment.

Co-Chair Wilken objected for an explanation.

[9:29:52 AM](#)

GINGER BLAISDELL, Staff to Co-Chair Green, explained the governor submitted this request after the Department of Health and Social Services budget subcommittee had closed out, and had therefore not considered it.

[9:30:19 AM](#)

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:30:31 AM](#)

H&SS #2: This amendment adds \$79,500 general funds and \$19,400 Mental Health Trust Authority Authorized Receipts (MHTAAR) to the Public Health BRU, Women, Children and Family Health component. Accompanying explanatory language reads as follows.

This increment will maintain the Alaska Birth Registry

statewide surveillance services to collect, analyze, and produce information about the birth prevalence of congenital anomalies in Alaska.

Co-Chair Green offered a motion to adopt the amendment.

Co-Chair Wilken objected for discussion purposes.

Co-Chair Green remarked that this amendment reflects a "shift in funding sources."

Ms. Blasdell interjected that this amendment is "an increment".

Co-Chair Green informed that the governor's office submitted this request after the budget subcommittee had completed its recommendations.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:31:14 AM](#)

H&SS #3: This amendment deletes \$120,000 "GFM 1003" funds and adds \$120,000 general funds to the Children's Services BRU, Subsidized Adoption and Guardianship component on page 17, line 33. Accompanying explanatory language reads, "This fund source change is a technical correction only. The fund source should be general funds."

Co-Chair Green offered a motion to adopt the amendment.

Co-Chair Wilken objected for an explanation.

Co-Chair Green stated this amendment changes the funding from general funds match, to general funds.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:31:31 AM](#)

H&SS #4: This amendment deletes \$1,500,000 general funds and adds \$1,500,000 Tobacco Use Education & Cessation Funds to the Health Care Services BRU, Medicaid Services component on page 18, line 12. Accompanying explanatory language reads as follows.

Many Medicaid dollars are spent for tobacco related illnesses. The use of tobacco tax funds are appropriately used for

Medicaid match.

\$1,500,000 Tobacco Use, Education and Cessation Funds are available due to the increased cigarette tax deposits to the Tobacco Fund based on the Department of Revenue's Spring Forecast projections.

\$562,100 is anticipated for collections from January 1, 2005 through June 30, 2005 with an increased revenue anticipation of \$2,685,800 for FY 06; a growth of slightly more than \$2 million.

Spending only \$1.5 million of the anticipated growth in Tobacco Tax revenues will allow for fluctuation in actual revenues during the first full year tax collection cycle. If the Tobacco Use, Education and Cessation Funds are not fully expended during FY 06, the funds will remain in the tobacco account and are subject to the CBR [Constitutional Budget Reserve] sweep.

Co-Chair Green offered a motion to adopt the amendment.

Co-Chair Wilken objected for discussion purposes.

Co-Chair Green stated these funds would be used to "backfill" the State's Medicaid services. The Department could utilize general funds to leverage other funding, which could not be done with Tobacco Use Education and Cessation funds.

Co-Chair Wilken removed his objection.

Senator Olson asked the impact on tobacco use cessation and education programs with the loss of funds to this appropriation.

[9:32:46 AM](#)

Ms. Blasdell replied that approximate \$2.7 million is projected to carry forward to the next year. This funding is not garnered from the settlement with tobacco companies.

[9:33:47 AM](#)

Senator Olson clarified that education and cessation programs would not be affected.

Ms. Blasdell affirmed.

[9:33:52 AM](#)

With no further objection the amendment was ADOPTED.

[9:34:05 AM](#)

H&SS #5: This amendment adds \$50,000 general funds to the Public Health BRU, Certifications and Licensing component on page 20, line 5. Accompanying explanatory language reads as follows.

This amendment provides funding for regulation of non-federally regulated small drinking water systems (Class C) that serve facilities licensed by the Department of Health and Social Services through 7 AAC 10, 50 and 75. For an estimated 150 systems this would require one full-time position and the position costs associated with inspections and complaint investigation.

Due to budget reductions, the Department of Environmental Conservation eliminated regulation of all Class C water systems. A Class C system services more than a single family or duplex home but less than 25 people per day. Although it is difficult to determine accurately, Department of Environmental Conservation estimates the number is as high as 5,000 systems serving more than 100,000 Alaskans. This includes child care homes, adult residential care facilities, restaurants, gas stations, office buildings, DOT work camps etc.

An estimated 150 systems serve adult residential and child care facilities licenses by the Department of Health and Social Services. These populations are generally considered high risk and regulation of their Drinking Water is recommended.

Regulation would include registration of the system by the Department of Environmental Conservation, yearly testing for total coli for bacteria and nitrates, inspections, complaint investigation, and construction design by a registered engineer if the drinking water source is surface water.

Co-Chair Wilken offered a motion to adopt the amendment and objected to provide an explanation.

[9:34:18 AM](#)

Mr. Armstrong reminded that the previous session, the legislature directed the Department of Environmental Conservation to "get out of the water quality business". Budget subcommittees subsequently recommended funding reductions. However, the commissioner of the

Department of Health and Social Services notified Co-Chair Wilken that some facilities require this regulation.

[9:35:37 AM](#)

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:35:48 AM](#)

Department of Labor and Workforce Development

LWD #1: This amendment deletes \$203,500 Inter-agency (I/A) Receipts from the Workforce Development BRU, Employment and Training Services component on page 23, lines 24 and 25. Accompanying explanatory language reads as follows.

This decrement of \$203,500 will realign budget authorization with anticipated expenditures related to the Senior Community Services Employment Program (SCEP) from the State Training and Employment Program (STEP) in Business Services allocation.

Senator Bunde offered a motion to adopt the amendment.

Co-Chair Wilken objected for discussion purposes.

Senator Bunde explained this is a technical amendment relating to "unneeded" inter-agency receipts.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:36:21 AM](#)

Department of Law

LAW #1: This amendment deletes \$50,000 general funds from the Criminal Division BRU, Third Judicial District Anchorage component on page 25, lines 4 and 5. Accompanying explanatory language reads as follows.

The subcommittee for the Department of Law accepted a transfer of funds from the Department of Corrections, but the subcommittee for the Department of Corrections did not approve the transfer. This amendment corrects that imbalance.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Co-Chair Green explained this amendment is similar to a previous amendment relating to different departments.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:36:45 AM](#)

Department of Military and Veterans Affairs

M&VA #1: This amendment adds \$150,000 Oil & Hazardous Substance Release and Response Funds to the Military and Veterans Affairs BRU, Local Emergency Planning Committee component on page 26, lines 14 and 15. Accompanying explanatory language reads as follows.

The Oil & Hazardous Substance Release and Response Fund (commonly referred to as the "Response Fund") is funded primarily through a nickel surcharge per taxable barrel of oil. Two cents goes into a "Response Account" used for emergency uses. The other three cents goes into a "Prevention Account" from which appropriations are made.

By statute funding of Local Emergency Planning Committees (LEPCs) is based on 3% of the balance of the Response Fund. For FY 06 this amount equals \$57,800. Actual FY 04 LEPC expenditures were \$324,900; FY 05 Management Plan was \$300,000. The \$57,800 funding based on the statutory formula leaves the LEPCs \$242,200 short of expected funding. Allocating \$57,800 among 19 LEPCs means that the smaller communities will receive so little funding that they will cease to exist. The largest LEPCs (Anchorage, Fairbanks, and Kenai) receive only \$22,500 at the \$300,000 funding level.

This amendment increases funding to \$207,800 as minimum funding to keep all 19 LEPCs functioning.

Senator Dyson announced this amendment would be NOT OFFERED based on actions taken on DEC #1.

[9:37:10 AM](#)

Department of Natural Resources

DNR #1: This amendment deletes \$315,600 Agricultural Revolving Loan Funds and inserts \$315,600 general funds to the Resource Development BRU, Agricultural Development component on page 28,

line 9. Accompanying explanatory language reads as follows.

Reverse the fund source change that increases Agricultural Revolving Loan Fund spending and reduces general funds. The balance of the Agricultural RLF is only sufficient to support maintenance level operations for 2-3 more years and spending the additional Agricultural RLF would accelerate the liquidation of the balance of the fund.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Co-Chair Green described the Agricultural Revolving Loan Fund annually provides loans and in some years, has been used to fund operations of the Division of Agriculture. General funds have been utilized in the previous two years to fund the Division and should continue. The forecasted expiration of the loan fund is FY 09 with a balance of \$200,000. It is not the purpose of the Committee to "tap out that fund", as it does not have the advantage of the CBR to receive additional deposits.

[9:38:13 AM](#)

Senator Bunde recommended against providing a reduction in general funds to the Division to offset the funds allocated in this amendment. He qualified that he supported the concept of users paying the costs of supporting agencies.

[9:38:49 AM](#)

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:39:04 AM](#)

Department of Public Safety

DPS #1: This amendment inserts intent language into the Statewide Support BRU, Alaska Criminal Records and Identification component on page 31, line 11 to read as follows.

It is the intent of the legislature that the additional funding of \$41,500 general funds provided to offset under funding of the Alaska Concealed Handgun Program and Sex Offender Registry be utilized exclusively for the Sex Offender Registry Program.

It is the intent of the legislature that the Department of Public Safety implement alternative solutions for making operation of the Alaska Concealed Handgun Program self-sustaining.

Senator Dyson moved for adoption.

Co-Chair Wilken objected for an explanation.

Senator Dyson surmised that the budget subcommittee "took the right action" in the intent language it recommended; however, the language was incorrect. He asked Mr. Armstrong to suggest correct verbiage.

[9:39:32 AM](#)

Mr. Armstrong was unsure of the sponsor's intent. He requested an opportunity to redraft the intent language.

[9:40:18 AM](#)

Senator Dyson removed his motion to adopt the amendment and it was HELD until later in the meeting.

[9:40:28 AM](#)

DPS #2: This amendment deletes \$125,000 general funds from the Council on Domestic Violence and Sexual Assault BRU, Victims for Justice component on page 30, lines 18 and 19. Accompanying explanatory language reads as follows.

In SLA 06, the Victims for Justice advocated strongly to be moved to the Department of Law. The legislature approved this transfer at the request of the Victims for Justice. This increment will not resolve the discourse between the Victims for Justice and the CDVSA that promulgated the request for their move to the Department of Law two years ago.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Co-Chair Green explained that this component is no longer included in the Department of Public Safety budget. Confusion over an outdated reference resulted in the budget subcommittee including this in its recommendations.

Co-Chair Wilken removed his objection and the amendment was ADOPTED

without further objection.

[9:41:06 AM](#)

DPS #3: This amendment adds \$803,500 general funds to the Alaska State Troopers BRU, Alaska State Trooper Detachments component on page 29, lines 27 and 28. Accompanying explanatory language reads as follows.

The Alaska State Troopers provide primary public safety to most of the geographic areas of the state, and limited service in all areas of the state including those served by a local law enforcement entity. In the department's FY 06 Operating Budget Request the department requested \$803,500 general funds to fund five new troopers to improve public safety services and consistent traffic enforcement in areas along Alaska's rural road system and in Southeast Alaska.

The Senate Finance Subcommittee does not deny that additional troopers are needed. However, because of a seemingly high vacancy rate, the subcommittee questioned whether the department would be able to fill the positions if they were approved. The subcommittee conditionally denied the request, offering the department and opportunity to demonstrate their ability to fill the requested positions.

This amendment is offered contingent on the belief by the Senate Finance Committee that the department has demonstrated such ability.

Senator Dyson moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Senator Dyson told of the significant discussions in the budget subcommittee on this matter. The subcommittee supported the additional Trooper positions and requested the Department to speak to the full Committee on its ability to fill those positions within the next fiscal year.

[9:42:20 AM](#)

DAN SPENCER, Director, Division of Administrative Services, Department of Public Safety, testified that the Department could fill the proposed five new positions, dependant upon recruitment. Other funding within the Department would assist in recruitment efforts. In January 2004 the Department had a net vacancy of 31 Trooper positions, including those attending the Alaska State

Trooper Academy, field training officers and other "double filled" positions. Currently, by comparison, 28 net positions are vacant. This is after filling 20 vacant positions. The Department is making progress and would continue to do so. If funded, the Department would be able to fill the five additional positions.

[9:43:39 AM](#)

Senator Dyson asked the number of trainees attending the Academy.

[9:43:49 AM](#)

Mr. Spencer answered 12 students are currently attending the Academy.

Senator Dyson asked if the students are accounted as employees.

Mr. Spencer affirmed they are.

[9:44:02 AM](#)

Senator Dyson calculated that without the students, the Department has 40 vacancies.

Mr. Spencer affirmed.

Senator Dyson asked if any of those students failed to complete their training, if the net vacancy rate would increase.

Mr. Spencer affirmed.

Senator Dyson asked the graduation date for the current students.

Mr. Spencer replied the graduates would be "on the road" for the July 4th weekend in the field training officer program.

Senator Dyson asked the date the next class begins at the academy.

Mr. Spencer answered the next class begins in August.

[9:44:35 AM](#)

Senator Dyson asked if all 28 vacant positions are sworn officer positions.

Mr. Spencer affirmed.

[9:44:48 AM](#)

Senator Dyson asked if the intent is to graduate 28 Troopers in FY 05 and that the fall 2005 class would graduate 33 Troopers.

Mr. Spencer explained the academy graduates three classes per year with a capacity of 40 students. He was unsure whether the fall class would include all 33 students.

[9:45:15 AM](#)

Senator Dyson had questioned whether the Department would expend the total amount of funding included in this amendment given the existing vacancies. In consulting Mr. Spencer and the commissioner, he concluded that because the positions are not filled, significant overtime pay and transportation of Troopers to cover larger areas is expended. These expenses "eat up" the funding that would be otherwise utilized for the salaries of the new positions. The Department asserts that the total amount of funding would be required, despite the 33 vacancies.

[9:46:15 AM](#)

Mr. Spencer allowed that Senator Dyson's statement is a fair assessment. Once a student is enrolled at the Trooper academy, they are paid a salary from the Alaska State Trooper Detachments budget.

[9:46:37 AM](#)

Senator Dyson understood the Department has budgeted for 15 vacancies.

[9:46:49 AM](#)

Mr. Spencer replied that the vacancy factor is such that the Department must budget for 15 vacant positions statewide at any given time.

[9:47:02 AM](#)

Senator Dyson remarked that on the basis of this vacancy factor and the aforementioned increased costs incurred as a result of the vacant positions, this amendment should be adopted and the funding provided.

[9:47:23 AM](#)

Senator Hoffman asked how this would benefit delivery of services to rural communities, specifically the Department's identified need

for additional Village Public Safety Officers (VPSO). The VPSOs are the "first line of defense in public safety" in many rural areas of the State. He asked how the additional five positions would be related with the VPSO program.

[9:47:57 AM](#)

Mr. Spencer responded that the proposed new positions would not be directly charged with overseeing VPSO positions. These positions would be stationed in Fairbanks and along the road system. Additional VPSOs are needed and increased recruitment efforts include recruiting for those positions.

[9:48:44 AM](#)

Senator Hoffman asked if the need for the proposed new Trooper positions is a higher priority than the need for additional VPSO positions. A number of VPSO positions across rural areas of the State have been eliminated over the past 15 years.

[9:49:19 AM](#)

Mr. Spencer deferred the prioritization of needs to the commissioner. Notwithstanding, the Department has more than adequate funding to fund all vacant VPSO positions. This issue is recruitment for those positions, which is one impetus for the Department's increased recruitment efforts.

[9:50:39 AM](#)

Co-Chair Green clarified the budget contains no funding shortage for filling the vacant VPSO positions. She asked the number of VPSO positions that funding would provide for.

[9:51:03 AM](#)

Mr. Spencer replied that a portion of the appropriation would lapse due to the number of vacancies that could not be filled before the conclusion of the current fiscal year.

[9:51:17 AM](#)

Senator Olson asked if funding is adequate for the VPSO program, why efforts are underway to consolidate rather than continue operations from regional centers.

[9:51:35 AM](#)

Mr. Spencer explained the emphasis on containing administrative costs to allow more funding for direct services.

[9:51:49 AM](#)

Senator Olson argued that the program already has excess funds under the current practices.

[9:51:56 AM](#)

Mr. Spencer countered that the existence of excess funds is no justification for higher administrative costs.

Senator Olson redirected his questioning to the 31 Trooper position vacancies of one year ago compared to the 28 vacancies of present. He asked if the funding allocated for salaries of the vacant positions is utilized solely for the overtime and travel expenses of existing Trooper positions covering a larger area.

[9:52:33 AM](#)

Mr. Spencer answered these costs are a contributing factor. He informed that the amount necessary to fund every position is not appropriated due to the assumption that some vacancies would always occur. In addition, a variety of one-time costs are incurred for new employees including training, vehicles, ammunition and uniforms. These expenses are significant. Also fuel costs incurred to date for the current fiscal year is \$460,000 over the projected amount. The Department did not request supplemental funding for the current fiscal year and instead utilized the unexpended funding allocated to the yet unfilled positions to offset the increased expenses. If all positions were filled, it would be difficult to operate the Division with the existing funding.

[9:54:08 AM](#)

Senator Olson understood that Troopers are paid a higher wage when flying an aircraft for work-related activities.

[9:54:27 AM](#)

Mr. Spencer affirmed this arrangement is included in the arbitration with the State and the Troopers' bargaining unit.

[9:54:46 AM](#)

Senator Olson relayed that several VPSOs are pilots and question the extra pay given to Troopers.

[9:55:11 AM](#)

Mr. Spencer was unsure of the licensing requirements for Department-related flights.

[9:55:28 AM](#)

Senator Olson noted that a commercial license is required for pilots flying for a business.

[9:55:41 AM](#)

Co-Chair Wilken directed the Department to provide additional information about this matter to Senator Olson.

Co-Chair Wilken removed his objection to the adoption of the amendment and it was ADOPTED without further objection.

[9:55:55 AM](#)

DPS #4: This amendment adds \$2,800 CIP [capital improvement projects] Receipts to the Alaska State Troopers BRU, Marine Enforcement component. Accompanying explanatory language reads as follows.

This is a technical amendment correcting a negative fund source associated with removal of PERS [Public Employees Retirement System] funding.

Co-Chair Wilken moved for adoption and read the explanatory statement.

Without objection the amendment was ADOPTED.

[9:56:17 AM](#)

Department of Transportation and Public Facilities

DOT #1: This amendment deletes \$1,985,600 general funds from the Alaska Marine Highway System BRU, Marine Vessel Operations component on page 36, line 16. Accompanying explanatory language reads as follows.

The reduction of general funds in this component brings the anticipated Alaska Marine Highway System operations costs in line with the House appropriation level. Additional funds will be made available through SB 141 for the PERS costs for AMHS

employees and will bring the total funding for this component to the appropriate level.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Co-Chair Green explained that this amendment reflects the intent that funding for PERS expenses would be included in SB 141.

Co-Chair Wilken removed his objection.

Senator Hoffman objected and spoke against "balancing our budget on the back of SB 141". This is not the "right thing to do."

A roll call was taken on the motion.

IN FAVOR: Senator Dyson, Senator Stedman, Co-Chair Green and Co-Chair Wilken

OPPOSED: Senator Hoffman and Senator Olson

ABSENT: Senator Bunde

The motion PASSED (4-2-1)

The amendment was ADOPTED.

[9:57:43 AM](#)

Alaska Court System

CRT #1: This amendment deletes 2.0 permanent full time positions from the Judicial Council BRU and component on page 38, line 5. Accompanying explanatory language reads as follows.

The decrement to the Judicial Council stated: "Personal services reduction to staff" but did not include the reduction of one Research Analyst and one Staff Attorney as stated in the intent language.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Co-Chair Green explained that this amendment further clarifies the intent language included in the bill.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[9:58:09 AM](#)

Language Section

LANG #1: This amendment deletes Section 15 of the bill, relating to the Education Loan Program, on page 57, lines 1 through 5. Accompanying explanatory language reads as follows.

A change regarding use of student loan origination fees took effect on June 17, 2004. CS SB 227 (FIN) Section 6 revised AS 14.43.120(u) to remove a "subject to appropriation" clause before fees could be used by the ASLC. According to the Alaska Commission on Postsecondary Education Director Diane Barrans, Section 15 is no longer required.

Co-Chair Wilken moved for adoption and objected for explanation.

[9:58:30 AM](#)

Mr. Armstrong noted this amendment was proposed by the Murkowski Administration and supported by the Division of Legislative Finance, as language that is no longer required.

[9:58:45 AM](#)

Co-Chair Wilken removed his objection.

Co-Chair Green asked if the language is no longer required because an origination fee would not be assessed.

Mr. Armstrong deferred to Mr. Teal.

It was determined unnecessary to pursue the questioning.

[9:59:01 AM](#)

Without further objection the amendment was ADOPTED.

[9:59:17 AM](#)

Department of Commerce, Community and Economic Development

CCED #1: This amendment adds \$250,000 Business License & Corporation Filing Fees and Taxes funds to the Qualified Trade Association Contract BRU and component on page 5, lines 27 through

33. Accompanying explanatory language reads as follows.

This amendment adds \$250,000 of Business License & Corporation Filing Fees and Taxes to the Senate Finance Subcommittee's general fund increment of \$250,000.

Senator Stedman moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Senator Stedman stated that this additional funding would enable the Department to increase marketing efforts. He noted that matching funds from industry would be received, which would double the State contribution.

[9:59:53 AM](#)

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

AT EASE [10:00:18 AM/10:05:33 AM](#)

Co-Chair Wilken announced the conclusion of consideration of amendments to HB 67 until later in the meeting. The following amendments are specifically to HB 66, mental health appropriations.

[10:06:03 AM](#)

Mental Health

MH #1: This amendment to the Department of Health and Social Services appropriations deletes \$674,200 Bond Funds (Amerada Hess Bond Proceeds) and adds \$674,200 General Fund MH [mental health] funds to the Department of Health and Social Services, Alaska Psychiatric Institute Automation Project (ED [election district] 17-32) component on page 11, lines 12 and 13.

This amendment also deletes \$2,500,000 Bond Funds and adds \$2,500,000 Alcohol Fund 1180 to the Crisis Treatment Facility - Phase 2 (ED 17-32) component on lines 17 through 19.

This amendment also deletes \$150,000 Bond Funds and adds \$150,000 General Fund MH funds to the Deferred Maintenance and Accessibility Improvements (ED 99) component on lines 20 through 22.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Co-Chair Wilken announced that amendments would be considered and if adopted, incorporated into a new committee substitute for consideration later in the meeting.

[10:06:28 AM](#)

Ms. Blasdell explained this amendment replaces Amerada Hess Bond Proceeds funding for three projects with general fund/ mental health funds for two and alcohol funds for the third. Amerada Hess is the common reference to funds received as a result of a settlement over royalties paid on oil development in Alaska.

[10:06:56 AM](#)

Without objection the amendment was ADOPTED. [Co-Chair Wilken's objection was not formally withdrawn, however it was the implied intent of the Committee.]

[10:07:06 AM](#)

Co-Chair Wilken directed the Division of Legislative Finance to draft a committee substitute for HB 66 for adoption when the Committee resumed.

AT EASE [10:07:36 AM](#)/[5:19:11 PM](#)

The following amendments are to the committee substitute for HB 67.

[5:20:14 PM](#)

Department of Fish and Game

F&G #1: This amendment adds \$650,000 general funds to the Wildlife Conservation BRU and component on page 14, line 10. Accompanying explanatory language reads as follows.

These funds will enable the Division of Wildlife Conservation to initiate additional field studies in support of predator control programs authorized by the Alaska Board of Game. Work will include updated inventories of big game predator and prey species within current or prospective predator control plan areas. Prey mortality studies or other specialized research may be implemented as necessary to clarify management challenges in areas where prey species are depleted. Adequate involvement by division staff in coordination and direction of predator management programs will also be supported. In other

to be successful, such studies will require funding over multiple years.

These funds will also allow augmentation of survey and inventory projects that have been reduced in response to current funding shortages. These surveys will provide information that will help the division advise the Board of Game on appropriate hunting/trapping regulations, which will allow maximum harvest opportunity for the public.

Senator Bunde moved for adoption.

Co-Chair Wilken objected for an explanation.

Senator Bunde read the second paragraph of the explanatory statement into the record.

[5:20:48 PM](#)

Co-Chair Wilken offered a motion to amend the amendment to reduce the appropriation amount from \$650,000 to \$400,000.

There was no objection and the amendment was AMENDED.

Without further objection to the adoption of the amended amendment it was ADOPTED.

[5:21:21 PM](#)

Department of Public Safety (cont.)

DPS #1: This amendment inserts intent language into the Statewide Support BRU, Alaska Criminal Records and Identification component on page 31, line 11 to read as follows.

It is the intent of the legislature that the additional funding of \$41,500 general funds provided to offset under funding of the Alaska Concealed Handgun Program and Sex Offender Registry be utilized exclusively for the Sex Offender Registry Program.

It is the intent of the legislature that the Department of Public Safety implement alternative solutions for making operation of the Alaska Concealed Handgun Program self-sustaining.

A motion to adopt this amendment was offered then withdrawn earlier in the meeting.

Mr. Armstrong explained this amendment contains two separate intent language topics that address separate components within the Department budget. If adopted, the Division of Legislative Finance would make the appropriate corresponding changes.

Senator Dyson moved for adoption.

AT EASE [5:22:37 PM](#) / [5:23:14 PM](#)

Senator Dyson read the intent language of the first paragraph into the record.

[5:23:50 PM](#)

Co-Chair Green understood that revenues were generated through the sale and renewal of permits and asked if fees were assessed on collection of the fingerprints required to obtain the permits.

[5:24:22 PM](#)

Mr. Spencer responded that fees were not collected by the State on the fingerprinting process.

Co-Chair Green she asked why an appropriation of \$41,500 general funds is necessary for this program.

Mr. Spencer replied that the budget subcommittee recommended this funding for the Sex Offender Registry Program, which is included in the same budgetary unit as the Concealed Handgun Program, as well as licensure for security guards.

[5:25:19 PM](#)

Co-Chair Green asked why this intent language was not included in the budget subcommittee's recommendation.

Mr. Spencer understood this language reflects the subcommittee's intent.

[5:25:38 PM](#)

Senator Dyson informed that the passage of legislature during the prior session eliminated the necessity for handgun permits for most areas of the State. The number of applicants has declined subsequently, as those who sought a permit applied soon after the program was implemented and because the date of renewal for these issuances has not yet been reached. The Department had requested

\$71,000 to operate the program and the subcommittee decided to recommend against the full amount. However, the subcommittee intended that the Sex Offender Registry program be adequately addressed. The concealed handgun permit process would be reviews and the fees likely increased to make the program self-sufficient.

[5:26:55 PM](#)

Senator Olson asked the consequences if this amendment were not adopted and the \$41,500 for the Sex Offender Registry program not provided.

[5:27:02 PM](#)

Mr. Spencer responded that the Sex Offender Registry program would continue, but funds for this purpose would be diverted from other programs.

[5:27:21 PM](#)

Senator Dyson then read the language of the second paragraph into the record.

There was no objection and the amendment was ADOPTED.

[5:27:48 PM](#)

Language Section (cont.)

LANG #2: This amendment deletes the language of Section 19. FUND TRANSFERS. (k) on page 59, lines 4 through 7, and inserts new language to read as follows.

(k) the sum of \$3,569,200 is appropriated to the election fund required by the federal Help America Vote Act from the following sources in the amount stated:

General fund match	\$ 469,200
Federal receipts	3,100,000

Accompanying explanatory language reads as follows.

This amendment will allow the Division of Elections to receive a second federal Department of Health and Human Services grant to help improve polling place access and voter participation from voters with a full range of disabilities.

Co-Chair Wilken moved for adoption and objected to read the explanatory statement into the record.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without objection.

[5:28:24 PM](#)

Department of Administration and Department of Corrections (cont.)

ADMIN #4: This amendment deletes \$6,800 PFD [Permanent Fund Dividend] Fund and adds \$6,800 CSSD Admin funds to the Centralized Administrative Services BRU, Office of Administrative Hearings component on page 2, lines 18 and 19. Accompanying explanatory language reads as follows.

This is a technical amendment correcting a fund source error used in amendment ADMIN #3.

This amendment also deletes \$100 general funds from the Department of Corrections, Administration and Support BRU, Office of the Commissioner component on page 8, line 14. Accompanying explanatory language reads, "This corrects an imbalance in transfers between agencies."

Additional accompanying explanatory language reads as follows.

Note: The amendment for the Mental Health bill (MH #1) cited a fund code number (1003) that differs from the cited fund source name (Gen Fund MH). Legislative Finance changed the fund code to 1037 to match the Gen Fund MH fund source.

Co-Chair Wilken moved for adoption and overviewed the components of the amendment.

Without objection the amendment was ADOPTED.

[5:28:48 PM](#)

Department of Public Safety (cont.)

DPS #5: This amendment inserts intent language to the Alaska State Troopers BRU, Alaska State Troopers Detachment component on page 29, lines 27 and 28 to read as follows.

It is the intent of the Legislature that the Department of Public Safety benefit from enhanced trooper recruitment efforts by reducing trooper overtime, travel, and extraneous costs associated with a reduced work force. The Department of Public Safety may need to prepare for increased enrollment or

offer additional trooper training academies in order to fill all State Trooper positions.

The Department of Public Safety shall report to the Legislature by February 15, 2006 on the outcomes of enhanced trooper recruitment efforts, decreased trooper overtime, and reducing vacant positions.

Co-Chair Wilken shared that this amendment sponsored jointly by he and Senator Dyson is a result of the earlier discussions. It was determined to be beneficial that the legislature receive a report on the progress made in filling the vacant Trooper positions.

Co-Chair Wilken moved for adoption and objected for discussion purposes.

[5:29:50 PM](#)

Senator Olson asked the relation between this amendment and the provisions adopted in DPS #3.

[5:30:02 PM](#)

Senator Dyson reminded of the provisions of the previously adopted DPS #3, which provides funding for five new Trooper positions. Amendment DPS #5 emphasized the need to reduce overtime, transfer and transportation expenses incurred as a result of the vacant positions.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[5:30:48 PM](#)

Department of Health and Social Services (cont.)

H&SS #6: This amendment adds \$596,000 general funds to the Behavioral Health BRU, AK Fetal Alcohol Syndrome Program component on page 17, lines 3 and 4. Accompanying explanatory language reads as follows.

This funding will continue the Fetal Alcohol Spectrum Disorder Diagnostic Services program in Alaska. The five year federal grant is ending necessitating the state to fund this program if it is to continue.

Senator Dyson moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Senator Dyson explained that this program and its services did not exist six or seven years ago. Thanks to US Senator Ted Stevens, Alaska now has one of the better programs in diagnostic, prevention and treatment services. The number of incidences of fetal alcohol syndrome is a "horrendous problem". The Department has continued to transfer funding for this program and he was concerned that the program does not expire due to lack of funding. He asked if any funding could be made available for this program.

[5:32:09 PM](#)

Co-Chair Green noted that over \$159 million is appropriated to the Behavioral Health BRU, a portion of which is allocated for alcohol and substance abuse treatment programs. Over \$6 million is specifically allocated to the fetal alcohol syndrome program.

Co-Chair Green asserted that State funding would not be utilized to "backfill" any reductions of federal funding, nor would new programs be created.

[5:33:34 PM](#)

Co-Chair Wilken gave the Alaska Fetal Alcohol Syndrome program as an example of a program receiving less federal funding after a set five-year period with the legislature asked to supplement the short fall.

[5:33:49 PM](#)

Senator Dyson surmised that the Committee is therefore choosing against providing State funding in these situations.

[5:33:53 PM](#)

Co-Chair Wilken affirmed and noted other funding sources.

[5:34:02 PM](#)

Senator Dyson requested the Department of Health and Social Services speak to the consequences of the reduced funding and whether the program would be continued in some form.

[5:34:10 PM](#)

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

she could not answer how the Department would reprioritize the use of the remaining funds of the federal fetal alcohol syndrome grants. She agreed with Co-Chair Green to the significant funding appropriated to the Behavioral Health BRU and that some funding remains for this program. However, the funds requested in this amendment are intended to "restore" a portion of the funding formally received from the federal government.

[5:35:17 PM](#)

Senator Dyson asked the amount of grant funding remaining for this program.

[5:35:28 PM](#)

Ms. Baker affirmed the amount is \$6,328,400.

[5:35:38 PM](#)

Senator Dyson understood that money had already been expended.

[5:35:46 PM](#)

Co-Chair Green reminded that the intent language for this Department reflects the direction that a plan would be created to coordinate efforts of the Department. This new plan has the potential, if it includes the fetal alcohol syndrome program, up to \$2 million could be available through the Temporary Assistance for Needy Families (TANF) bonuses.

[5:36:23 PM](#)

Ms. Baker noted that the budget subcommittee identified \$500,000 through the TANF federal funding source that could be utilized for the fetal alcohol syndrome program. This amendment represents a general fund request to fully offset the federal funds no longer appropriated for the program.

[5:36:40 PM](#)

Senator Dyson WITHDREW his motion to adopt this amendment and it was NOT OFFERED again.

[5:36:59 PM](#)

H&SS #7: This amendment adds a new "Governor's Advisory Council on Faith Based and Community Initiatives" component within the Boards and Commissions BRU on page 22, line 10 and appropriates \$315,000

general funds and \$105,000 I/A Receipts to the new component. Accompanying explanatory language reads as follows.

Description: Advisory Council on Faith-Based and Community Initiatives

This amendment will fund the Governor's Advisory Council on Faith-Based and Community Initiatives and the Office of Faith-Based and Community Initiatives. The council advises the Governor on policies and practices to increase the contributions of faith-based and community organizations to meet the workforce and health and social services needs of the people of Alaska. The council is supported by a three person staff, which the requested funds will support.

The interagency receipts funding for this amendment comes from TANF as part of the FFY 03 High Performance Bonus awarded to the State in the Division of Public Assistance.

Senator Dyson moved for adoption, noting this amendment is similar to the previous amendment. He requested Co-Chair Green explain this amendment.

[5:37:24 PM](#)

Co-Chair Green explained that the Council was initially established within the Office of the Lieutenant Governor with a budget of \$68,000 and was performing well and receiving measurable community support. She was therefore surprised that the staff position had been eliminated through a veto and that a FY 05 supplemental budget request of \$125,000 was submitted. This funding was requested for new staff, office equipment and other expenses. She predicted that future budget requests would continue to increase given the FY 06 budget request is larger than the FY 05 request. She did not view this program as a growth industry and asserted that it should be operated with volunteers.

[5:38:55 PM](#)

Senator Dyson understood the Council was transferred from the Office of the Lieutenant Governor to the Office of the Governor.

[5:39:05 PM](#)

Co-Chair Green clarified the Governor assigned the Department of Health and Social Services to oversee the Council.

[5:39:12 PM](#)

Senator Dyson asked the amount of funding remaining for operating the coordination functions of the Council.

[5:39:26 PM](#)

Co-Chair Wilken replied that no money remains for this program and that the funds requested in this amendment is "new money".

[5:39:39 PM](#)

Ms. Baker affirmed that the current version of the FY 06 operating budget legislation contains no funding for this program. She noted the Department has a FY 05 supplemental budget request pending to refund other State agencies that have contributed to the basic resources for the current fiscal year. This amendment would provide funding for FY 06 to continue the program.

[5:40:13 PM](#)

Senator Dyson expressed his quandary in desiring this program to continue. He clarified that the program had been allocated \$68,000 for FY 05 then the Governor transferred the program to the Department. The requested supplemental funding would only cover costs already incurred, and no funding would be appropriated for the continued coordination of these services.

[5:40:43 PM](#)

Co-Chair Green explained that the \$68,000 appropriated for FY 05 by the legislature to fund the coordinator position was vetoed from the operating budget legislation. Four State departments were directed provide \$40,000 each for the program, which would be located within the Department of Health and Social Services. The Department of Health and Social Services announced that the \$40,000 it contributed would not be charged-back, i.e. a refund would not be requested; although, a supplemental budget request was submitted to reimburse the other three departments. The Committee has provided this funding. However, a request of \$315,000 was submitted for FY 06. Continuing to appropriate this level of funding for the program was not her intention when it was founded.

[5:41:58 PM](#)

Senator Dyson asked if any funds would be available for the coordinator position if this amendment were not adopted.

[5:42:12 PM](#)

Co-Chair Green understood that funding could be made available within the Office of the Governor or the Office of the Lieutenant Governor budgets for this position.

Co-Chair Green departed from discussion on this amendment to comment on the previous amendment, H&SS #6. She reported that if the Department receives the \$2 million TANF bonus for the Behavioral Health BRU, "the money listed here in this fund source would not be available."

[5:42:52 PM](#)

Ms. Baker returned to H&SS #7 to clarify that the funding for the coordinator position that was vetoed was a position located within the Department of Health and Social Services for faith-based activities from "the Department perspective". The funding requested in this amendment would be utilized to fund additional staff positions to handle the "Governor's Admin order on the accounts itself."

[5:43:18 PM](#)

Co-Chair Wilken furthered that when the effort to coordinate and utilize community and faith-based services, which was supported initially, the Governor or the Lieutenant Governor intended to "reach out to the fabric of Alaska" to establish a voluntary organization to coordinate the services. He was therefore surprised at the FY 05 supplemental budget request as well as the request detailed in this amendment. He surmised that to fund this request would "build a little bureaucracy" that would be difficult to discontinue. In addition, he questioned the objective benefit of this effort, noting that no analysis has been conducted on the expected contributions and results of the new program.

[5:44:39 PM](#)

Senator Dyson agreed. He asked if the program could be continued with funding of the initial \$68,000.

[5:45:22 PM](#)

Co-Chair Wilken replied that money would be available for this effort without the adoption of this amendment.

[5:45:31 PM](#)

Senator Dyson WITHDREW his motion to adopt the amendment and it was

NOT OFFERED again.

[5:45:45 PM](#)

Department of Military and Veterans Affairs (cont.)

M&VA #2: This amendment deletes \$33,800 general funds from the Military and Veterans' Affairs BRU, Air Guard Facilities Maintenance component of page 26, lines 20 and 21, deletes \$57,600 general funds from the Alaska Military Youth Academy component on lines 22 and 23, and adds \$91,400 general funds to the National Guard Military Headquarters component on lines 16 and 17. Accompanying explanatory language reads as follows.

There are 5 Family Support Assistance Centers around the state that provide support to families of National Guard troops who are deployed around the globe. These centers are operated primarily by volunteers, often spouses and friends of deployed personnel, who see that the families' most pressing needs are met, that doctors appointments are attended, that someone is there to help in case of sickness or other family emergency. Sometimes volunteers go so far as to drive family members to the doctor or dentist or teacher conference. Sometimes they watch the kids so mom can go shopping or take a much-needed break. Occasionally, the volunteers will take money out of his or her own pocket to buy diapers, formula, or other necessities for a deployed troop's family.

Troops deployed away from home, usually into hostile areas, are often worried as much about their families back home as they are about their own safety. Will they be taken care of? Who will help them if I'm not there to help? What if someone gets sick? These centers help ease some of the worry about their families back home.

The funding requested by this amendment will be distributed to each of the five centers to help them provide for the direct costs of incidental supplies and services to the affected families as necessary.

The funding comes from funding originally established for network services charged to the department and paid to the Enterprise Technology Services Division of the Department of Administration. The funds are charged to all agencies regardless of whether the agency uses the services or not. The Department of Military and Veterans Affairs, for example, is anticipating charges for ETS services at the Alaska Military Youth Academy, Eielson Air Force Base, and Kulis Air National

Guard Base in the amount of \$91.4 K even though they receive no network services from ETS.

Enterprises Technology Services (ETS) requested over \$3 million in general funds as a fund change from charging back their services to the user departments, of which the Senate Finance Subcommittee approved \$3 million. One of the reasons was that their charge backs were not equitable based on use.

This amendment would delete the funds DMVA had requested for network services and add those funds back for the Family Support Assistance Centers.

Senator Dyson stated that since the completion of the budget subcommittee process, the Department identified other options and is requesting approval to exercise those options.

[5:46:14 PM](#)

JOHN KRAMER, Director, Administrative Services Division, Department of Military and Veterans Affairs, testified to the compromise with the directives of the House of Representatives this amendment represents. He told of the 18,000 requests responded to through this program in the previous year. This program currently receives no State funding. Soldiers leave vacancies when they are deployed away from home.

[5:47:36 PM](#)

Co-Chair Wilken asked if this amendment would have a net zero affect.

[5:47:40 PM](#)

Senator Dyson emphasized this amendment would not increase funding.

[5:47:48 PM](#)

Mr. Kramer reaffirmed.

[5:47:57 PM](#)

Co-Chair Green understood funding was included for the Alaska Military Youth Academy and the Air Guard Facilities Maintenance components either in the FY 05 supplemental appropriation, or this legislation.

[5:48:22 PM](#)

Mr. Kramer explained that the funding referenced in this amendment is for services of which the Department does not receive any benefit. The Department of Administration charges the Department of Military and Veterans Affairs for telephone and computer services. Because these facilities are located on military bases, the services are not provided by the State. Although the funding has been included in the current version of the FY 06 operating budget, the Department of Military and Veterans Affairs would not transfer those funds to the Department of Administration.

[5:49:14 PM](#)

Co-Chair Green asked of any other discrepancies in the Department's budget.

[5:49:23 PM](#)

Mr. Kramer assured that the finance subcommittee thoroughly reviewed the Department's budget.

Senator Dyson announced the removal of his objection to the adoption of the amendment.

The amendment was ADOPTED; although no formal motion to adopt the amendment was offered, it was the intent of the Committee.

M&VA #2: This amendment adds a new "Family Support" component to a new "Military Headquarters" BRU and appropriates \$50,000 general funds to the component. Accompanying explanatory language reads as follows.

There are 5 Family Support Assistance Centers around the state that provide support to families of National Guard troops who are deployed around the globe. These centers are operated primarily by volunteers, often spouses and friends of deployed personnel, who see that the families' most pressing needs are met, that doctors appointments are attended, that someone is there to help in case of sickness or other family emergency. Sometimes volunteers go so far as to drive family members to the doctor or dentist or teacher conference. Sometimes they watch the kids so mom can go shopping or take a much-needed break. Occasionally, the volunteers will take money out of his or her own pocket to buy diapers, formula, or other necessities for a deployed troop's family.

Troops deployed away from home, usually into hostile areas, are often worried as much about their families back home as

they are about their own safety. Will they be taken care of? Who will help them if I'm not there to help? What if someone gets sick? These centers help ease some of the worry about their families back home.

The funding requested by this amendment will provide \$10,000 to each of the five centers to help them provide for incidental supplies and services as necessary.

This amendment was NOT OFFERED based on the actions taken on M&VA #2.

[5:50:00 PM](#)

Department of Public Safety (cont.)

DPS #6: This amendment adds \$200,000 general funds to the Council on Domestic Violence and Sexual Assault BRU and component on page 30, lines 28 and 29. Accompanying explanatory language reads, "This funding gives the Shelter Grants a 2% increase."

Senator Olson moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Senator Olson reported an increase in the usage of these shelters, especially in the previous year. In addition, prosecution of offenders has increased. The temporary shelters serve women and children of all areas of the State, both rural and urban.

[5:50:49 PM](#)

Senator Dyson asked if the amount requested in this amendment is in addition to the amount requested by the Murkowski Administration.

[5:51:10 PM](#)

Co-Chair Wilken replied that the adoption of this amendment would fund the program in the same amount as approved by the House of Representatives.

Co-Chair Green relayed discussions with representatives of the program, in which she learned that funding for the program has remained the same amount for five or six years. It was becoming difficult to maintain the level of service in all the locations with the amount provided.

Co-Chair Wilken removed his objection and without further

objection, the amendment was ADOPTED.

[5:51:44 PM](#)

Department of Fish and Game (cont.)

F&G #2: This amendment adds \$200,000 general funds to the Administration and Support BRU, State Subsistence component on page 14, line 24. Accompanying explanatory language reads, "This amendment adds \$200,000 in general funds for the State Subsistence allocation."

Senator Hoffman moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Senator Hoffman read a statement into the record as follows.

This is an increase in the Division of Subsistence of \$200,000 in general funds. Primarily both boards of fish and game rely on the research for the Subsistence Division to make allocation decisions for all users. Without adequate information, the boards may be forced to make conservative harvest allocations in areas that could have been opened for hunting and fishing throughout the State.

[5:52:27 PM](#)

Co-Chair Wilken removed his objection.

[5:52:34 PM](#)

Senator Dyson shared his perception that the administration of the subsistence program by the State has been well done. He asked if the sponsor shared this perception.

Senator Hoffman answered he did.

[5:52:56 PM](#)

Co-Chair Wilken asked if the amendment would provide funds over the amount requested by the Governor.

[5:53:06 PM](#)

Senator Hoffman replied that this amendment represents one-half of the \$400,000 requested by the Governor.

[5:53:15 PM](#)

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[5:53:19 PM](#)

Department of Health and Social Services (cont.)

H&SS #8: This amendment adds \$500,000 general funds to the Public Health BRU, Women, Children and Family Health component on page 19, lines 26 and 27. Accompanying explanatory language reads as follows.

Description: Expansion of Breast and Cervical Health Checks

Provides for expansion of the Breast & Cervical Health Checks (pelvic exam, mammogram, PAP test) to eligible women. A women's eligibility is based on income at or below 250% of federal poverty level and no other existing health insurance coverage.

This increment is intended to increase funding for FY 06, but the funding will not be included in the FY 07 base.

Senator Olson moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Senator Olson overviewed the explanatory statement. He pointed out this amendment would provide almost the amount approved by the House of Representatives, although over \$1 million less than the Governor requested.

[5:54:27 PM](#)

Co-Chair Wilken noted the intent that this funding would be allocated with the expectation that a system of management of clients be implemented and attempts be made to secure other federal funding to supplant this general fund appropriation.

[5:54:51 PM](#)

Co-Chair Green asked for clarification that eligibility is limited to women with "no other existing health insurance coverage". She understood that the services are available to women with "insufficient" health care coverage.

[5:55:19 PM](#)

RICHARD MANDSAGER, MD, Director, Division of Public Health, Department of Health and Social Services, was unsure the exact eligibility requirements.

[5:55:52 PM](#)

Co-Chair Green requested that the language of the explanatory statement conform to the existing provisions of the program.

[5:56:11 PM](#)

Co-Chair Wilken directed the record reflect instructions to make conforming changes to the amendment as necessary.

[5:56:17 PM](#)

Co-Chair Wilken removed his objection and without further objection the amendment was ADOPTED.

[5:56:28 PM](#)

Department of Fish and Game (cont.)

F&G #3: This amendment deletes \$250,000 Test Fisheries Receipts and adds \$250,000 general funds to the Commercial Fisheries BRU, Westward Region Fisheries Management component on page 13, lines 21 and 22. Accompanying explanatory language reads as follows.

This amendment replaces an increase in Test Fisheries Receipts authorization with general funds.

Senator Hoffman moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Senator Hoffman noted the need for a technical correction to the amendment. This amendment is intended to reduce the reliance on Test Fisheries Receipts in Bristol Bay. In the previous year, the State contracted with processors to harvest \$287,000 worth of salmon with a contract rate set at ten cents a pound; well below the market value of 40 cents a pound. As a result 551,000 salmon weighing over 2.8 million pounds were harvested. The Department of Fish and Game needed to reduce this harvest rate. In addition, cost recovery occurred in the eastern side of Bristol Bay in a mixed stock area. Unfortunately, the majority of fish taken were of a certain river stock and the mid-range escapement goals were not met

for that river. As a result of this, the river fishery did not open until late July 2004, well after the sockeye run finished. Over 5 million salmon, at an estimated cost of \$12 million, from a different stock migrated unharvested because of the closure of the other stock fishery.

[5:58:20 PM](#)

Co-Chair Wilken clarified the correct allocation of the changes proposed in the amendment should be to the Central Region.

AT EASE [5:58:37 PM/6:00:16 PM](#)

Senator Hoffman verified this.

Co-Chair Wilken offered a motion to amend the amendment to specify the fund source change be made to the Central Region Fisheries Management component on lines 17 and 18.

Without objection the amendment was AMENDED.

Co-Chair Wilken removed his objection to the adoption of the amendment and the amended amendment was ADOPTED without further objection.

[6:00:50 PM](#)

Language Section (cont.)

LANG #3: This amendment adds a subsection to Section 14. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT., on page 28, line 14 to read as follows

(b) The sum of \$250,000 is appropriated from the general fund to the Department of Education and Early Development for the fiscal year ending June 30, 2006, for payment as grants to each school district that operates a charter school with an average daily membership of 150 or less for support of those charter schools in those districts. The amount appropriated for grants by this section is to be allocated among eligible school districts in the proportion that the average daily membership of eligible charter schools in a district bears to the total average daily membership of all eligible charter schools in all school district that operate an eligible charter school.

Senator Dyson moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Senator Dyson told of the financial struggles of the charter schools. It is difficult for those schools with fewer than 150 students to operate.

[6:01:51 PM](#)

Co-Chair Wilken furthered that an allocation in this amount was appropriated the previous fiscal year for this purpose.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[6:02:07 PM](#)

University of Alaska

UNV #1: This amendment adds a "Statewide Administration" component to the University of Alaska BRU on page 36, line 28 and appropriates \$1,065,000 general funds to the component. Accompanying explanatory language reads as follows.

Page 63, line 24 of SCS CS HB 67 (FIN) approves the contract language that forces the university to switch all bargaining units to the existing University of Alaska Health care plan. Unfortunately, there is no corresponding appropriation.

Through active management UA health care costs have been and are substantially lower than all other state agencies. Moving UA bargaining units to the US choice plan is another management move to continue to hold health care costs down. However, the governor's amendment which addressed these costs was not adopted by the Finance subcommittee. For clarification purposes: the language in the bill removes any management options the university has regarding this contract and forces the university to eat these costs.

Co-Chair Wilken moved adoption and objected for discussion purposes.

Co-Chair Wilken explained this amendment is offered as a result of a bargaining unit agreement.

[6:02:40 PM](#)

SENATOR PETE KELLY, State Relations, University of Alaska, testified that the University labor relations' team negotiated

employment contracts with the various bargaining units represented at the University. The Senate Finance Committee recently approved those contracts; however, language contained in Section 23(b) stipulates that the appropriation for salary and benefit adjustments includes the terms of the tentative agreement to transition to the UA Choice Health Plan.

Senator Kelly asserted that this is a well-managed plan that has reduced the per-employee per-month health care costs for the University. He detailed the incentives, bulk purchasing pharmaceutical agreements and other aspects of the plan. The costs of other health care plans provided for bargaining unit employees not participating in the UA Choice Health Plan is estimated to be between \$8,000 and \$10,000 annually per employee in eight to ten years and would continue to increase. The intent of the UA plan is to manage the costs and lessen the cost increases in the future.

Senator Kelly stated that this amendment is necessary to appropriate the funding to implement the transition as provided for in Section 23(b).

[6:05:02 PM](#)

Senator Hoffman clarified that the decision is whether to adopt this amendment or remove the language of Section 23(b), thus eliminating the transition of all University employees to the UA Choice Health Plan.

[6:05:12 PM](#)

Co-Chair Kelly replied that the language in question is the result of significant negotiation efforts and that to eliminate the transition would require additional negotiations to occur.

[6:05:20 PM](#)

Senator Dyson asked if the University has considered establishing a health savings account for employees in conjunction with efforts to reduce health care costs.

[6:05:39 PM](#)

Co-Chair Kelly was unaware whether this has been considered.

[6:05:43 PM](#)

Senator Dyson requested the matter be given future consideration.

[6:05:47 PM](#)

Senator Stedman asked the University of Alaska's plan if this amendment were not adopted but the language of Section 23(b) remained.

[6:06:04 PM](#)

Co-Chair Kelly replied that the University would be in a "difficult situation" because the directive of the president is to not engage in "Washington Monument discussions." However, the additional costs would be absorbed through reduced funding for classroom-type programs. Increments for behavioral health, nursing, welding technology, engineering and others would be reduced. The University would make every effort to not reduce funding for those programs.

[6:06:47 PM](#)

Senator Stedman asked the budgetary increment this year for the University of Alaska.

[6:06:53 PM](#)

Co-Chair Kelly answered "five percent."

[6:06:57 PM](#)

Co-Chair Wilken informed that the current version of the FY 06 operating budget appropriates approximately \$38 million for approved contracts with employee bargaining units. He offered this amendment, as it is similar to the approval the Committee has granted to the funding costs of the other bargaining unit agreements. These cost increases are all the result of collective bargaining. The University of Alaska should not be treated differently.

[6:07:37 PM](#)

Senator Hoffman asked which bargaining unit negotiated the agreement with the University of Alaska.

[6:07:42 PM](#)

Co-Chair Kelly replied that four or five bargaining units represent University employees.

Co-Chair Green listed: Alaska Higher Education Crafts and Trades, United Academics and United Academics-Adjuncts. [She did not

mention Alaska Community Colleges' Federation of Teachers, which is included in the list of affected bargaining unit employees in Section 23(b).]

Co-Chair Wilken removed his objection to the adoption of the amendment.

Senator Stedman objected.

Senator Stedman spoke to his objection, relaying the efforts of the University of Alaska budget subcommittee in considering the amount to allocate to the various increments of the University system. He admitted the initial amount was inadequate, although the amount was increased \$4.5 million through the full Committee process. Attempts are being made to contain increases to three to five percent for all agencies. The University performs well, has advanced and would continue to do so. However, a funding limit must be established.

[6:09:44 PM](#)

Senator Hoffman shared the concerns of Senator Stedman.

[6:10:31 PM](#)

Senator Dyson asked if the House of Representatives approved this funding.

[6:11:03 PM](#)

Co-Chair Kelly replied it did not.

[6:11:06 PM](#)

Senator Dyson pointed out that the conference committee of the Senate and the House of Representatives that would be assigned to reach a final compromise on this legislation could not provide the additional funding to the University if this amendment were not adopted.

[6:11:21 PM](#)

Co-Chair Green asked the budget amounts for the University that the conference committee would be allowed to consider.

[6:11:36 PM](#)

Mr. Armstrong responded that the House of Representatives approved \$8.5 million general funds with \$2.4 million for PERS/TRS costs,

and the current Senate version includes \$11.9 million.

[6:12:00 PM](#)

Co-Chair Green noted that line items within the budget could be conferencable, while others could not. She understood that "several million dollars" of the University budget were eligible for consideration.

[6:12:47 PM](#)

Mr. Teal informed that currently, two transactions would be eligible for consideration by the conference committee. The conference committee could decide to appropriate any amount up to \$11.9 million for the regular University budget. In addition, the House of Representatives approved a \$3.4 million allocation specifically for PERS/TRS expenses, which could be adopted or reduced by the conference committee. He continued to detail the exact amounts.

[6:13:46 PM](#)

Co-Chair Wilken had understood that the appropriation for the PERS/TRS expenses were included in SB 141, relating to employee benefits.

[6:13:53 PM](#)

Mr. Teal replied that the Senate has included such funding in a fiscal note for SB 141. He noted, however, that this information would not be included in the fiscal notes eligible for consideration by the aforementioned budget conference committee.

[6:14:22 PM](#)

A roll call was taken on the motion to adopt the UNV #1.

IN FAVOR: Senator Hoffman, Senator Olson, and Co-Chair Wilken

OPPOSED: Senator Stedman, Senator Dyson, and Co-Chair Green

ABSENT: Senator Bunde

The motion FAILED (3-3-1)

The amendment FAILED to be adopted.

AT EASE [6:15:10 PM](#)/[6:44:14 PM](#)

Language Section (cont.)

LANG #1: This amendment deletes Section 15 of the bill, relating to the Education Loan Program, on page 57, lines 1 through 5.

A change regarding use of student loan origination fees took effect on June 17, 2004. CS SB 227 (FIN) Section 6 revised AS 14.43.120(u) to remove a "subject to appropriation" clause before fees could be used by the ASLC. According to the Alaska Commission on Postsecondary Education Director Diane Barrans, Section 15 is no longer required.

[This amendment was adopted earlier in this meeting.]

Co-Chair Wilken moved to rescind the Committee's action in adopting the amendment. He then objected to the motion to receive an explanation.

[6:44:51 PM](#)

Mr. Teal explained that the Attorney General had determined that the language of Section 15 was unnecessary due to statutory changes made the prior year. However, the Division of Legal and Research Services advised that despite the statutory change, the language was necessary in appropriation legislation. While unsure of the correct determination, he concluded that because inclusion of the language would not be detrimental and because exclusion of the language could be detrimental, the language should be included.

[6:46:04 PM](#)

Co-Chair Wilken removed his objection to the motion and earlier action adopting the amendment was RESCINDED. The amendment was NOT OFFERED for consideration again.

[6:46:34 PM](#)

DOT #2: This amendment adds \$6,470,800 Marine Highway funds to the Alaska Marine Highway System BRU, Marine Vessel Operations component on page 36, line 16. Accompanying explanatory language reads as follows.

Technical Correction:

In the computation for the transfer of the general funds to the Alaska Marine Highway System Fund as a direct appropriation to the operating budget, \$6,470,800 was inadvertently omitted from the amount of the transfer.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for an explanation.

Co-Chair Green explained that this amendment corrects an omission.

[6:46:59 PM](#)

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[6:47:08 PM](#)

Department of Community and Economic Development

CCED #2: This amendment adds \$3 million PCE (Power Cost Equalization) funds to the Alaska Energy Authority BRU, Alaska Energy Authority Power Cost Equalization component on page 6, lines 31 and 32. Accompanying explanatory language reads as follows.

This funding boosts the PCE program's expenditure authorization to \$18.7 million (the traditional funding level is \$15.7 million.)

This amendment also deletes "\$11,508,264" and inserts "\$11,698,264" from subsection (m) of Section 19. FUND TRANSFERS. The amended language on page 59, lines 11 through 20 reads as follows.

(m) The amount necessary to provide the sum appropriated from the power cost equalization and rural electric capitalization fund (AS 42.45.100) by sec. 1 of this Act, after any appropriations made to that fund during the fiscal year ending June 30, 2006, are taken into account, is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the power cost equalization and rural electric capitalization fund. However, in accordance with AS 42.45.085(a), the amount appropriated by this subsection may not exceed seven percent of the market value of the power cost equalization endowment fund, determined by the commissioner of revenue to be \$11,698,264, minus amounts appropriated during the fiscal year ending June 30, 2006, for reimbursement of the costs set out in AS 42.45.085(a)(2) and (3).

Accompanying explanatory language reads, "This corrects an error that removed management fees twice."

This amendment also inserts a new section to the bill to provide

that the sum of \$2,500,000 is appropriated from the general fund to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

Accompanying explanatory language reads as follows.

This portion of the amendment capitalizes the Power Cost Equalization and Rural Electrification Fund (PCE Fund) to ensure that enough funding is available in the fund to support the additional \$3 million appropriated from the fund.

PCE Fund Capitalization	
GF	\$2,500,000
Carry forward & Int	3,000
PCE Endowment	11,698,300
NPR-A Funding	5,153,400
Fund Management	(192,700)
To PCE Fund	\$19,162,000

Senator Olson moved for adoption.

Co-Chair Wilken objected.

Senator Olson explained that this amendment adds \$3 million to the Power Cost Equalization program. The total funding would be the same amount as approved by the House of Representatives, although "well below" the amount requested by the Governor. The additional funding appropriated in this amendment would be utilized to offset higher fuel prices and maintenance of facilities in rural areas of the State. He requested the Division of Legislative Finance provide more detail.

[6:48:35 PM](#)

Mr. Teal stated that the first portion of the amendment, adding \$3 million PCE funding, would increase the amount that could be paid out as grants to \$18.7 million. The second portion of the amendment corrects an error in the committee substitute and should be adopted regardless of action taken on the other portions of the amendment. The endowment is paying out seven percent, which calculates to \$11,698,264. The Division had subtracted \$192,000 in fund management fees, unaware that the Office of Management and Budget had already taken the deduction in the version of the budget that the Governor requested. As a result, the management fees were deducted twice.

Mr. Teal emphasized the \$2.5 million appropriation listed in the third portion of the amendment is general funds. This is the amount

necessary to provide the additional \$3 million for grants as provided for in the first portion of the amendment. A balance in the fund would provide the remaining \$500,000.

[6:50:16 PM](#)

Senator Olson pointed out that this amendment would provide \$3 million in benefits for the "price" of \$2.5 million.

[6:50:30 PM](#)

Senator Hoffman remarked that adjustments have been made in the FY 06 operating budget to account for increased fuel costs. In rural areas of the State, these increases are more significant and increased funding is justified. The \$3 million would significantly reduce the substantial increases in the cost of power in rural Alaska.

[6:51:43 PM](#)

Co-Chair Wilken maintained his objection to the adoption of the amendment. All areas of the state are facing difficulties caused by higher power costs. The Port of Anchorage has imposed a ten percent surcharge on all cargo passing through. The Committee has increased funding for the PCE program over the FY 05 appropriation and the House of Representatives approved a higher amount. The conference committee that would be appointed and assigned with reaching a compromise between the House of Representatives and the Senate versions of the FY 06 operating budget would have an opportunity to increase the funding up to the higher amount.

[6:52:33 PM](#)

Senator Stedman clarified the Committee was voting on the entire amendment; the question was not divided.

[6:52:46 PM](#)

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Olson

OPPOSED: Senator Dyson, Senator Stedman, Co-Chair Green and Co-Chair Wilken

ABSENT: Senator Bunde

The motion FAILED (2-4-1)

The amendment FAILED to be adopted.

[6:53:31 PM](#)

CCED #3: This conceptual amendment is comprised of the second portion of CCED #2, which deletes "\$11,508,264" and inserts "\$11,698,264" from subsection (m) of Section 19. FUND TRANSFERS. The amended language on page 59, lines 11 through 20 reads as follows.

(m) The amount necessary to provide the sum appropriated from the power cost equalization and rural electric capitalization fund (AS 42.45.100) by sec. 1 of this Act, after any appropriations made to that fund during the fiscal year ending June 30, 2006, are taken into account, is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the power cost equalization and rural electric capitalization fund. However, in accordance with AS 42.45.085(a), the amount appropriated by this subsection may not exceed seven percent of the market value of the power cost equalization endowment fund, determined by the commissioner of revenue to be \$11,698,264, minus amounts appropriated during the fiscal year ending June 30, 2006, for reimbursement of the costs set out in AS 42.45.085(a)(2) and (3).

Accompanying explanatory language reads, "This corrects an error that removed management fees twice."

Co-Chair Wilken moved for adoption.

Without objection the amendment was ADOPTED.

AT EASE [6:53:59 PM/6:55:08 PM](#)

Co-Chair Wilken requested a motion to allow the bill drafters to conform amendments to the bill and make technical changes as required. Co-Chair Green so moved.

There was no objection and the motion was ADOPTED.

Co-Chair Green offered a motion to report SCS CS HB 67 (FIN), 24-GH1073\L, as amended, from Committee with individual recommendations.

Co-Chair Wilken objected to inquire when the final version of the bill would be delivered to the Committee.

[6:56:10 PM](#)

Mr. Teal anticipated the changes to the bill would be completed later that day.

Co-Chair Wilken withdrew his objection. With no further objection, SCS CS HB 67 (FIN) MOVED from Committee.

[6:56:40 PM](#)

The following amendment is specific to HB 66.

MH #2: This amendment deletes Section 7 from the bill on page 14, lines 3 through 6. The deleted language reads as follows.

Sec. 7. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. The sum of \$3,000,000 is appropriated from the general fund/mental health to the Department of Health and Social Services for costs associated with fulfilling the obligation of the State of Alaska related to the demolition and asbestos abatement of the old Alaska Psychiatric Institute.

Accompanying explanatory language reads as follows.

Given the timing of the operating and capital appropriation decision making, standard practice for capital projects in the Mental Health Bill has been to make them all subject Conference Committee action. This amendment removes the API Asbestos Abatement project which is contained in the House version of the bill, thereby making it an item for Conference Committee consideration.

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for discussion purposes.

Mr. Armstrong explained that previous practice has been for the Senate Finance Committee remove one item from the Mental Health appropriation legislation to allow for a conference committee to be appointed and fully consider all funding sections of the Mental Health budget. This amendment would provide that the entire bill would be subject to consideration by the conference committee.

Co-Chair Wilken removed his objection and the amendment was ADOPTED without further objection.

[6:58:10 PM](#)

Co-Chair Green offered a motion to report SCS CS HB 66 (FIN), 24-GH1075\Y, from Committee with individual recommendations.

There was no objection and SCS CS HB 66 (FIN) MOVED from Committee.

#

ADJOURNMENT

Co-Chair Wilken adjourned the meeting at 07:00 PM