

HOUSE FINANCE COMMITTEE
February 26, 2008
1:44 P.M.

CALL TO ORDER

Co-Chair Chenault called the House Finance Committee meeting to order at [1:44:32 PM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Representative Beth Kerttula; Representative Andrea Doll; Representative Woodie Salmon; Representative Kyle Johansen; David Teal, Director, Legislative Finance Division; Sue Stancliff, Staff, Representative Mike Kelly; Karen Rehfeld, Director, Office of Management and Budget; Mike Black, Deputy Commissioner, Department of Commerce, Community and Economic Development; Sharleen Griffin, Director, Division of Administrative Services, Department of Corrections

SUMMARY

HB 310 An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date.

HB 310 was HEARD & HELD in Committee for further consideration.

HB 312 An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date.

HB 312 was HEARD & HELD in Committee for further consideration.

#HB310

#HB312

HOUSE BILL NO. 310

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

HOUSE BILL NO. 312

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

AMENDMENTS:

DEPARTMENT OF ADMINISTRATION
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DEPARTMENT OF CORRECTIONS
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DEPARTMENT OF FISH AND GAME
OFFICE OF THE GOVERNOR
ALASKA COURT SYSTEM

[1:46:56 PM](#)

DEPARTMENT OF ADMINISTRATION

Representative Thomas MOVED to ADOPT Amendment ADMIN 1.
Representative Kelly OBJECTED.

DEPARTMENT: Administration
APPROPRIATION: Public Communications Services
ALLOCATION: Public Broadcasting - Radio

ADD: \$400,000

FUNDING SOURCE: General Funds

Representative Thomas explained that the amendment would provide funding for station operating grants administered by the Alaska Public Broadcasting Commission for public radio stations. The funding would be used for the rising fixed costs such as fuel and utility payments, property insurance, employee health insurance, engineering and programming costs. Funding has been reduced over 60% since 1992, and the systems have been struggling to keep up with cost increases. Flat funding has meant that the State's share of the public radio budget has not kept up with inflation for over a decade. He pointed out that 100% of the increment would be directed to station grants for basic operating expenses to support current service levels.

A roll call vote was taken on the motion.

IN FAVOR: Nelson, Thomas, Crawford, Harris, Gara, Hawker,
Joule

OPPOSED: Kelly, Stoltze

The MOTION PASSED (9-2).

[1:48:59 PM](#)

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Co-Chair Meyer MOVED to ADOPT amendment DCCED 1. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Department of Commerce, Community, and
Economic Development
APPROPRIATION: Community Assistance & Economic
Development
ALLOCATION: Community & Regional Affairs
ADD: \$1.0 General Funds
DELETE: \$1.0 Vehicle Rental Taxes

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Parks & Recreation Management
ALLOCATION: Parks Management
ADD: \$1,127.2 - Vehicle Rental Taxes
DELETE: \$1,127.2 - General Funds

Co-Chair Chenault advised that the amendment provides a technical clean-up for the vehicle rental taxes.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that the amendment would simplify tracking of Vehicle Rental Tax (VRT) receipts by eliminating a small amount used in the Department. The use of the receipts in Department of Natural Resources Parks Management brings

total FY09 appropriations of those receipts to \$8.02 million dollars, which is the available balance of VRT for FY09.

Vice-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, amendment DCCED 1 was adopted.

AT EASE: [1:50:51 PM](#)
RECONVENE: [1:51:18 PM](#)

Representative Thomas MOVED to ADOPT amendment DCCED 2. Representative Kelly OBJECTED.

DEPARTMENT: Department of Commerce, Community, and Economic Development
APPROPRIATION: Alaska Energy Authority
ALLOCATION: Alaska Energy Authority Power Cost Equalization

ADD: \$1.4 million dollars

FUNDING SOURCE: 1089 Power Cost Equalization & Rural Electric Capitalization Fund

Representative Thomas explained that the amendment would add \$1.4 million dollars to Power Cost Equalization (PCE) from the Power Cost Equalization and Rural Electric Capitalization Fund to restore the Administration's requested increment this year. Increased fuel costs necessitate an increase in the power cost equalization program appropriation to avoid pro-ration during FY09. Even with PCE, individuals in those eligible communities still pay much more than urban and Railbelt consumers for electricity. With the escalating energy costs, full funding of PCE will help rural Alaskan's keep pace with the rest of the State.

A roll call vote was taken on the motion.

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

The MOTION PASSED (10-1).

[1:53:25 PM](#)

Representative Kelly MOVED to ADOPT amendment DCCED 3. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Community Development Quota Program

ALLOCATION: CDQ
ADD: 0.0
FUNDING SOURCE: N/A
DELETE: \$180.5
FUNDING SOURCE: Receipt Services

SUE STANCLIFF, STAFF, REPRESENTATIVE MIKE KELLY, explained that the amendment would remove partial receipt authority, not affecting the General Fund directly.

Representative Kelly added that prior to FY07, the State billed the Community Development Quota Program (CDQ)'s to pay for staff positions related to administering the State's oversight of the Western Alaska Community Development Quota program. In August 2006, in the Coast Guard legislation, which amended the Magnuson-Stevens Act, eliminated most of the State's oversight function. The only tasks that are statutorily mandated are an annual review of the CDQ's annual reports.

Representative Harris recalled that the receipt authority was nothing more than the ability of a department to receive money outside of the normal budgeting process, if services were paid outside that process.

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, acknowledged that was correct and would not affect General Fund dollars.

Representative Joule questioned what would happen if that language remained in the receipt authority. Ms. Rehfeld understood that the Department would only use the funds for expenditures related to revising regulations. If the funds were not needed, they would not be spent for any other purchase.

Representative Joule asked the impact if that happened. Ms. Rehfeld deferred to the Department of Commerce, Community and Economic Development.

MIKE BLACK, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, commented that the Department had receipt authority to receive dollars from the CDQ programs for the benefit of overseeing those programs. That language was changed and the Department no longer needs the option.

Representative Harris asked if the Department supports the amendment. Mr. Black replied that it would not affect operations of the Department or the program. They are

waiting for regulations from National Oceanic & Atmospheric Administration (NOAA).

Representative Harris understood that receipt authority would be a "hollow item"; the limit is based on what is actually received. Representative Kelly clarified that the receipt authority would be adequate and that there had been overbilling, which required a refund.

Vice-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, the amendment was adopted.

[2:00:34 PM](#)

DEPARTMENT OF CORRECTIONS

Representative Gara MOVED to ADOPT amendment COR 1.
Representative Hawker OBJECTED.

DEPARTMENT:	Department of Corrections
APPROPRIATION:	Population Management
ALLOCATION:	Offender Habilitation Programs
ADD:	\$1.16 million dollars
FUNDING SOURCE:	1004 General Funds

Representative Gara explained that the appropriation would provide for a much needed increase in funding for substance abuse treatment programs for incarcerated substance abusers and those on electronic monitoring. In addition, the appropriation would increase the funding for educational and apprenticeship materials for offenders. Education and training are essential to help rehabilitate offenders and to keep recidivism rates low.

Finally, the appropriation would offset the high cost of providing residential substance abuse treatment at the Combined Hiland Mountain and Wildwood Correctional Centers. The program helps to address criminal thinking and behavior as part of a bigger addiction treatment for offenders.

Ms. Rehfeld directed comments, noting that line item had been included in the budget proposed by Governor Palin.

Representative Joule asked about the recidivism rate comparisons. Ms. Rehfeld requested that the Department of Corrections address the question.

SHARLEEN GRIFFIN, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS, noted that there has not been a recidivism study on the rates after and before the proposed treatment. She pointed out that a portion

could fully fund another program and would add out-patient substance abuse treatment in correctional facilities.

Representative Joule asked about repeat offender's recidivism rate, which is higher especially in the rural areas. Ms. Griffin did not know.

Representative Harris asked how much money was currently in the budget for alcohol and drug abuse treatment for incarcerated people. Ms. Griffin did not know how that would affect the other departments; however, within the Department of Corrections, there is approximately \$600 thousand dollars for substance abuse treatment programs.

Representative Harris pointed out that the amendment addresses funding substance abuse treatment for the incarcerated user. He asked if it was associated with the court system. Ms. Griffin clarified that it had not been included as part of the Court System, but rather, it is those people that are incarcerated and committed to the custody of the Department of Corrections using electronic monitoring. They wear bracelets, which set-off alarms when they are not in the correct area.

Representative Harris indicated his concern with the amendment. He asked what the State was getting out of the current systems already in-place and wondered if the current programs were rehabilitating anyone. Ms. Griffin replied there is no data currently available on those numbers. She realized that it does help some, but not everyone.

Representative Nelson questioned if there was money in the budget for recidivism studies. Ms. Griffin replied no. Representative Nelson asked if the Department had authority to reallocate funds to conduct a study. Ms. Griffin said there were no funds available to run operations while offering a recidivism study.

Representative Nelson asked the weight list for either the educational apprenticeship programs or the substance abuse treatment within the Department of Corrections. Ms. Griffin replied that there are no weight lists for the apprenticeship programs that are available; the substance abuse treatment programs do have long weight lists.

[2:10:11 PM](#)

Representative Crawford commented that his wife had been hit by a drunk driver in 2004; the person does now wear an ankle bracelet, which he hoped would save lives.

Representative Hawker spoke in objection to the amendment. He noted that the budget subcommittee focused on non-discretionary and critical needs funding. He stated that

the subcommittee approved all the non-discretionary requests. He questioned the evidence regarding if the plan could actually stop recidivism. There has been over \$1 billion dollars built into the budget to mitigate the need for cages; there have not been adequate answers to the questions. There must be plan to accompany the 10-year plan to build the cage proposal. He maintained that the approach to recidivism must be a planned approach.

Representative Nelson offered a conceptual amendment to COR 1, deleting the portion of the amendment that addresses substance abuse treatment programs for incarcerated substance abusers and those on electronic monitoring. Language would then be added: "Increased funding for a recidivism study". She thought that language could address the argument at hand.

Vice-Chair Stoltze thought that the proposed language was subjective; he did not think it should be necessary to amend the explanation language. Representative Nelson agreed. She thought that the intent of the amendment should be supported. Representative Gara agreed.

Vice-Chair Stoltze requested further clarification.

[2:20:46 PM](#)

Representative Nelson explained that the Committee was arguing that the amendment does not have support because there has been no recidivism study provided. She urged that there be a study on the actual recidivism numbers; there is no proposal or funding for such a study.

Co-Chair Chenault clarified the intent of the proposed language, which would change offender programs to a recidivism study. Representative Hawker maintained his objection. He agreed that the concept was headed in the right direction. He asked that the amendment be written so that member's could understand what was being voted upon. Representative Nelson withdrew her proposed amendment & offered to submit in on the House floor.

Representative Crawford agreed that there needs to be better coordination and that the State seriously needs a plan with better information. He pointed out that prevention can not be measured. He urged that there be a long-term plan and not to short fund the proposal. He indicated his support of the amendment.

Representative Gara advised that there has been a request by the Governor to come up with a comprehensive plan and that he supports the request put forward by the Administration.

Representative Thomas indicated that he opposes the amendment, but however, is sympathetic to the issue. He worried about creating a piece-mealed approach; he wanted to see the issue addressed this year.

Representative Hawker clarified that a recidivism study is not the issue. He believed that the record indicates that the Legislative Budget & Audit (LBA) Committee has undertaken a similar study. He maintained that the issue is achieving an integrated approach within the entire criminal justice system.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-7).

[2:30:16 PM](#)

ALASKA COURT SYSTEM

Representative Thomas WITHDREW amendment Courts 1.

[2:30:33 PM](#)

AT EASE: [2:30:43 PM](#)
RECONVENE: [2:42:43 PM](#)

Representative Gara WITHDREW amendment Courts 2.

Co-Chair Chenault pointed out that those funds [\$64.5 thousand dollars for the Judicial Council] had been included in the supplemental budget request, which he intended to fund.

[2:44:14 PM](#)

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Co-Chair Meyer MOVED to ADOPT amendment DEED 1. Vice-Chair Stoltze OBJECTED.

PART A

DEPARTMENT: Department of Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATIONS: Head Start Grants
ADD: \$600,000 General Funds (1004)

INTENT LANGUAGE: It is the intent of the legislature that \$600,000 of the amount appropriated for Head Start Grants be distributed as grants by the Department of Education and Early Development to Head Start providers who match these grants on a dollar for dollar basis and who will use these funds to enroll additional children in their programs. Funds from these grants may not be used for capital or equipment expenditures.

DEPARTMENT: Department of Commerce, Community and Economic Development
APPROPRIATION: QTA Independent Traveler Grants
ALLOCATIONS: QTA Independent Traveler Grants

DELETE: \$600.0 Vehicle Rental Tax (1200)

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Parks and Recreation Management
ALLOCATION: Parks Management

ADD: \$600.0 General Funds (1200)
DELETE: \$600.0 General Fund (1004)

PART B

DEPARTMENT: Department of Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Early Learning Coordination (renames Head Start Grants and combines Early Learning Programs)

ADD: \$307.1 (GF 1004)
1 PFT

DEPARTMENT: Department of Commerce, Community and Economic Development
APPROPRIATION: QTA Independent Traveler Grants
ALLOCATION: QTA Independent Traveler Grants

ADD: \$173.2 Vehicle Rental Taxes (1200)
DELETE: 173.2 Business License Receipts
DELETE: \$293.2 Vehicle Rental Taxes (1200)

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Parks & Recreation Management
ALLOCATION: Parks Management

ADD: \$293.2 Vehicle Rental Taxes (1200)
DELETE: \$293.2 General Funds (1004)

Part B of the amendment would fund early learning programs at the Governor's original request level. One new position would coordinate the dissemination of information developed by the Ready to Read Ready to Learn Task Force. In collaboration with Best Beginnings, funding for program support is necessary to work with public and private early education providers and other State departments. Support would also entail promoting, training, disseminating and providing technical assistance related to the recently developed Early Learning Guidelines for birth to age five children and the new Kindergarten Developmental Profile aligned to specific goals from the Early Learning Guidelines.

Part B of the amendment replaces business license receipts in the QTA independent traveler grants so the entire allocation is funded with VRT receipts. It would then zero out the independent traveler allocation and uses the \$293.2 VRT receipts remaining in that allocation to replace general funds in Department of Natural Resources parks management.

Replacement of general funds with VRT receipts in that Department parks management frees \$293.2 general funds for the Early Learning Coordination allocation. An additional \$13.9 thousand General Fund dollar brings the total amount of General Fund appropriated by Part B to \$307.1 thousand dollars. The complex fund source changes involving VRT receipts are necessary to preserve the statutory limitation that VRT receipts be used for tourism purposes.

Co-Chair Meyer explained that the amendment would remove the funding for the independent traveler program in the Department of Commerce, Community and Economic Development and that money would then be directed to the Department of Natural Resources parks component. The General Fund dollars for the parks division would then be moved to the Head Start program and the early learning program.

Representative Nelson requested further discussion on the early learning program. Co-Chair Meyer reported that amount had been included in the Governor's request. The original amount requested was \$407 thousand dollars; through the

subcommittee process it was determined that an adequate amount would be \$307 thousand dollars; an amount which would fund one new position. He added, the Head Start grant would be combined with the early learning program. The Head Start program is a federal program and has a requirement for a State match of \$6 million dollars.

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Representative Nelson noticed that the intent language indication that the match was dollar for dollar. Co-Chair Meyer replied that was correct. The subcommittee attempted to leverage the State's money as much as possible. He maintained that the \$600 thousand dollar State match with a local match could go a long way to reduce the wait list of 1,000 children. Representative Nelson noted concern about asking for a one-to-one match, which is never done with State resources. She recalled that the tourism match is an 80/20 match. She emphasized that it is unreasonable to ask low income families to pay that much of a match.

Co-Chair Meyer stated that the participants were not required to pay for the program but maintained the need for a "local" match. He opined that the revenue sharing could be used for some of this type project. He maintained that there needs to be a local buy in. He pointed out that the same had been done for K- 12.

AT EASE: [2:50:46 PM](#)

RECONVENE: [2:56:47 PM](#)

Representative Joule indicated his appreciation for funding allocation to the early learning component. He acknowledged that there are other partners involved. He noted concern with the intent language. He inquired if there was an indication that local areas would be able to meet the obligation. He pointed out the impact of how the communities are currently being tapped for other funds. He questioned the wait list and wondered if in-kind contributions would be allowed.

Co-Chair Meyer requested that the Department address the in-kind contributions. He pointed out that it is a federal program and not a State program. He claimed that the amendment arrived late in the process and that the wait-list information was incomplete. He was attempting to make it work for a year and then to re-evaluate how it affected village areas.

[3:01:39 PM](#)

Representative Joule assumed that any "left-over" monies would be used. He was "bothered" by the language requiring needy areas to participate and aligned himself with Representative Nelson. Co-Chair Meyer reported that there would be someone within the Department of Education and Early Development in charge of monitoring the program.

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Representative Gara asked for comments by the Department of Education and Early Development regarding the assessment of the non profits having the ability to raise that match of the requirements. He emphasized that the Department does not have information about how the non profit entities could raise the amount of needed funds. The State puts in \$6 million to the federal government's \$28 million dollars.

Representative Gara agreed with the language used by Co-Chair Meyer regarding the funds having "oversight and accountability" and that they not be used for capital and equipment needs.

[3:05:37 PM](#)

Ms. Rehfeld understood that the Department would allocate the \$6 million dollars as they had in the past; then there would be a second allocation based on each individual area needs. She did not have information on the grantees ability to come up with the match as recommended by Co-Chair Meyer.

Representative Gara asked if the Department had evidence that the grantees could match those funds. Co-Chair Chenault indicated that the answer is no.

Representative Kelly related, a message is being sent that a match should be required. He imagined that there will be a drop in federal funds that the State receives. He called the amendment an "entitlement", which will be in danger when the State loses the federal funding in the future. He encouraged that a strong message regarding matches be such programs in the future.

[3:08:50 PM](#)

Representative Thomas recalled that the municipalities already contribute to the Head Start program and now will be required to document it.

Representative Crawford commented that it is important to get the money to the Head Start program to help prevent repercussions down the road from the number of needy kids that benefit from the program. He thought the \$600 thousand dollars would be a good investment. He did not think the

non-profits would be able to come up with the match and he did not want to see any "strings attached".

Co-Chair Meyer acknowledged the importance of the program. The Governor has made it clear that the revenue sharing dollars are available for each community to use as needed. A match could be attained from many sources and for the remote village areas and the Department could make an adjustment. He maintained that it would be an incentive for the local communities to participate.

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Representative Nelson advised that many communities already do provide a match. One of the contingencies is that they must provide a building & that the numbers of hours of parent volunteer time. She stressed that the Head Start program is multi-generational and involves the parents.

Representative Nelson MOVED to AMEND the amendment by omitting the match requirement. Representative Hawker OBJECTED. Co-Chair Meyer added his objection.

Representative Gara clarified that it would only delete the language: "Who match these grants on a dollar for dollar basis and who".

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Co-Chair Meyer did not agree with the proposed amendment, pointing out that the object is only to attempt a local contribution.

Representative Gara asked if there was information available that the proposed agencies such as the Rasmussen Foundation have an application for grants to be provided. Co-Chair Meyer did not know that process, but reiterated that revenue sharing would be distributed July 1st.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-7).

[3:17:09 PM](#)

Representative Joule recalled a time when there was no revenue sharing, which has left many communities behind on their Internal Revenue Service (IRS) taxes. He pointed out the number of past obligations from the years with no revenue sharing income.

Representative Gara inquired if the Administration supports the language proposed by Co-Chair Meyer regarding the dollar for dollar match.

Ms. Rehfeld responded that the Administration is willing to work with the language but prefers that there be "no strings attached" to those monies. She could not speak for Governor Palin.

Representative Gara hoped to avoid "pretending to give a grant" that Head Start would never be able to receive. He hoped that the Department could use their "good faith efforts" to encourage local dollars and make it non-binding. Ms. Rehfeld stated that if the intent language goes forward with the specific match language, the Department would be willing to meet with the grantees to determine how best to meet the requirements.

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Vice-Chair Stoltze was puzzled about Committee time being spent on Intent Language; he believed that the language was only a "strong suggestion". He pointed out the "real number of \$600 thousand dollars" going to the Head Start program.

A roll call vote was taken on the motion to adopt DEED 1.

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

The MOTION PASSED (10-1).

[3:23:14 PM](#)

Representative Nelson MOVED to ADOPT amendment DEED 2.
Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Department of Education and Early
Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Head Start Grants

ADD: \$1.5 million dollars

FUNDING SOURCE: 1004 General Funds

Representative Nelson explained that DEED 2 would add \$1.5 million general fund dollars to the Department of Education and Early Development for increased grants to the statewide Head Start programs. With State funding remaining flat for several years, there are currently over 1,000 children on wait lists for Head Start programs. With the proposed

funding increase directed at currently approved program providers, all the children currently on the waiting lists could be absorbed. She added that existing programs complying with the Head Start Performance Standards, containing in excess of 1700 performance requirements, ensure that the State is not just receiving day care services.

Representative Nelson WITHDREW amendment DEED 2.

Representative Joule WITHDREW amendment DEED 3.

[3:26:38 PM](#)

Representative Gara MOVED to ADOPT Amendment DEED 4. Co-Chair Meyer OBJECTED.

DEPARTMENT:	Department of Education and Early Development
APPROPRIATION:	Alaska Postsecondary Education Commission
ALLOCATION:	(new) Alaska Advantage Education Grants
ADD:	\$2.5 million dollars
FUNDING SOURCE:	1004 General Funds

Representative Gara explained that the amendment would appropriate money to fund need-based education grants for Alaskan students attending Alaskan institutions. Alaska has ranked last in the country on the percentage of low-income students attending college for 14 of the last 15 years. Alaska additionally, ranks 49th in the level of financial aid it provides to low-income students. The appropriation would help students who seek higher education but cannot afford to do so. The amendment implements a recommendation by the University Board of Regents.

Co-Chair Meyer believed that the amendment provides free scholarships and that the bottom-line is that the State offers free tuition to the students that graduate in the top 10% of their class. He did not think the program was necessary. He then referenced every Alaskan getting a Permanent Fund Dividend (PFD). Representative Gara maintained that opportunities should be expanded for those who are not born privileged.

[3:29:11 PM](#)

Vice-Chair Stoltze countered comments regarding persons born of "privileged families". Co-Chair Meyer maintained his objection.

Representative Crawford shared a personal experience and thought that the amendment was important, pointing out that it includes a vocational education aspect. He surmised that it would be an investment in the people of Alaska. Alaska is the only state in the Union that does not offer assistance for the low income.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-7).

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Co-Chair Meyer MOVED to ADOPT amendment DEC 1. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Environmental Conservation
APPROPRIATION: Environmental Health
ALLOCATION: Laboratory Services

ADD: \$80,000

FUNDING SOURCE: Commercial Passenger Vessel
Environmental Compliance Funds

Co-Chair Meyer explained that the amendment would restore funding for Paralytic Shellfish Poisoning (PSP) testing that was removed from the FY09 adjusted base. Current funding would continue the program at the same level as FY08.

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

[3:36:15 PM](#)

DEPARTMENT OF FISH AND GAME

Representative Thomas MOVED to ADOPT Amendment F&G 1. Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Fish and Game
APPROPRIATIONS: *See attached transaction report
for appropriations in the
Department of Fish and Game

INSERT THE FOLLOWING INTENT LANGUAGE:

"It is the intent of the legislature to fund all of the increments and fund changes replacing the \$7.2 million of lost federal funding on a one-time

basis. The Department is requested to prioritize these amendments for consideration in the FY2010 budget."

Representative Thomas explained that the amendment adopts the Governor's proposed amendments totaling \$7,228.4 million dollars in General Funds increments to replace lost federal earmarks the Department has traditionally received through the National Marine Fisheries Services.

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Representative Kelly noted that it is a one-time increment, understanding that most of the State's earmarks will be going away. He indicated concern that the dollars would go away and that the State would be "back filling" those amounts. He believed that eventually it will seriously affect the General Fund.

Vice-Chair Stoltze reminded the Committee that this is only "intent language" and should not be "considered a soft request" but instead is strong language.

Representative Thomas pointed out that without the proposed language, the Bering Sea crab fishery could go away.

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

[3:41:08 PM](#)

Representative Thomas MOVED to ADOPT amendment F&G 2. Vice-Chair Stoltze OBJECTED.

DEPARTMENT:	Fish & Game
APPROPRIATION:	Habitat and Restoration
ALLOCATION:	Habitat
ADD:	\$20,000
FUNDING SOURCE:	General Funds 1004/OTI

Representative Thomas explained that the amendment would provide one-time funding to cover moving costs associated with transfer of the Office of Habitat and Permitting staff from the Department of Natural Resources to the Department of Fish and Game. Under Executive Order #114, the positions and funding are transferred, effective July 1, 2008. The amendment provides a small amount of one-time funding for additional costs, such as moving, phone and computer transfer costs to the following locations:

- Fairbanks (10 staff) / Petersburg (1 staff) - \$0 one-time cost as already co-located in ADF&G space;
- Anchorage (10 staff) - \$9.0 one-time cost as nine people moving into ADF&G leased space;
- Juneau (8 staff) - \$8.0 one-time cost as eight people moving into ADF&G leased space;
- Palmer (4 staff) - \$1.0 one-time cost (phones/computer) but no moving, as located in same building as ADF&G;
- Kenai (3 staff) - \$1.0 one-time cost (phones/computer) but no moving, as located in Kenai River Center shared space; and
- Craig (2 staff) - \$1.0 one-time cost (phones/computer) but no moving, as no available ADF&G leased space.

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

[3:44:05 PM](#)

Co-Chair Chenault MOVED to ADOPT amendment GOV 1. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Office of the Governor
 APPROPRIATION: Branch-wide Oil & Gas Development
 ALLOCATION: Branch-wide Oil & Gas Development

ADD Conditioning language as follows:

The appropriation for Branch-wide Oil and Gas Development may be distributed to the Department of Labor and Workforce Development, the Department of Law, the Department of Natural Resources, the Department of Revenue and the Office of the Governor for activities related to development of oil and gas resources in the State. It is the intent of the Legislature that the Office of the Governor provides an annual expenditure report for the funds appropriated for oil and gas development.

DEPARTMENT: Department of Natural Resources
 APPROPRIATION: Resource Development
 ALLOCATION: Oil and Gas Development

Delete Intent Language.

Co-Chair Chenault explained that the amendment would consolidate oil and gas development appropriations in the Office of the Governor in a new appropriation named "Branch-wide Oil & Gas Development". The language allows the appropriation to be spread to other agencies as required. Reasons for consolidating appropriations included:

- Provides better tracking of the total amount spent on oil and gas development; and
- Allows more efficient use of money-money will be distributed according to need.

[3:44:38 PM](#)

Co-Chair Chenault MOVED to AMEND GOV 1, adding \$1 million General Fund dollars to the Department of Natural Resources as requested by the Governor in the Capital Budget.

Representative Harris asked which line item the proposed change would be added to. Co-Chair Chenault advised that it had not been included in the transaction sheet.

There being NO OBJECTION, the amendment to amendment GOV 1 was adopted. Vice-Chair Stoltze WITHDREW his OBJECTION to the amended GOV 1. There being NO further OBJECTION, GOV 1 as adopted as amended.

HB 310 and HB 312 were HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 3:47 P.M.