

HOUSE FINANCE COMMITTEE  
March 22, 2007  
1:38 p.m.

CALL TO ORDER

Co-Chair Chenault called the House Finance Committee meeting to order at [1:38:38 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Harry Crawford  
Representative Richard Foster  
Representative Les Gara  
Representative Mike Hawker  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Mary Nelson  
Representative Bill Thomas, Jr.

MEMBERS ABSENT

None

ALSO PRESENT

Karen Rehfeld, Director, Office of Management and Budget;  
David Teal, Director, Legislative Finance Division; Sharon Kelly, Staff, Co-Chair Chenault

PRESENT VIA TELECONFERENCE

None

SUMMARY

HB 95 "An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

CSHB 95 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

HB 96 "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."

CSHB 96 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

AMENDMENTS:

Department of Health and Social Services  
Department of Labor and Workforce Development  
Department of Law  
Department of Natural Resources  
Department of Public Safety  
Department of Revenue  
University of Alaska

HOUSE BILL NO. 95

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

HOUSE BILL NO. 96

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.

[1:39:20 PM](#)

Representative Gara MOVED to ADOPT Amendment HSS #10:

DEPARTMENT: Department of Health and Social Services  
APPROPRIATION: Human Services Community Matching Grants  
ALLOCATION: Human Services Community Matching Grants  
ADD: \$300,000 GF

EXPLANATION: Human Services Community Matching Grants provide essential health and human services to people in need. Since the 1980's, the program has helped distribute state, municipal, and private funds to non-profit agencies who deliver meals to the hungry, help place unemployed residents in jobs, offer emergency shelters and crisis counseling to disaster victims, provide social service contacts, and meet other basic needs.

Funding for these grants has declined in recent years. Anchorage, for example, has lost more than 40% in state human services grants since 2001. These grants are

investments in our state, as these services are much cheaper to fund upfront than deal with later consequences when individuals' situations have become more serious.

Vice Chair Stoltze OBJECTED.

Representative Gara explained that the amendment updates the amount of money put into Human Services Matching Grants. He listed the groups that have lost funding over the years.

[1:41:48 PM](#)

Representative Hawker commented about the reduction. He pointed out that the subcommittee restored the funding level eliminated by the administration's proposal. He spoke against supporting the amendment.

Representative Gara proposed that the amendment would save money. He agreed with Representative Hawker's analysis of how the money was restored, preventing it from going to faith-based initiatives.

[1:42:54 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[1:43:49 PM](#)

Representative Gara MOVED to ADOPT Amendment HSS #11:

DEPARTMENT: Department of Health and Human Services  
APPROPRIATION: Behavioral Health  
ALLOCATION: Behavior Health Grants  
ADD: \$220.0 General Fund/Mental Health

EXPLANATION: To support the Trust's recommendation for project start-up. Soteria-Alaska's mission is to assist those with mental illness to get back on track without relying on pharmaceutical drugs.

Representative Hawker OBJECTED.

Representative Crawford stated that the amendment would provide a way to help children who are overmedicated. It is

a mental health approach that works for some and returns to the use of therapy.

Representative Hawker stated that the concept of peer-supported services as an alternative to a medical regime was explored in subcommittee. He recommended adding \$100,000 for the service. He suggested a coordinated effort with API. He assured that the Mental Health Trust would bring it forward next year.

Representative Nelson added that in every instance of school violence, the perpetrator had been using psychotropic drugs. Class rooms are becoming so large and many teachers are relieved when children are placed on these drugs. She said she was nervous about the trend. She supported other avenues than using drugs.

Representative Gara noted that the Mental Health Trust Board recommended funding for Soteria. He requested that supporters of the program testify.

Representative Crawford suggested that this is a new approach being proposed and he encouraged support for it.

[1:52:37 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[1:53:17 PM](#)

Representative Nelson MOVED to ADOPT Amendment HSS #12:

DEPARTMENT:	Health and Social Services
APPROPRIATION:	Public Assistance
ALLOCATION:	Energy Assistance Program

ADD: \$8,800.0 GF

EXPLANATION: Funding to expand the state's ability to provide energy assistance to low income individuals throughout the state. The state's efforts are currently capped by available funding, leaving many low income individuals without assistance in meeting the high costs of home heating and electricity.

Representative Hawker OBJECTED.

Representative Nelson explained that the amendment would provide a match to a federal low income heating assistance program. She spoke of an increased need for this assistance. She described how the federal dollars were distributed in the past. She referred to the gift of fuel to Alaska from Venezuela.

[1:57:02 PM](#)

Representative Crawford commented on the "good times" from the past two-year price of oil. He stressed that passing Amendment HSS 12 is the "right thing to do".

Representative Kelly reiterated support for the heroes that turned down the offer from Venezuela.

Co-Chair Chenault pointed out that it had been a federal program. The majority of the increase in cost is due to ferry system fuel, not just heating fuel. The program was brought forward last year to keep the high price of oil costs out of the budget. He spoke to keeping money in state coffers, noting programs such as Power Cost Equalization (PCE) to bring costs down in rural Alaska. He did not support the amendment.

Representative Joule commented on a survey in Kotzebue last year regarding the effects that huge increases in heating fuel costs had on the elders. The elders had to make choices between fuel and food. He maintained that if the government could help, from its wealth of resources, it should.

Representative Kelly added comments recommending cutting more wood. He thought there were other options.

Representative Nelson voiced gratitude for those people that accepted the gift of fuel from South America. She noted the different costs for stove oil and propane. She expressed gratitude for PCE in her district. The average household's energy consumption in Alaska is 25% electric and 75% transportation and stove oil. She pointed out that her community does not have electric heat, and fuel prices have increased three-fold. She related that people are just trying to stay even.

[2:07:35 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson

OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[2:08:16 PM](#)

Representative Nelson MOVED to ADOPT Amendment HSS #13:

DEPARTMENT: Department of Health and Social Services  
APPROPRIATION: Longevity Bonus Program  
ALLOCATION: Longevity Bonus Grants  
  
ADD: \$29,430.0 GF

EXPLANATION: This amendment funds the Governor's request to reinstate the Longevity Bonus Program. Representative Nelson explained.

Representative Hawker OBJECTED.

[2:09:28 PM](#)

Representative Hawker pointed out testimony in subcommittee by the Department of Law to the effect that reinstating the Longevity Bonus Program will require further statutory language. He maintained that not including this program in the budget is not a statement against seniors. Further legislation is pending. He noted that discussion of an alternative plan would take place in the HESS committee shortly.

Representative Gara stated that the Attorney General's opinion was that the statute may or may not need to be changed. Currently, the way it reads is that anyone who got the longevity bonus last year gets it this year. He maintained that the longevity bonus was a promise, as was Senior Care. The prudent thing to do is to pass the appropriation.

[2:12:30 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[2:13:12 PM](#)

Representative Nelson MOVED to ADOPT Amendment HSS #14:

DEPARTMENT: Health and Social Services

APPROPRIATIONS: Children's Services  
ALLOCATIONS: Infant Learning Program Grants

ADD: \$700.0 GF

EXPLANATION: This will bring the total grant increase to \$1 million above FY 07.

Representative Hawker OBJECTED.

Representative Nelson explained that the Infant Learning Program provides education, therapy, and other support services for infants and toddlers with special needs. Many Alaskan children are not receiving these services during the brief window when they are most effective.

Representative Hawker stated that the Department did receive an increment in this category and he does not support the amendment.

[2:15:05 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[2:15:39 PM](#)

Representative Joule MOVED to ADOPT Amendment HSS #15:

DEPARTMENT: Health and Social Services  
APPROPRIATION: Departmental Support Services  
ALLOCATION: Office of Faith-Based and Community Initiatives

ADD: \$500.0 GF

EXPLANATION: Funding for Human Services grants for areas that are ineligible to receive Human Services Matching grants. Provides match funding for the FBCI to oversee the development of grant programs that are consistent with the federal compassion capital grant fund program.

Add Intent language as follows:

"It is the intent of the legislature that the grant funding provided through the Office of Faith Based and Community Initiatives be utilized to fund programs in

regions other than the three urban areas receiving Human Services Matching grants."

Representative Hawker OBJECTED.

Representative Joule explained that the amendment would provide funds for grants for areas that are ineligible to receive Human Services Matching grants - outside of the three urban areas.

[2:19:33 PM](#)

Representative Hawker responded that he supports the control determination regarding investing public money for human services. That was the idea behind the human services block grants. The grants were designed statutorily and targeted to the larger urban populations. The model is excellent regarding providing services in the communities. He thought that to add this allocation without the sidebars was not appropriate.

[2:22:21 PM](#)

Representative Gara stated that the authority to administer grant funding rests with the Office of the Governor or the Department of Health and Social Services. He encouraged further thought on the human service matching grants for rural areas.

Representative Joule expected that it will be successful and accountable whenever it happens. Rural Alaska is trying to "add value to the individual".

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[2:26:17 PM](#)

Co-Chair Meyer MOVED to ADOPT Amendment LABOR #1.

DEPARTMENT:	Department of Labor and Workforce Development
APPROPRIATION:	Vocational Rehabilitation
ALLOCATION:	Independent Living Rehabilitation
ADD:	\$100,000 GF

EXPLANATION: A one-time funding increment of \$100,000 was granted in FY07. This amendment would establish the increment as part of Independent Living Rehabilitation's base budget. These funds would be used to operate Alaska's Centers for Independent Living. Centers for Independent Living (CILs) have increased the number of disabled and senior Alaskans served by 112% (to 3200) in the past three years, while receiving relatively flat State funding. Costs to provide these preventive services that keep people out of expensive institutions are rising, stretching Alaska's CILs to the limit of effectiveness. In FY05, State funding comprised only 9% of the total funding used to operate Alaska's successful Independent Living program. CILs leverage State general fund dollars, and are extremely resourceful, cost-effective agencies providing necessary services on behalf of the State of Alaska.

Vice Chair Stoltze OBJECTED.

Co-Chair Meyer explained noted that the allocation was a one-time fund last year. He pointed out that it is only 9 percent of the Independent Living program's budget.

Representative Crawford noted his support for the amendment.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment LABOR 1 was adopted.

[2:28:26 PM](#)

Representative Crawford WITHDREW Amendment LABOR #2. There being NO OBJECTION, it was withdrawn.

[2:28:52 PM](#)

Representative Kelly MOVED to ADOPT Amendment LABOR #3:

DEPARTMENT: Labor  
APPROPRIATION: Workforce Development  
ALLOCATION: Unemployment Insurance

ADD: \$940.0 GF

EXPLANATION: Fund source adjustment from Federal Receipts to General Fund. This is due to a reduction in federal funding. With the closure of the Delta, Tok, Barrow and Glennallen offices, the Fairbanks office can accurately anticipate an increase in U.I. calls and services. Fairbanks is a hub for Interior Alaska and is thereby justified to fund this office.

Co-Chair Meyer OBJECTED.

Representative Kelly spoke to the amendment, which relates to unemployment insurance call centers. He explained that a mistake was made in the explanation part of the amendment: Barrow should be deleted, and Petersburg should be added. At this time the commissioner has requested additional time to work on this issue.

Representative Kelly WITHDREW Amendment LABOR #3. There being NO OBJECTION, it was withdrawn.

[2:30:56 PM](#)

Representative Crawford MOVED to ADOPT Amendment LABOR #4:

DEPARTMENT: Department of Labor & Workforce  
Development  
APPROPRIATION: Commissioner & Administrative  
Services  
ALLOCATION: Office of Citizenship Assistance  
ADD: \$117.0 GF

EXPLANATION: This amendment will ensure funding for one full-time position at the Office of Citizenship Assistance in Juneau and one full-time position in Kodiak. Both communities have a large population of immigrants who are struggling with citizenship issues and require the State's aide. The office in Juneau has historically aided all immigrants throughout the state while the Kodiak office has aided Kodiak residents. Removing the position from Juneau to Kodiak and eliminating the position in Juneau would cause great hardship for not only the citizens of Juneau but all legal immigrants throughout the state.

Co-Chair Meyer OBJECTED.

Representative Crawford related the history of this budget item.

[2:32:38 PM](#)

Co-Chair Meyer agreed that there was a vacant position in the Office of Citizenship Assistance in Juneau and a part-time position vacant in Kodiak. Representative LeDoux requested that the position in Kodiak be made permanent because of a high demand for services there. The assumption was to save dollars for the state by making the position in Kodiak serve the entire state. He thought that there was currently a statewide duplication of effort.

Vice Chair Stoltze said he does not support the amendment. He acknowledged the difficulties associated with the mission of the Department of Labor.

Representative Crawford pointed out that immigration will continue. He maintained that the federal government does not always work to benefit the workforce.

Co-Chair Meyer MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[2:37:43 PM](#)

Representative Crawford MOVED to ADOPT Amendment Labor #5:

DEPARTMENT: Department of Labor and Workforce  
Development  
APPROPRIATION: Vocational Rehabilitation  
ALLOCATION: Independent Living Rehabilitation  
  
ADD: \$94,000 GF

EXPLANATION: This increment will support interpreter referral services for Alaskans who are deaf and hard-of-hearing. This program allows deaf and hard of hearing Alaskans, whose primary language is American Sign Language, to secure and maintain employment and receive other necessary medical and legal services. The program has been flat-funded for over 17 years, while the deaf population is burgeoning in areas like the Kenai Peninsula, where no interpreter program currently exists. In areas where services currently exist, the demand has skyrocketed. For example, in Southeast Alaska the number of sign language interpreter requests filled grew from 182 in FY04 to 464 in FY06, an increase of 155%. This increment would allow more Alaskans to access this service by increasing funding to current grantees and providing for a new program in Homer.

Co-Chair Meyer OBJECTED.

Representative Crawford maintained that the amendment would result in savings "down the road". The program has been flat funded for the past 17 years. He noted the absence of deaf interpreters in the state. He maintained that a grant would be more efficient than a state operation.

Co-Chair Meyer acknowledged that interpreters are served through grants and that the area served would be the Kenai Peninsula area. The subcommittee questioned if local community groups were being maximized. He wondered why the federal government is not involved since there is an Americans with Disabilities Act requirement. The intent was to look into federal funding and local non-profit opportunities.

Representative Gara noted that the requirements of the Americans with Disability Act are incumbent upon the state regardless of federal funding.

Representative Crawford stressed that federal dollars are leveraged heavily by Independent Living Rehabilitation. He continued to advocate for the amendment.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[2:44:36 PM](#)

Representative Joule MOVED to ADOPT Amendment Labor #6:

DEPARTMENT: Labor and Workforce Development  
APPROPRIATION: Workforce Development  
ALLOCATION: Kotzebue Technical Center  
Operations Grant

ADD: \$300.0 GF

EXPLANATION: The Governor requested general funds to maintain the operating grant for the Kotzebue Technical Center at the same level as FY07. This is necessary to replace one-time fund sources utilized in the development of the FY07 operating budget. The subcommittee reduced the Governor's request. This will restore the Kotzebue Technical Center Operations Grant to the Governor's requested level.

Co-Chair Meyer OBJECTED.

Representative Joule noted that the \$300,000 addition would help individuals to receive training and to become independent. He stressed the success rate and noted that they serve 200 full-time students and 500 part-time

students. He observed the support of village and regional organizations.

Co-Chair Meyer observed that the governor's request was originally for \$600,000. He noted that federal funds have been reduced. The Kotzebue Technical Center primarily trains workers for the Red Dog mine. He predicted that the pipeline would expand the need for training. The intent was to match private contributions. He emphasized that additional funds are received through vocational education program receipts.

[2:51:16 PM](#)

Representative Joule stressed that there are other important programs. There is currently a health program that trains personal care attendants and a nursing program. He emphasized that the Center provides a workforce for the area.

Representative Gara noted previous arguments against providing funding for those that do not want to work, and emphasized that this program provides opportunities for people that want to work and saves the state funds by allowing them to become working members.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Hawker, Kelly, Meyer, Chenault

Representative Foster was not present for the vote.

The MOTION FAILED (4-6).

[2:56:10 PM](#)

Vice Chair Stoltze MOVED to ADOPT Amendment LAW #1:

DEPARTMENT: Law  
APPROPRIATION: Civil Division  
ALLOCATION: Labor & State Affairs

ADD: \$80,000 GF

EXPLANATION: Employment Law Attorney

The Governor's March 1<sup>st</sup> amendments reduced funding for ½ Employment Law attorney position within the Labor & State Affairs component. Due to scheduling conflicts, the subcommittee did not discuss the impact of this reduction to the component.

After consultation with the Court System and the Legislative Legal Service division, it was determined that this position is used to defend the Judicial System and its employees in non-tort cases. This position also defends the Legislative Branch and its employees in non-tort cases. Removal of this funding would eliminate this service and this amendment would restore funding for these functions.

In addition, this amendment provides the following intent language:

*It is the intent of the legislature that the Department of Law continue to provide the current level of representation for non-tort claims to the Alaska Court System, the Alaska Judicial Council, and the Alaska Commission on Judicial Conduct, the Alaska Legislature and to the officers and employees of those entities.*

Co-Chair Meyer OBJECTED.

Vice Chair Stoltze spoke in support of the amendment. He noted that the administration supports the amendment. A half-time Employment Law attorney would be added.

Representative Gara suggested the funds would be better spent to support the Office of Children Services.

Co-Chair Meyer WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

RECESSED: [2:59:52 PM](#)

RECONVENED: [5:08:42 PM](#)

Vice Chair Stoltze MOVED to ADOPT Amendment LAW #2.

DEPARTMENT: Law  
APPROPRIATION: Administration and Support  
ALLOCATION: Administrative Services

ADD: \$3,000

DEPARTMENT: Law  
APPROPRIATION: Criminal Division  
ALLOCATION: Criminal Justice Litigation

ADD: \$36,200

DEPARTMENT: Law  
APPROPRIATION: Civil Division  
ALLOCATION: Timekeeping and Litigation Support

ADD: \$60,500

FUNDING SOURCE: General Funds

EXPLANATION: Parking Compensation for Anchorage employees

The House Finance subcommittee recommended that funding for at least ½ of the originally requested increment for parking spaces for Anchorage employees.

The Department of Law is the only department that does not provide parking for its Anchorage staff. This amendment, if adopted, should relieve some financial burden, especially to the department's lower paid staff.

Co-Chair Meyer OBJECTED.

Vice Chair Stoltze explained that the amendment would provide for parking for employees of the Department of Law in Anchorage.

There being NO further OBJECTION, it was so ordered.

[5:12:33 PM](#)

Co-Chair Chenault announced that Amendment DNR #1 had been withdrawn.

Representative Crawford asked why Amendment DNR #1 was withdrawn and what that would do to the seed potato program. Representative Kelly responded that it would be the end of the program.

Vice Chair Stoltze noted that there still is a seed potato program located in the Department of Revenue's plant materials center.

Representative Kelly reported that without this funding there will be no exporting of seed potato to China. Representative Crawford thought there would be a loss of dollars down the road. He expressed dissatisfaction with the decision. Representative Kelly spoke to the difficulty in maintaining the level of support. He also expressed regret.

Co-Chair Chenault related his understanding of the amendment. The actual funding is not money for the seed potato program and was not intended for the program. Representative Kelly reiterated that it is not in the budget - it was a department mistake. Co-Chair Chenault summarized that the amendment has no effect on the seed potato program.

5:17:10 PM

Representative Kelly MOVED to ADOPT Amendment DNR #2:

DEPARTMENT: Natural Resources  
APPROPRIATION: Resource Development  
ALLOCATION: Forest Management & Development  
  
ADD: \$120.0 (One Time Increment)  
  
FUNDING SOURCE: \$60.0 General Funding  
\$60.0 Timber Receipts

EXPLANATION: This amendment restores the Governor's request for funding to ensure continuation of the statewide forest inventory program. The subcommittee considered this request carefully and suggested the position be funded through the CIP process. However, DNR has made compelling arguments to the need for this position. Therefore, I would offer the following intent language be adopted by the full Finance committee:

It is the intent that as the timber industry develops in Interior Alaska, and forest management requires an ongoing timber inventory program, and as the amount of timber harvest increases, funding of this position will be funded with Timber Receipts or Receipt Supported Services.

Vice Chair Stoltze OBJECTED.

Representative Kelly explained that in the timber inventory program there is a CIP process. The amendment would continue the funding of the Forest Management & Development position. He spoke in support of the amendment.

Representative Gara said he has no problem with this amendment.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

5:19:39 PM

Representative Nelson MOVED to ADOPT Amendment DPS #1:

DEPARTMENT: Public Safety  
APPROPRIATION: Council on Domestic Violence and Sexual Assault  
ALLOCATION: Council on Domestic Violence and Sexual Assault  
  
ADD: \$100.0 GF

EXPLANATION: Restores a funding increase for Shelter Grants in the Governor's original budget that was removed in subcommittee.

Vice Chair Stoltze OBJECTED.

Representative Nelson addressed the reasoning behind the amendment, which restores money for Shelter Grants. She spoke of increased costs to the shelters.

Vice Chair Stoltze said he would be happy to work with the subcommittee on this topic. He spoke in support of the recommendations of the administration.

Vice Chair Stoltze MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Foster, Hawker, Kelly, Meyer, Chenault

The MOTION FAILED (4-7).

[5:23:33 PM](#)

Representative Crawford MOVED to ADOPT Amendment DPS #2:

DEPARTMENT: Public Safety  
APPROPRIATION: Statewide Support  
ALLOCATION: Alcohol Related Transport and Mitigation

ADD: \$300.0 GF

DELETE: n/a

FUNDING SOURCE: n/a

EXPLANATION: Replaces lost federal grant funding with general funds. These funds will be used for the Fairbanks Native Association (FNA) Community Service Patrol (CSP).

Vice Chair Stoltze OBJECTED.

Representative Crawford explained that the amendment would restore money that was cut from the Fairbanks Native Association Community Service Patrol. He argued that this allocation would save money in the long run.

Vice Chair Stoltze disagreed that this item was a cut, but rather new money. He was surprised by the amendment, which

did not come up in subcommittee. He explained the funding for such programs statewide.

Representative Crawford clarified that it is a loss in federal funds. He spoke strongly in support of the amendment.

Vice Chair Stoltze MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Joule, Nelson  
OPPOSED: Stoltze, Thomas, Foster, Hawker, Kelly, Meyer, Chenault

The MOTION FAILED (4-7).

[5:30:19 PM](#)

Representative Joule MOVED to ADOPT Amendment DPS #3:

DEPARTMENT: Public Safety  
APPROPRIATION: Statewide Support  
ALLOCATION: Alaska Wing Civil Air Patrol

ADD: N/A

FUNDING SOURCE: N/A

INTENT: It is the intent of the Legislature that should the Civil Air Patrol not utilize the Kotzebue Civil Air Patrol hanger by August 1, 2007 for Civil Air Patrol activities on a full time basis, that the Department of Public Safety work with the Civil Air Patrol to surplus the hanger and transfer the facility to the Northwest Arctic Borough for search and rescue operations.

EXPLANATION: The hanger was built with a state grant for the purpose of supporting Civil Air Patrol activities in the Northwest Arctic Borough. However, the Civil Air Patrol has moth-balled the facility. The Northwest Arctic Borough would like to take advantage of the facility for staging search and rescue operations.

Co-Chair Chenault OBJECTED.

Representative Joule explained that the amendment would not cost anything. He related the history of the Kotzebue Civil Air Patrol hanger. The request is to transfer the facility to the Northwest Arctic Borough.

Co-Chair Chenault opined that the operating budget is not the place to bring up this issue. He suggested another mechanism.

Representative Joule stated that the action needs to begin now. Representative Joule WITHDREW Amendment DPS #3.

[5:34:38 PM](#)

Co-Chair Chenault MOVED to ADOPT Amendment Revenue #1:

DEPARTMENT:	Revenue
APPROPRIATION:	Child Support Services
ALLOCATION:	Child Support Services
ADD:	\$1,025,600
FUNDING SOURCE:	1156 Receipt Supported Services
ADD:	\$132,900
FUNDING SOURCE:	1016 Federal Incentive Receipts
DELETE:	(\$1,158,500)
FUNDING SOURCE:	1002 Federal Receipts

ADD CARRY FORWARD LANGUGAGE:

This appropriation includes the unexpended and unobligated balance on June 30, 2007, of the receipts collected under the state's share of child support collections for reimbursement of the cost of the Alaska temporary assistance program as provided under AS 25.27.120.

EXPLANATION:

In the Governor's FY 08 budget submission, a fund source switch was made to hold harmless the Child Support Services Division from the effect of the federal Deficit Reduction Act of 2005. Beginning in FY2008, Child Support Services will no longer be able to use federal incentive receipts funding as match for other federal funds. The House Finance substitute reversed this fund source switch when it reversed the PERS fund source adjustments on a statewide basis.

In order to meet the 34% state match requirement of the Child Support Enforcement program and cover the costs that are ineligible for federal reimbursement, the division is asking for a fund source change from federal receipts to state receipt supported services, and an adjustment to federal incentive receipts to match estimated collections of that fund source. The carry-forward language in this amendment will provide the division with sufficient state revenues to match the federal funding for this program.

Vice Chair Stoltze OBJECTED.

Co-Chair Chenault explained that this amendment relates to the first three PERS amendments, but it also includes a carry forward section. The fund source switch was reversed when the PERS adjustments were made on a statewide basis. The request is to replace federal receipts with federal supported services and federal incentive receipts. The change is necessary due to the Federal Deficit Reduction Act of 2005. Carry forward language will allow the division to have sufficient state revenues to match the federal funding. There is no GF in this request and the department needs this fund source reinstated to run their program.

Representative Gara asked if the \$1,025,600 from Receipt Supported Services is federal money.

[5:36:13 PM](#)

Ms. Kelly explained that Receipt Supported Services are state funds, but they are collected when the Child Support Services program is run. Representative Gara asked what would happen if this increment was not granted. Ms. Kelly related that the Department of Revenue has advised that this money is necessary in order to meet the 34 percent state required match for the Child Support Enforcement program.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[5:37:26 PM](#)

Representative Kelly MOVED to ADOPT Amendment U of A #1:

DEPARTMENT: University of Alaska  
APPROPRIATION: University of Alaska  
ALLOCATION: SW Budget Reductions and Additions

ADD: \$3,629.4

FUNDING SOURCE: General Funds - ORP savings

EXPLANATION: This amendment corrects the unintended UA budget shortfall created when the retirement fixes were implemented in CSHB95. The revenue to cover this amendment could be found by applying the general funding saving from UA's ORP program resulting from the TRS retirement fix. There are three components to the \$3,629.4 shortfall. They are PERS, TRS and ORP. In all cases, UA's budget was reduced by an amount more than the savings UA will realize.

PERS - GF Budget reduced \$18,767.2 from Governor's level

UA savings realized \$16,765.7  
Shortfall \$2,001.5

TRS - GF Budget reduced by \$13,267.3 plus \$5,845.1  
total \$19,112.4 from Governor's level  
UA savings realized \$13,267.3 plus \$4,699.5  
total \$17,966.8  
Shortfall \$1,145.6

ORP - GF Budget reduced by \$4,988.8 plus \$2,411.4  
total \$7,400.2 from Governor's level  
UA savings realized \$4,988.8 plus \$1,929.1  
total \$6,917.9  
Shortfall \$482.3

Unlike PERS and TRS, the ORP reduction represents a true GF savings (\$6.917.9 million). The House subcommittee intended to use ORP savings to cover UA's fixed costs, and the CS reflects the subcommittee's intent by applying 2.5 million from ORP savings to those costs. However, the Subcommittee did not anticipate that the PERS/TRS fix in the CS would remove more money than the university would save. The result is the CS will not allow the university to cover fixed costs. The net shortfall will be \$3.6 million below those costs. Moreover, if the university is allowed to keep the corresponding savings the legislature will still be \$1.27 million to the good from ORP money.

Co-Chair Meyer OBJECTED.

Representative Kelly explained how it related to the PERS fix, which had an effect on the source of the savings. Using the current figures, the University would end up short. He informed the committee that he would wait until the rate was determined and then offer the amendment again.

Representative Kelly WITHDREW Amendment U of A #1.

[5:39:20 PM](#)

Representative Gara MOVED to ADOPT Amendment U of A #2:

DEPARTMENT: University of Alaska  
APPROPRIATION: University of Alaska  
ALLOCATION: Budget reduction/additions-system-wide

ADD: \$35,662.7 Total funds

FUNDING SOURCE: \$14,708.8 General Funds  
\$20,953.9 Non-General Funds

EXPLANATION: This amendment would fully fund the Priority Program Enhancement and Growth program as requested by the Board of Regents. The entities within this program are important to continue the growth of workforce development and research that will benefit the state. The three priority program enhancement areas are Preparing Alaskans for Jobs (providing additional funding for high demand programs in health, engineering and construction); Research Investment in biomedical and health research, engineering, transportation and energy and climate impact on Alaska's Natural Resources; and improved accountability in student success and college readiness.

Vice Chair Stoltze OBJECTED.

Representative Gara explained that the amendment is at the request of the regents. He gave several reasons for needing the amendment: to expand teaching in areas of high demand for jobs that are not being filled; to help the university continue the growth of research that will benefit the state.

Co-Chair Chenault recalled the discussions in subcommittee regarding lack of support by the governor for the Board of Regent's requests. He wished there was a board of regents for K-12 education. He spoke against the amendment.

Vice Chair Stoltze MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Nelson

OPPOSED: Stoltze, Thomas, Foster, Hawker, Kelly, Meyer, Chenault, Joule

The MOTION FAILED (3-7).

[5:44:47 PM](#)

Co-Chair Chenault related that the budget process is not over, and he listed the other pending pieces of the budget process. He thanked the finance committee and the subcommittee members for their work.

[5:46:07 PM](#)

Representative Gara commented on the committee budget process. He suggested that many important points were made. He hoped for more success on the House Floor. He spoke to the lack of vision on such a large budget. He opined that there is a great deal of waste in the budget. As an example he cited the \$100 million Knik Arm Crossing.

[5:49:02 PM](#)

Representative Gara emphasized that he would have spent money on several items that were not included in this budget. He would not have spent over \$1 million on an advisory vote. He said he would have returned the Healy Road money back to the budget. He opined that those who were not born to privilege were left out of the budget process, listing early childhood education, foster care, low income college funding as examples. He noted, however, that he is only one out of forty votes.

[5:51:27 PM](#)

Representative Joule voiced appreciation for the comment made about future expectations about tough decisions. He suggested "not putting all of our eggs in a gas pipeline basket." He spoke in support of a long-term fiscal plan. He agreed that this is the first step in the budget process this session. He agreed that there was good debate.

[5:54:39 PM](#)

Representative Foster MOVED to REPORT CSHB 95 (FIN) from committee with individual recommendations, and giving Legislative Legal and Legislative Finance the authority to make any necessary technical and conforming amendments.

There being NO OBJECTION, it was so ordered.

Representative Foster MOVED to REPORT CSHB 96 from committee with individual recommendations, and giving Legislative Legal and Legislative Finance the authority to make any necessary technical and conforming amendments.

There being NO OBJECTION, it was so ordered.

Co-Chair Chenault noted that the Committee would recess until the Committee Substitute was received and checked.

RECESSED: [5:57:26 PM](#)

RECONVENED: [11:51:02 AM](#)

#### ADJOURNMENT

There being no further action, the meeting was adjourned at 11:52 AM.