

HOUSE FINANCE COMMITTEE
February 27, 2008
2:01 P.M.

CALL TO ORDER

Co-Chair Chenault called the House Finance Committee meeting to order at [2:01:22 PM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

David Teal, Director, Legislative Finance Division; Karen Rehfeld, Director, Office of Management and Budget

PRESENT VIA TELECONFERENCE

None

SUMMARY

AMENDMENTS:

LANGUAGE
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF LAW
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF PUBLIC SAFETY

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
UNIVERSITY OF ALASKA

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.

CS HB 310 (FIN) was reported out of Committee with "individual" recommendations.

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.

CS HB 312 (FIN) was reported out of Committee with a "do pass" recommendation.

[2:01:38 PM](#)

#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.

LANGUAGE

Co-Chair Chenault MOVED to ADOPT amendment LANG 1. Co-Chair Meyer OBJECTED.

ADD a new language section:

It is the intent of the legislature that general funds be the last fund source to be expended from any appropriation that has multiple fund sources. It is the intent of the legislature that the Office of Management and Budget and the Department of Administration assist the legislature in carrying out this intent.

Co-Chair Chenault explained that the allocations permitted to carry-forward non-general funds from prior fiscal years often spend General Funds in order to maximize those carry-forward from other funding sources. The language has been designed to encourage agencies to follow a traditional, but unwritten, policy that is intended to minimize lapsing General Funds.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, LANG 1 was adopted.

[2:04:42 PM](#)

Representative Nelson MOVED to ADOPT amendment LANG 2. Co-Chair Chenault OBJECTED.

Page 57, Line 1, following "DEVELOPMENT"
Insert "(a)"

Page 57, following Line 4:

Insert a new subsection to read:

(b) The sum of \$200 thousand dollars is appropriated from the General Fund to the Department of Education and Early Development for payment as grants to school districts that operate a charter school with an average daily membership of less than 150 for support of those charter schools in those districts for the fiscal year ending June 30, 2009. The amount appropriated under this subsection shall be allocated among eligible school districts in the proportion that the average daily membership of the eligible charter schools in the district bears to the total average daily membership of all eligible charter schools in all school districts that operate an eligible charter school.

Representative Nelson explained the proposed language.

Co-Chair Chenault stated that last year the component had been cut to \$50 thousand dollars in the Capital Budget process. In previous years, it had been funded at \$100 thousand dollars. The original intent of funding those dollars was to help charter schools provide services while attempting to grow the schools up to the 150 student level.

[2:07:31 PM](#)

Co-Chair Meyer pointed out that the issue comes forward every year with the intent that it be a "one-time" funding. He agreed with the comments made by Co-Chair Chenault noting that only three schools would be impacted, Juneau, Nome and the Kenai Borough.

Representative Nelson commented that last year it was funded at \$100 thousand dollars and the previous year it was funded at \$200 thousand dollars. Co-Chair Chenault disagreed, stating that it was cut to \$50 thousand dollars.

Representative Gara said he understood the arguments on both sides. He explained the logic of the proposal of placing it in the budget permanently. Co-Chair Chenault clarified that the appropriation was made in the capital budget, not the operating budget.

A roll call vote was taken on the motion to adopt LANG Amendment 2.

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

The MOTION FAILED (4-7).

AT EASE: [2:11:16 PM](#)
RECONVENE: [2:27:42 PM](#)

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

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Pipeline Coordinator

ADD: Subsection to Section 15:
The sum of \$213.4 thousand dollars is appropriated from federal receipts to the Department of Natural Resources, Resource Development, Pipeline Coordinator's office for a cooperative agreement between the U.S. Bureau of Land Management and the Department for the fiscal year ending June 30, 2010, and June 30, 2011.

Representative Kelly explained that the amendment would establish a multi-year appropriation that would sunset when the new cooperative federal agreement with the U.S. Bureau of Land Management ends on June 30, 2011. The agreement will be finalized between the U.S. Bureau of Land Management and the Department of Natural Resources, pipeline coordinator's office. The agreement will span three years and reappropriations shared costs to include the building lease, IT, phones and copiers. The agreement provides federal reimbursement of up to \$276 thousand dollars for applicable shared costs, and an increase of \$312 thousand dollars.

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

[2:28:45 PM](#)

Vice-Chair Stoltze MOVED to ADOPT amendment LANG 4. Co-Chair Meyer OBJECTED.

AMEND LANGUAGE:

SECTION 16 by adding two new subsections:

- (c) The sum of \$1.270 million dollars is appropriated from the General Fund to the Department of Public Safety, Division of Alaska State Troopers, special projects for rural alcoholic interdiction efforts during the fiscal year ending June 30, 2009.
- (d) If federal receipts are received by the Department of Public Safety for the rural alcohol interdiction program during the fiscal year ending June 30, 2009, the appropriation in (c) of this section is reduced by the amount of the federal receipts.

Vice-Chair Stoltze explained that both the Department of Public Safety and the Department of Law are requesting fund source changes in FY09 to replace lost federal funding for the Rural Alcohol Interdiction Program. The Department of Public Safety requested \$870 thousand dollars and the Department of Law requested \$400 thousand dollars. The amendment funds the Department of Public Safety with the entire General Fund replacement; the agency will continue to provide interagency receipts to the Department of Law for program related attorney services.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[2:30:25 PM](#)

Co-Chair Chenault MOVED to ADOPT amendment LANG 5. Co-Chair Meyer OBJECTED.

AMEND Section 18(d) as follows:

- (e) The governor shall allocate amounts in (a) of this section as follows:
 - (1) to the Department of Transportation and Public Facilities, 65 percent of the total plus or minus 10 percent;
 - (2) to the University of Alaska eight [10] percent of the total plus or minus three percent;
 - (3) to the Department of Health and Social Services and the Department of Corrections, not more than five percent of the total amount appropriated for each department;
 - (4) to any other state agency, not more than four percent of the total amount appropriated;
 - (5) the aggregate amount allocated may not exceed 100 percent of the appropriation.

Co-Chair Chenault explained that the amendment would restore the fuel allocation to the University of Alaska to the 8% level in effect for FY07 and FY08. Analysis of supplemental requests to cover fuel costs indicates that the change in the committee substitute would be necessary only if General Funds were used to pay for the 100% of the cost increases. The amendment indicates an expectation

that the University pay a share of increased fuel costs from the University receipts.

Co-Chair Meyer WITHDREW his OBJECTION.

Representative Gara OBJECTED for discussion purposes. He asked if fuel costs for the University would be decreased.

Co-Chair Chenault pointed out that they had been funded at 8% previously. The question was with regard to using General Funds over other funding sources. Representative Gara questioned how that change would affect the University's budget.

[2:33:23 PM](#)

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, acknowledged that Representative Gara was correct in that the University does not have other fund sources to pay for the fuel costs. However, the 8% should be sufficient to pay the fuel costs in FY09 if the "size of the pie is made larger". In the committee substitute, the trigger was increased to a maximum of \$24 million dollars; at current oil prices, the share would be increased around \$37 thousand dollars.

Representative Gara referenced Sections 1, 2 & 3 and asked if the intent was to compensate the State entities as the benchmark. Mr. Teal said yes.

Representative Gara commented that if the goal was to get the University coverage for the fuel costs, could the language accomplish that. Co-Chair Chenault thought it would. Mr. Teal advised that it would depend on how much of the fuel costs the General Fund would pay & how much the University receipts pay. The trigger is based on the supplemental requests trigger for FY09; they had requested an additional \$2.3 million dollars over the amount they received. Last year, the trigger was too low for every department, which was adjusted by the amount distributed. The question is who pays for it.

Representative Gara understood that adopting the amendment indicates that the University's contribution will need to be higher to cover the fuel costs. Co-Chair Chenault clarified that the real issue is how much General Funds be

used. He thought the fuel mechanism was being addressed for all departments, not just for the University.

[2:39:55 PM](#)

Co-Chair Chenault suggested that the supplemental budget process should be the place to address the issue. Representative Gara clarified the process of the supplemental requests. Co-Chair Chenault stated that the Governor's budget included \$7.1 million dollars as the trigger mechanism.

Representative Gara WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[2:43:05 PM](#)

Co-Chair Chenault MOVED to ADOPT amendment LANG 6. Co-Chair Meyer OBJECTED.

DELETE LANGUAGE IN SECTION 25(b) and insert:

The amount necessary to pay the first five ports of call their share of the tax collected under AS 43.52.220 in calendar year 2008, according to AS 43.52.230(b), is appropriated from the commercial passenger vessel excise tax account (AS 43.52.230(a)) to the Department of Revenue for payments during the fiscal year ending June 30, 2009.

Co-Chair Chenault explained that the language would clarify that the receipts collected in 2008 calendar year from the commercial vessel head tax are to be distributed per AS 43.52.230(b) in fiscal year 2009. The intent is to provide payment to the qualifying local governments upon completion of the calendar year as soon as possible after the end of the calendar year.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[2:44:16 PM](#)

Representative Gara MOVED to ADOPT amendment LANG 7. Co-Chair Meyer OBJECTED.

Page 72, following Line 21:

Insert new subsection to read:

- (d) The sum of \$3,500,000,000 is appropriated from the General Fund to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska);
- (e) The sum of \$1,500,000,000 is appropriated from the General Fund to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska)."

Re-letter the following subsection accordingly:

Page 73, Line 3, following "10(a)":

Insert ",27(d),"

Representative Gara explained the amendment does address anticipated surplus for the State with the intention of placing a certain amount of the funds into the Capital Budget Reserve (CBR). He hoped that the amendment would provide conversation with the Administration regarding those surplus numbers.

Representative Gara WITHDREW amendment LANG 7.

[2:45:47 PM](#)

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Representative Hawker MOVED to ADOPT amendment HSS 1.
Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Public Assistance

ALLOCATION: General Relief Assistance

DELETE: 6 Permanent Full-Time Positions

APPROPRIATION: Public Assistance

ALLOCATION: Senior Benefits Payment Program

ADD: 6 Permanent Full-Time Positions

Representative Hawker explained that the amendment would transfer six permanent full-time positions from the Public Assistance, General Relief Assistance Program to the Public Assistance Senior Benefits Payment Program. The

transaction transferring the funding was accepted by the Department of Health and Social Services budget subcommittee, however, the six permanent full-time positions were inadvertently omitted from the transaction. The amendment will correct that oversight.

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

[2:47:41 PM](#)

Representative Hawker MOVED to ADOPT amendment HSS 2. Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Behavioral Health

ALLOCATION: Behavioral Health Administration

ADD: \$200.0 OTI/ 1 TMP
Suicide Prevention Strategy &
Implement.

FUNDING SOURCE: General Funds 1004

ADD INTENT LANGUAGE:

It is the intent of the legislature that the \$200.0 increment in the FY 09 budget for the Suicide Prevention Strategy and Implementation Plan be dedicated to developing a best practices, evidence based multi-dimensional strategy and implementation plan to reduce the rates of suicide in targeted rural regions of the state with the highest current rate of suicide. The strategy and plan must specifically propose the means to reduce in the rate of suicide and address various dimensions of the issue including differing age and social demographics of at-risk populations as well as implementation alternatives available in the targeted regions. The plan must be developed in coordination with stakeholders and relevant resources in the targeted regions. The Suicide Prevention Strategy and Implementation Plan must be completed and available to the legislature no later than December 15, 2008.

Representative Hawker explained pilot project for a targeted, evidence based, multidimensional strategy to

reduce the occurrence of suicide in Alaska. An implementation plan is to be developed to reduce the suicide rate in coordination with targeted regions and communities with the targeted regions and communities with the current highest rates of suicide.

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Representative Hawker continued the discussion regarding the targeted base areas. He emphasized that the funds need to be targeted into suicide prevention, which is accomplished through HSS 2.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[3:03:45 PM](#)

Representative Hawker MOVED to ADOPT amendment HSS 3. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Behavioral Health

ALLOCATION: Behavioral Health Grants

ADD: \$750.0 General Fund
Substance Abuse Provider Rate Increase

FUNDING SOURCE: General Fund 1004

ADD INTENT LANGUAGE:

It is the intent of the legislature that the \$750.0 increment in the FY09 budget for behavioral health grants be used exclusively to provide additional base funding for existing core services of current grantee providers of adolescent and adult substance abuse intervention or treatment services, who have demonstrated successful outcomes documented in accordance with the Department's performance based evaluation procedures. The Department should continue work on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2008.

Representative Hawker explained that the amendment addresses all provider services that are at risk because they are not able to meet client needs. The amendment provides money targeted directly to the base of behavioral health providers, specifically substance abuse providers. It will provide \$750 thousand dollars. He emphasized that the intent language is critical to the amendment.

Representative Gara pointed out that the Department had proposed other \$1.7 million dollar request increases for substance abuse treatment and services. He asked if the proposed funds would replace that request. Representative Hawker clarified why the \$1.7 million dollars requests were not honored; the proposed funding is intended to "expand programs". The subcommittee advised it was more important to "shore-up the base" than to expand any programs.

[3:08:37 PM](#)

Representative Crawford appreciated the \$750 thousand dollars but preferred the numbers requested by the Governor. He addressed the basic human service needs. He hoped it would be different next year. He indicated support for the amendment.

Representative Gara recalled previous testimony from a former director of the State's substance abuse programs, noting that the State currently provides fewer programs than five or ten years ago. He asked if the intent was to provide the same level of services as last year. Representative Hawker explained that he would not want to place the Department into a greater risk due to loss of federal funding; he hope to address the existing provider's ability to handle existing needs.

Representative Joule recommended the importance of evaluating existing programs, ensuring base funding. He spoke in support of the amendment.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[3:15:15 PM](#)

Representative Hawker MOVED to ADOPT amendment HSS 4. Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Departmental Support Services

ALLOCATION: Commissioner's Office

DELETE INTENT:

It is the intent of the legislature that the department continues working on implementing a provider rate rebasing process.

ADD INTENT:

It is the intent of the legislature that the department continues working on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2008.

Representative Hawker explained that the amendment addresses the non-Medicaid eligible re-basing recommendations and provides more thorough intent language.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, amendment HSS 4 was adopted.

[3:16:25 PM](#)

Representative Hawker MOVED to ADOPT amendment HSS 5. Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Public Health

ALLOCATION: Health Planning and Infrastructure

ADD: \$250.0 OTI
Anchorage Project Access

Grant to Named Recipient:

In accordance with AS 37.05.316, it is intended that \$250.0 General Fund be provided as a grant to Anchorage Project Access.

FUNDING SOURCE: General Fund 1004

Representative Hawker explained that the amendment addresses the Anchorage Project Access, which is based on a national model that has proven to improve health outcomes and reduce emergency room charity care costs. Similar to pro bono services provided by attorneys, the model provides specialty medical care to those who meet the qualifying criteria; income less than 200% of the poverty level, uninsured, medical need and Anchorage resident (10% of quarterly referral may be referred from outside of the Anchorage Bowl). The Anchorage Project Access is under the 501c3 umbrella of Christian Health Associates (CHA) dba Anchorage Project Access.

Representative Crawford added, the amendment places together willing providers and those that have the needs. He urged passage.

Vice-Chair Stoltze inquired if the doctors providing the pro bono were in the same class as those people exempted from coverage in the personal injury, tried by attorneys.

[3:20:35 PM](#)

Representative Hawker did not know.

Representative Kelly asked if funding had been given to the CHA previous years. Representative Hawker responded that the State had previously funded the increment.

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

[3:22:06 PM](#)

Representative Crawford MOVED to ADOPT amendment HSS 6 for the purpose of discussion. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Behavioral Health

ALLOCATION: Behavioral Health Grants

ADD: \$1,750,000

FUNDING SOURCE: 1037 General Fund/Mental Health

Representative Crawford discussed that for services for substance use disorders comprehensive system of care, Alaskans in the large urban communities, currently must wait one to three months to receive treatment, if they do not present a danger to themselves or others. Available detoxification services are at a maximum capacity, and failure to meet the need leads to more costly hospital admissions, inappropriate incarceration, public inebriation, and placement into the correctional system. In addition, there is a failure to appropriately serve dual-disordered clients, such as those with traumatic brain injury and a substance use disorder. The increment would fund grants to create an enhanced continuum of care, from the least restrictive to the most intensive. Substance abuse treatment providers also are in need of a rate increase similar to those under consideration for other providers within the behavioral health delivery system. Recipients of substance abuse treatment are seldom eligible for Medicaid. Funds are not available to provide the rate increase through leverage of federal funds. The funding could provide up to a 9% increase for substance abuse treatment providers to allow providers to catch up to current costs.

Representative Hawker agreed with Representative Crawford's assessment. There are other increments in the proposed budget to address the above mentioned concerns. He listed all the proposed allocations within the Department of Health and Social Services subcommittee budget proposals. He highlighted the allocations to the Division of Behavioral Health.

Vice-Chair Stoltze WITHDREW his OBJECTION. Representative Crawford WITHDREW amendment HSS 6.

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Representative Gara MOVED to ADOPT amendment HSS 7. Representative Hawker OBJECTED.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Behavioral Health

ALLOCATION: Behavior Health Grants - Treatment and Services for clients with severe mental illness and co-occurring disorders

ADD: \$1,750,000

FUNDING SOURCE: General Fund 1004

Representative Gara explained that the appropriation would fund grants that provide essential services for the severely mentally ill who also suffer from substance abuse problems - dual diagnosis. Needs have increased and funding has decreased.

Representative Hawker commented that funding would be premature at this time. Representative Gara recalled that the previous funding as mentioned by Representative Hawker was inadequate to prevent further losses. Without the increment, to prevent losses to the existing services, funding the request is essential.

Representative Hawker MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

Representative Harris was not present for the vote.

The MOTION FAILED (7-3).

AT EASE: [3:33:13 PM](#)
RECONVENE: [3:47:46 PM](#)

Representative Nelson MOVED to ADOPT amendment HSS 8. Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Public Assistance

ALLOCATION: Energy Assistance Program

ADD: \$9,805,700

FUNDING SOURCE: 1004 General Funds

Representative Nelson discussed the amendment, which would add \$9.8 million General Fund dollars to the Division of Public Assistance, Energy Assistance Program in the Department of Health and Social Services to expand the State's ability to provide energy assistance to low income individuals throughout the State. The amount requested matches the existing federal grant contribution to Low Income Heating Energy Assistance Program (LIHEAP). LIHEAP is a federal program, providing financial heating and weatherization assistance. The federal contributions in 2008 were \$10.970 million dollars, while the FY09 Governor's budget indicates \$9.805 million dollars. In 2006, the year with the most recent available data, Alaska provided over 10,700 households with financial heating assistance, helping 23.4% of the 45,817 eligible households in the State.

[3:53:12 PM](#)

Representative Hawker commented on his objection. He claimed that he has always supported conservative economics and had voted against the Alaska's Clear and Equitable Share (ACES) bill because it would impair the economy's ability to sustain needed cash flow in the future. He addressed the negative concern regarding energy subsidies. He concluded that it would be an expensive program and not sustainable.

Representative Thomas recalled his oppositional testimony on ACES due to the removal of LIHEAP. He maintained that everyone should be treated fairly and that all State residents have energy needs.

[3:56:27 PM](#)

Representative Gara pointed out previous year's budget deficits, however, noted that this year, the State of Alaska has a surplus of money, dispelling any argument that there is no extra money. He strongly emphasized the need to pass an energy assistance bill. He recalled how LIHEAP had been passed last year. Thirty-six other states have passed some sort of energy legislation. He mentioned the fuel subsidy provided from outside the United States (US) by the Venezuelan government and he believed that was "acceptable". He recommended that the State be "patriotic and extend a hand".

Representative Crawford remembered a previous Special Session discussion regarding LIHEAP. He reported that residents in his district want those with the greatest need to receive energy assistance. He voiced support for the amendment.

[4:00:51 PM](#)

Representative Joule voiced appreciation that the issue had been brought forward, yet suggested that it be discussed from both a long-term and short-term perspective. He felt that LIHEAP was the best way to address immediate short-term needs. He gave an example of energy saving behavior. He reminded members that some people in Alaska have to make difficult choices between food and fuel. He testified in support of the amendment.

[4:04:10 PM](#)

Representative Thomas commented on his original ideas on energy rebates, relating a personal experience with a friend needing energy assistance. The incidence provided the background behind the idea for a \$500 rebate for the needy. He did not think that a "band aid approach" could work. He told another personal story about the limits to energy assistance and the need to help everyone.

Representative Harris noted support of the amendment, but recommended that it be placed into a different bill. He pointed out it is not a year-by-year funded item that it should be placed into the capital budget. He agreed it is wrong to create a band aid approach. The focus should be on less expensive energy in the State. He spoke against the amendment, but was willing to address the issue in another way.

[4:08:50 PM](#)

Representative Nelson felt encouraged by hearing that there are other options. She requested a vote. She offered further statistics to support the amendment, pointing out the number of people in Alaska that are suffering as a result of the energy crisis. She maintained that federal assistance is not keeping pace in Alaska and agreed that it could be addressed in the capital budget.

Representative Hawker MAINTAINED his OBJECTION to the amendment.

A roll call vote was taken on the motion.

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

The MOTION FAILED (4-7).

[4:12:57 PM](#)

Representative Crawford MOVED to ADOPT amendment HSS 9.
Representative Hawker OBJECTED for discussion purposes.

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Behavioral Health

ALLOCATION: Behavioral Health Grants

ADD: \$100,000

FUNDING SOURCE: General Funds

Representative Crawford stated that the amendment would add an increment back into the budget that was deleted from the Governor's amended budget. The money would provide grants for training of service providers for the treatment of people with traumatic brain injuries. The training program would include three separate components:

- Contracted brain injury specialists utilizing Alaska Psychiatric Institute's tele-behavioral health project and other communication options for case consultation;
- Regional workshops specific to needs of the area utilizing multidisciplinary hub and spoke model highlighting the needs across several life domain; and
- Developing training format and material to include self study modules utilized in other states. The project is designated grant request to the Alaska Brain Injury Advisory Board.

Representative Crawford continued that the increment would ensure that every provider serving Alaskans with a brain

injury would have access to a brain injury specialist for consultation and would have a road map on how to address the screening, assessment, referral and treatment planning.

Representative Hawker explained that HSS 9 was an item that was requested by the Alaska Mental Health Trust. There had been confusion about the funding for Traumatic Brain Injury (TBI). It had not made it through the subcommittee process due to the above mentioned confusion.

[4:17:52 PM](#)

Representative Hawker MOVED to AMEND HSS Amendment 9, changing the fund source to the Alaska Mental Health Trust Authority (AMHTA). There being NO OBJECTION, the proposed change was adopted.

Representative Hawker WITHDREW his OBJECTION to the amendment. There being NO further OBJECTION, amended HSS 9 was adopted.

[4:19:19 PM](#)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Co-Chair Chenault MOVED to ADOPT amendment LABOR 1. Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Labor & Workforce Development

APPROPRIATION: Construction Academy Training

ALLOCATION: Construction Academy Training

ADD: \$3,500 OTI

FUNDING SOURCE: General Funds

Co-Chair Chenault explained that the Alaska Construction Academy training opportunities, more appropriately belongs in the operating budget, not in the capital as proposed by the Administration.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:20:05 PM](#)

Co-Chair Chenault MOVED to ADOPT amendment LABOR 2. Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Labor & Workforce Development

APPROPRIATION: Commissioner and Administrative Services

ALLOCATION: Office of Citizenship

DELETE: \$65.6 General Funds

DELETE the following intent language:

It is the intent of the legislature that the Department of Labor and Workforce Development use this allocation to fund a permanent full-time position in the Kodiak Job Center and eliminate the permanent full-time position in the Juneau Job Center.

Co-Chair Chenault noted that the amendment would zero out the allocation and would eliminate the intent language for the Office of Citizenship. He stated that those services are provided by the federal government.

Co-Chair Meyer agreed, indicating that it has become a duplicative function provided also by the federal government. He agreed the State funding should be limited. The congressional delegation has offices in Juneau and they could be contacted regarding such matters.

Co-Chair Meyer WITHDREW his OBJECTION.

[4:22:38 PM](#)

Representative Gara OBJECTED, noting that people without money attempting to obtain citizenship cannot afford to hire an attorney for help. He addressed the Office of Citizenship's role, advising that the State only assists with legal immigration issues.

Co-Chair Meyer reported that the Juneau position had been vacant for a year and that there had not been a high demand for those services.

Vice-Chair Stoltze agreed with the comments of Co-Chair Meyer. He opined that the amendment was not consistent with the Department of Labor and Workforce Development's mission.

Representative Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION PASSED (7-4).

[4:28:39 PM](#)

Representative Crawford WITHDREW LABOR 3.

Representative Crawford MOVED to ADOPT amendment LABOR 4.
Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Labor & Workforce
Development

APPROPRIATION: Workforce Development

ALLOCATION: Southwest Alaska Vocational & Education
Center Operating Grants

ADD: \$195,000

FUNDING SOURCE: 1004 General Funds

Representative Crawford explained that the amendment was requested by Governor Palin through her 2/13/08 budget amendments, which was rejected by the House budget subcommittee. Southwest Alaska Vocational & Education Center (SAVEC's) federal earmark for operational expenses will end in FY08. Receipts are insufficient to cover operating costs. Without temporary assistance, the Center would not be able to operate in FY09. General Funds are requested to sustain operations for one year. The Center is located in King Salmon and serves the Bristol Bay area.

[4:30:40 PM](#)

Representative Joule spoke of a personal experience visiting the Southwest Alaska Vocational & Education Center. He urged support for the amendment.

Co-Chair Meyer acknowledged that it is a federal earmark that will no longer be received. He reported that monies

had just been approved for the construction of the academy and the pipeline training. The center does receive Vocational-Technical Education Center (VOC/TEC) funds. The Administration wants to develop a strategic plan to take care of all training center needs. He pointed out that the Red Dog mine was contributing to the training center in Fairbanks. He thought that they should seek funding dollars from the mining or fishing industry.

[4:35:35 PM](#)

Representative Harris asked about the anticipated end of the federal earmark dollars and questioned if the VOC/TEC facility would close. Representative Crawford responded that it would not be closing but rather would be operated by an employee with no services offered. The education season would be lost. He questioned whether it could be placed into the capital budget. Representative Harris asked if Representative Crawford would be supportive of working on it through the capital budget. Representative Crawford replied he gratefully would.

Representative Crawford WITHDREW amendment Labor 4.

[4:37:17 PM](#)

DEPARTMENT OF LAW

Vice-Chair Stoltze MOVED to ADOPT amendment LAW 1.
Representative Gara OBJECTED.

DEPARTMENT: Department of Law
APPROPRIATION: Civil Division
ALLOCATION: Commercial & Fair Business

DELETE: \$503.2 SPDR (1108)
ADD: \$263.2 General Fund (1004)

MODIFY conditioning language as follows:

The amount allocated for Commercial and Fair Business section includes the unexpected and unobligated balance on June 30, 2008, of designated program receipts [and general fund program receipts] of the Department of Law, Commercial & Fair business section that are required by the terms of a settlement or judgment to be spent by the State for consumer education or consumer protection.

Vice-Chair Stoltze explained that the amendment would limit receipts that could be carried forward to those that are restricted to use of consumer education or protection. It could reduce the authorization level of those receipts to what is intended to be a sustainable level of spending (\$400). The reduction in authorization prevents the Department from depleting its reserves of Statutory Designated Program Receipts (SDPR). The Department will require partial replacement of the SDPR (with General Funds) in order to maintain the current level of activity.

Representative Gara asked if the amendment would alter any departmental plans for next year's staffing. Co-Chair Chenault understood that the Department of Law supports the plan.

Representative Gara WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:39:22 PM](#)

Vice-Chair Stoltze MOVED to ADOPT amendment LAW 2. Representative Gara OBJECTED.

DEPARTMENT:	Department of Law
APPROPRIATION:	BP Corrosion (New)
ADD:	\$4,700,00 OTI
FUNDING SOURCE:	General Funds (1004)

Vice-Chair Stoltze explained that the BP Corrosion Litigation funding, which created a new appropriation for the Oil, Gas and Mining allocation. The subcommittee received an amendment request less than one day before the scheduled closeout meeting and did not have time to recommend a funding level.

LAW 2 requests \$4.7 million dollars for the BP Corrosion Litigation request. It also places "sideboards" on where the appropriation can be spent by placing the Oil, Gas and Mining allocation into its own separate appropriation. The current allocation for Oil, Gas and Mining contained on line 22 of the draft would be removed and added to the \$4.7 million dollars approved in the amendment and placed into a new separate appropriation.

The agency's provided the following explanation for the requested increment:

Department of Law requests an appropriation for FY 2009 in the amount of \$4.7 million to pursue claims for penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. The Department's current investigation, funded through the Response Fund, is ongoing but is expected to be complete next fall. A limited tolling agreement with BP Exploration (Alaska), Inc. with regard to potential claims subject to a two year statute of limitations will expire as early as September 2008. While the investigation is not yet complete, Department of Law anticipates making a recommendation to pursue the State's claims.

The subcommittee understands that it is unlikely that an agreement could be reached to resolve the claims prior to expiration of the tolling agreement. Expiration of the tolling agreement means that the State would need to file a court case later this year or risk certain claims being time barred; hence this request for an appropriation to fund the anticipated litigation in FY 2009.

He continued that the Department of Law's investigation includes evaluation of claims for lost revenues. At the Alaska Legislature Joint Natural Resources Committees' hearing on August 18, 2006, former Attorney General David W. Marquez outlined the Department's investigation of spills and pipeline corrosion issues. His written comments are available. As directed by the former Governor, the effort includes "reviewing the State's rights, particularly the full extent to which BP and possibly other parties can be held legally responsible for losses incurred by the state."

Vice-Chair Stoltze added that due to delays in obtaining documents and information from BP, the investigation is not yet complete. Although to date, approximately 2 million pages of documents have been provided, subpoenaed documents important to evaluation of the losses have not been produced. Based upon information gathered to date, the Department anticipates making a recommendation to commence litigation to recover the State's revenue losses, as well as civil penalties and damages under the environmental

statutes. In March and August of 2006, crude oil leaked from oil transit lines (OTL5) operated by BP at Prudhoe Bay.

In its Plea Agreement with the United States executed in October 2007, BP acknowledged that it "acted negligently by failing to adequately inspect and clean the OTL's." The company is "required to operate the OTL's as a reasonable operator." BP "did not expend sufficient resources to address the complex issues of corrosion in the OTL's." "BP failed to clean the OTL's with a piece of equipment called a maintenance pig and inspect the pipe for corrosion activity with a smart pig." The admissions are borne out by the State's investigation. BP documents substantiate that these failings resulted in shutdowns and reduced production of tens of millions of barrels of crude oil in 2006-07. The loss of revenue in royalties and taxes to the State for those years amounts to several hundred million dollars.

He maintained that this is a complex matter with many documents. It is anticipated that the FY 2009 litigation phase activities will cost \$4.7 million for costs of counsel, document management, experts, and litigation costs. The case budget for FY 2009 is broken down into pre-litigation filing activities with nine months of litigation. It is anticipated that the litigation will last three to four years and that further appropriations will be needed in future years.

Co-Chair Chenault reiterated that the request would be a multi-year component. He noted the backup contained in the previous amendment. He understood that there would be a request each year for the litigation process.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:42:21 PM](#)

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

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

DEPARTMENT: Department of Military & Veterans Affairs
APPROPRIATION: Military & Veteran's Affairs

ALLOCATION: AK. Statewide Emergency Communications

DELETE: \$3.3 Federal (1002)

ADD: \$3.3 General Funds (1004)

Vice-Chair Stoltze explained that the amendment would correct an FY08 fund source change that was inadvertently removed.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:43:06 PM](#)

Vice-Chair Stoltze MOVED to ADOPT amendment DMVA 2. Co-Chair Meyer OBJECTED.

DEPARTMENT: Department of Military & Veterans Affairs

APPROPRIATION: Military & Veterans Affairs

ALLOCATION: Veterans Services

ADD: \$30,000

FUNDING SOURCE: General Fund (1004)

Vice-Chair Stoltze explained the amendment would provide increased grants for the Veterans' outreach programs. The Veterans' service organization might play the most important role in the veteran community. The Veterans' of Foreign Wars, the American Legion and the Disabled Veterans of America interact daily with Alaskans and are led by veterans who have earned the trust of their brothers.

Representative Harris inquired who had requested the amendment. Vice-Chair Stoltze responded that the issue has been ongoing for the past few years and that Representative Foster had supported the intent. Representative Harris indicated his support for the amendment, noting that the issue had not been addressed for quite some time. Co-Chair Chenault agreed.

Representative Harris MOVED to AMEND the amount, raising it to \$45 thousand dollars. There being NO OBJECTION, DMVA 2 was amended.

Co-Chair Meyer WITHDREW his OBJECTION to the amended DMVA 2. There being NO further OBJECTION, it was adopted.

[4:47:34 PM](#)

DEPARTMENT OF NATURAL RESOURCES

Representative Kelly MOVED to ADOPT DNR 1. Co-Chair Meyer OBJECTED.

DEPARTMENT:	Department of Natural Resources
APPROPRIATION:	Fire Suppression
ALLOCATION:	Fire suppression Preparedness
DELETE:	\$61.0 General Funds

Representative Kelly explained that the subcommittee budget had inadvertently included \$61 thousand General Fund dollars more than what was requested for the cost increases for helicopters and fixed-wing aircraft contracts. The amendment would remove the \$61 thousand dollars of excess General Funds.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:48:09 PM](#)

Representative Kelly MOVED to ADOPT amendment DNR 2. Co-Chair Meyer OBJECTED.

DEPARTMENT:	Department of Natural Resources
APPROPRIATION:	Resource Development
ALLOCATION:	Geological Development
ADD:	\$1,200.0
FUNDING SOURCE:	\$850.0 General Fund \$350.0 State Designated Receipts

Representative Kelly explained the amendment would move the requested dollar amount from the capital budget to the operating budget.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:49:00 PM](#)

Representative Kelly MOVED to ADOPT amendment DNR 3.
Representative Hawker OBJECTED.

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

ADD: \$200.0

FUNDING SOURCE: General Funds - \$200.0

Representative Kelly explained the amendment would move the requested amount from the capital budget to the operating budget and changes the fund source from the Alaska Capital Fund to General Fund.

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:49:47 PM](#)

Representative Kelly MOVED to ADOPT amendment ADOPT DNR 4.

DEPARTMENT: Department of Natural Resources
APPROPRIATION: State Public Domain & Access
ALLOCATION: RS2477/Navigability Assertions & Litigation Support

ADD: \$300.0

FUNDING SOURCE: General Funds

Representative Kelly explained that the amendment would move the component funding from the capital budget to the operating budget. There being NO OBJECTION, it was adopted.

AT EASE: [4:50:22 PM](#)
RECONVENE: [4:51:13 PM](#)

Representative Kelly MOVED to ADOPT amendment DNR 5. Co-Chair Chenault OBJECTED.

DEPARTMENT: Department of Natural Resources

APPROPRIATION: State Public Domain & Public
Access

ALLOCATION: RS2477/Navigability Assertions &
Litigation Support

ADD: \$100.0

FUNDING SOURCE: General Funds

Representative Kelly explained that DNR 5 would move funding from the capital budget to the operating budget and authorize one new Natural Resource Specialist II position to support the RS2477 Surveys providing on-site inspection, public issue resolution, research and small contract management.

Co-Chair Chenault WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:52:22 PM](#)

Representative Kelly MOVED to ADOPT amendment DNR 6.
Representative Hawker OBJECTED.

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

ADD: \$283,300

FUNDING SOURCE: \$70,000 Federal 1002
\$113,300 Interagency Receipts
10007
\$100,000 SDPR 1108

Representative Kelly explained that costs to the State parks, fish and game, transportation and public facilities and other partner projects are increasing each year and additional staff was needed to handle the increased workload. Three new positions were added in the FY08 Management Plan and two seasonal positions were converted to full time status. New positions included an Engineering Assistant to perform developmental and professional engineering duties for the Design and Construction section; an Environmental Impact Analyst to serve as coordinator on environmental studies, construction permitting and monitoring to meet National Environmental Policy Act (NEPA)

compliance standards; and a Natural Resource specialist assigned to the Interpretation and Education section. Those positions are all currently filled. The funding for the positions is derived directly from the projects they are working on (non General Funds) and a combination of federal, interagency and statutory designated program receipts.

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:53:55 PM](#)

Representative Thomas MOVED to ADOPT amendment DNR 7. Co-Chair Chenault OBJECTED.

DEPARTMENT:	Department of Natural Resources
APPROPRIATION:	State Parks
ALLOCATION:	Park Management
ADD:	\$92.9
FUNDING SOURCE:	General Funds - OTI

Representative Thomas explained that the Chilkoot River Corridor is an important public use area in northern Lynn Canal. The area boasts an important salmon run used by sport, subsistence and commercial fishermen, and is also used by the general public for outdoor recreation. The uses often conflict and there is a serious public safety issue with the number of bears in close proximity to anglers and campers. The amendment would provide one-time funding for a planning process including all stakeholders in a land use plan that will protect public safety.

Co-Chair Chenault WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:56:00 PM](#)

DEPARTMENT OF PUBLIC SAFETY

Vice-Chair Stoltze MOVED to ADOPT amendment DPS 1. Representative Hawker OBJECTED for discussion purposes.

DEPARTMENT:	Department of Public Safety
APPROPRIATION:	Alaska Fire Standards Council

ALLOCATION: Alaska Fire Standards Council

ADD: \$220,000

FUNDING SOURCE: General Fund - 1004

Vice-Chair Stoltze explained that the subcommittee recommended that \$220 thousand General Fund dollars be added to the Alaska Fire Standards Council appropriation to assist the council in developing and regulating fire training standards. The Alaska Fire Standards Council was established by the Legislature in 1998; however, it has not been adequately funded to establish and implement needed fire training standards for the fire departments throughout Alaska.

Representative Harris indicated his support for the amendment.

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[4:59:47 PM](#)

DEPARTMENT OF NATURAL RESOURCES

Representative Gara requested information from the Administration regarding changes in the Department of Natural Resource budget. He mentioned concerns with the monitoring of the pipeline in order to prevent future spills. In previous years it had been addressed in the Department of Environmental Conservation subcommittee process; this year it was moved to the Department of Natural Resources. The Administration is requesting \$530 thousand dollars for additional staff, which was denied. He asked the position of the Administration.

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, responded that in the proposed budget, there is a funding request from the Department of Natural Resources and in the Department of Environmental Conservation budget for the Petroleum Assistance Integrity Office (PAIO). There is \$837 thousand dollars in the Department of Natural Resources and four positions in the Department of Environmental Conservation. In the amended budget, the Administration requested adding another four positions and an additional \$23 thousand dollars for those efforts. She

offered to provide details on the workload of that Office. It is an important issue. There was a capital project approved in FY08.

Representative Kelly noted that the subcommittee denied the increase, noting that the growth in those areas was significant for both departments. It has dramatically increased. He added that there is concern with the North Slope focus and he did not want to see it overdone. He reiterated concern with the amount of growth in that area.

Representative Gara inquired the Administration's position with the loss of the increment. Ms. Rehfeld pointed out that the entire country is looking at Alaska's responsible resource development. The Governor believes strongly that the area needs the resources to do the job.

Representative Gara requested that the Administration provide back-up regarding the monitoring with & without the extra funding. Ms. Rehfeld offered to provide that information.

[5:06:01 PM](#)

DEPARTMENT OF PUBLIC SAFETY

Vice-Chair Stoltze MOVED to ADOPT amendment DPS 2.
Representative Hawker OBJECTED.

DEPARTMENT: Department of Public Safety
APPROPRIATION: Fire & Life Safety
ALLOCATION: Fire & Life Safety Operations

ADD: \$11.7 General Fund - 1004

DEPARTMENT: Department of Public Safety
APPROPRIATION: Alaska State Troopers
ALLOCATION: AK State Troopers Detachments

ADD: \$382.8 General Funds - 1004

DEPARTMENT: Department of Public Safety
APPROPRIATION: Statewide Support
ALLOCATION: Administrative Services

ADD: \$11.5 General Funds - 1004

DEPARTMENT: Department of Public Safety
APPROPRIATION: Statewide Support
ALLOCATION: Alcoholic Beverage Control Board

ADD: \$1.1 General Funds - 1004

Vice-Chair Stoltze explained that the House Finance Committee (HFC) subcommittee received the four amendment requests less than one day before the scheduled closeout meeting and did not have the time necessary to recommend a fund level. This is the first time in years that the agency requested increments for increased vehicles costs. Per testimony by the Department, the agency has been able to absorb the costs by utilizing funds appropriated to trooper detachments through vacancy rate adjustments. It is recommended that the increments be funded at half the requested level since the subcommittee has no historical data to review actual vehicle costs. A further review of the costs and the trooper vacancy rates will be examined in the next budget cycle.

Representative Hawker mentioned "truth in budgeting"; he worried about managing the budget through vacancy rates. He projected that there will be serious issues over the next few years for the Department of Public Safety to meet the State's core issues. He respected the judgment of the subcommittee to honor half of the request.

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[5:08:56 PM](#)

DEPARTMENT OF NATURAL RESOURCES

Representative Harris realized that neither of the commissioners from the Department of Environmental Conservation or the Department of Natural Resources attended or spoke with the subcommittee chairs about their PAIO requests. He requested that both those commissioners visit the Speaker's office before the vote is taken to the House floor. Ms. Rehfeld agreed.

[5:10:08 PM](#)

DEPARTMENT OF PUBLIC SAFETY

Vice-Chair Stoltze MOVED to ADOPT amendment DPS 3.
Representative Hawker OBJECTED.

DEPARTMENT: Department of Public Safety
APPROPRIATION: Council on Domestic Violence &
Sexual Assault
ALLOCATION: Council on Domestic Violence &
Sexual Assault

DELETE: \$1.2

FUNDING SOURCE: Permanent Fund Felon Funds
(1171)

Ms. Rehfeld requested a brief At-Ease.

AT EASE: [5:10:35 PM](#)
RECONVENE: [5:27:20 PM](#)

Ms. Rehfeld explained that the Administration had over allocated the amount of Permanent Fund Dividend (PFD) felon funds available for expenditure for FY09; the amendment corrects that and reduces the authorization by \$1.2 thousand dollars.

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[5:28:25 PM](#)

Vice-Chair Stoltze MOVED to ADOPT amendment DPS 4.
Representative Hawker OBJECTED for discussion.

DEPARTMENT: Department of Public Safety

Page 31, INSERT after line 25:

It is the intent of the legislature that the Department of Public Safety provides additional state trooper coverage for international border communities to help meet Federal and Homeland Security requirements.

Page 32, INSERT after line 32:

It is the intent of the legislature that Permanent Fund felon and misdemeanor funds should be used before general funds for Council on Domestic Violence and Sexual Assault (CDVSA) program funding.

RENUMBER accordingly

EXPLANATION: Intent Language

This intent language was approved and listed in the subcommittee report, however the language was not included when the committee substitute was drafted. This amendment fulfills the wishes of the subcommittee.

Vice-Chair Stoltze explained the amendment, addition of intent language, was approved and listed in the subcommittee report; however, the language had not been included when the committee substitute was drafted. The amendment fulfills the wishes of the subcommittee.

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[5:30:42 PM](#)

Vice-Chair Stoltze MOVED to ADOPT amendment DPS 5. Representative Hawker OBJECTED for discussion purposes.

DEPARTMENT: Department of Public Safety
APPROPRIATION: AST
ALLOCATION: AST Detachment

ADD: \$75.0

FUNDING SOURCE: General Funds

Vice-Chair Stoltze explained the amendment, which would restore funding to three shooting ranges:

- Anchorage
- Fairbanks
- Juneau

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[5:33:35 PM](#)

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Representative Thomas MOVED to ADOPT DOTPF 1. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: Department of Transportation & Public
Facilities

APPROPRIATION: Commissioner's Office

ALLOCATION: Unallocated Reduction

DELETE: \$35,000

FUNDING SOURCE: General Funds

Representative Thomas explained that the amendment would provide for the discontinuance of use of State funds for conducting public survey polls.

Representative Thomas proceeded to WITHDRAW the DOTPF 1.

[5:34:42 PM](#)

Representative Thomas MOVED to ADOPT amendment DOTPF 2. Co-Chair Chenault OBJECTED.

DEPARTMENT: Department of Transportation &
Public Facilities

APPROPRIATION: Marine Highway System

ALLOCATION: Marine Vessel Operations

ADD: \$2,297,600 General Fund
(OTI)

\$1,950,000 Marine Highway
Funds

ADD the following Language:

The amount appropriated from the General Fund to the Marine Highway System, is reduced by an amount equal to any appropriation to the Alaska Marine Highway System Fund (AS 19.65.060(a) passed by the Twenty-

Fifth Alaska State Legislature in 2008 and enacted into law; the reduction may not exceed \$2,297,600.

Representative Thomas clarified the intent of the amendment, which provides a one time increment funding necessary for the Alaska Marine Highway System to avoid the curtailment of service to Southwest Alaska from November 2008 through April 2009 while the M/V Tustumena is in a Capital Improvement Project (CIP) project. The amendment would add back:

- Southwest service increased from one week per month to two weeks per month;
- Cross Gulf returning to two northbound and two southbound {with stops in Yakutat} per month during that time period; and that the
- Positively impacted communities would be Homer, Seldovia, Chenga Bay, Kodiak, Whittier, Yakutat, Ketchikan & Juneau.

Representative Thomas MOVED to AMEND DOTPF 2 by deleting the language:

"The amount appropriated from the general fund to the Marine Highway System, is reduced by an amount equal to any appropriation to the Alaska Marine Highway System Fund (AS 19.65.060(aA) passed by the Twenty-Fifth Alaska State Legislature in 2008 and enacted into law; the reduction may not exceed \$2,297,600."

There being NO OBJECTION, the language was deleted.

Co-Chair Chenault MAINTAINED his OBJECTION on the amended DOTPF 2.

A roll call vote was taken on the motion.

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

Representative Nelson was not present for the vote.

The MOTION FAILED (5-5).

[5:38:44 PM](#)

Representative Thomas MOVED to ADOPT amendment DOTPF 3.
Co-Chair Chenault OBJECTED.

DEPARTMENT: Department of Transportation and
Public Facilities
APPROPRIATION: Highways, Aviation & Facilities
ALLOCATION: Central Region Highways & Aviation

ADD: \$300,000

FUNDING SOURCE: General Funds

Representative Thomas explained that \$300 thousand dollars be included in the budget to purchase calcium chloride for dust control in the Central Region. Kodiak and other communities in the Central Region have limited roads, but the parts that are not paved are hazardous during the dry weather. Limited visibility for drivers, health concerns for those with respiratory problems, and dust concerns for homeowners are factors that could be tolerable if there was an adequate amount of calcium chloride available for all communities in the Central Region.

Co-Chair Chenault asked if during the subcommittee process, it was determined that there were insufficient amounts. Representative Thomas responded, it was less than needed in only the Central Region area.

Representative Joule asked if dust control activities could be happening in other areas of the State. Representative Thomas explained that the calcium chloride work should be addressed every year.

Co-Chair Chenault MAINTAINED his OBJECTION, claiming that health concerns had been addressed in the Department of Transportation and Public Facilities budget. He pointed out that it had been included in the Capital Budget requests. He maintained that there are other more important issues in the budget, which need to be addressed.

A roll call vote was taken on the motion.

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

Representative Nelson was not present for the vote.

The MOTION FAILED (4-6).

[5:41:38 PM](#)

UNIVERSITY OF ALASKA

Co-Chair Chenault MOVED to ADOPT amendment UA 1.
Representative Hawker OBJECTED.

DEPARTMENT: University of Alaska
APPROPRIATION: University Campuses
ALLOCATION: University of Alaska - Anchorage

ADD: \$320.0 General Funds
\$273.4 University Receipts

FUNDING SOURCE: General Fund, University
Receipts

Co-Chair Chenault explained that the amendment would fund the College of Arts and Sciences general education requirements to meet student demand for Tier 1 and Tier II general education courses.

Representative Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, it was adopted.

[5:44:01 PM](#)

Co-Chair Chenault MOVED to ADOPT UA 2. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: University of Alaska
APPROPRIATION: University Campuses

ADD Intent Language:
It is the intent of the Legislature that those students qualifying for the University's Scholars' Program who require remedial coursework must reimburse the University for tuition for those particular courses.

Co-Chair Chenault explained that there are a number of students who receive scholarships under the Scholar's

Program, who must take remedial courses prior to enrollment in regular & college levels.

Representative Harris questioned if that were a large number of students who qualify for that program. Co-Chair Chenault responded that there are some students that qualify for the program that are required to take those remedial classes.

Representative Joule added comments, noting that there should be a legislative discussion on statewide education delivery.

Co-Chair Chenault WITHDREW UA 2.

[5:48:18 PM](#)

Co-Chair Chenault MOVED to ADOPT UA 3. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: University of Alaska
APPROPRIATION: UAA - Small Business Development Center

ADD: \$550.0

FUNDING SOURCE: Business License Receipts

Co-Chair Chenault acknowledged that the component more appropriately belongs in the operating budget, not in the capital budget. The Administration requested the appropriation be moved.

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

[5:49:16 PM](#)

Representative Kelly MOVED to ADOPT Amendment UA 4. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska Campuses
ALLOCATION: System Reductions/Additions

ADD: \$3201.1

FUNDING SOURCE: General Funds

Representative Kelly explained that the amendment would restore funding for non-represented step increased requests as calculated by the University & using a grid rather than a step increase system.

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

[5:51:24 PM](#)

Representative Kelly MOVED to ADOPT amendment UA 5. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: University of Alaska
APPROPRIATION: Statewide Programs & Services
ALLOCATION: Statewide Programs & Services

ADD: \$202.2

FUNDING SOURCE: General Funds

Representative Kelly explained that the amendment would add programs and services for the step increase requests.

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

[5:52:20 PM](#)

Representative Gara WITHDREW amendment UA 6.

[5:52:50 PM](#)

Representative Joule MOVED to ADOPT amendment UA 7. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Statewide Budget Reductions /
Additions-System wide

ADD: \$600,000

FUNDING SOURCE: 1004 General Funds

Representative Joule spoke to the amendment, which would address the Alaska Native Science & Engineering Program (ANSEP). In May 2008, ANSEP will graduate 23 Alaska Native engineers and scientists from the University. More than 50 organizations support the effort with cash and internships. Beginning with high school freshmen, structured programs lead students each step of the way through high school, into the undergraduate years, on to graduate school and into professional life. At each level, the goal is to create empowerment and excitement around careers in engineering and science. ANSEP is unique from a budgetary perspective. Funding formulas for neither Alaskan high schools, nor the University system cover ANSEP costs, yet both benefit from the program.

[5:58:42 PM](#)

Representative Harris inquired if the request had been included in the University's budget. Representative Joule explained that the total budget is a little more than \$2 million dollars, of which \$300 thousand dollars is State money. It is uncertain how much longer the "soft" money will be available. The appropriation would add in the partnership. Representative Harris questioned if \$300 thousand would be sufficient.

[6:00:06 PM](#)

Co-Chair Chenault acknowledged that the program appears to be working.

Co-Chair Chenault MOVED to AMEND amendment UA 7 to delete "\$600 hundred thousand dollars" and insert "\$300 thousand dollars", indicating it should be used for tutoring in distance learning. Representative Joule understood that success comes in incremental steps. He accepted that as a "friendly" amendment.

Representative Kelly OBJECTED. He clarified that there is federal funding, but there is no request in the Regent's budget for the item. He expressed concern that the funds would be targeted and the focus split.

Co-Chair Chenault stipulated his preference for the tutoring and long distance learning programs, explaining that the intent was to minimize management.

[6:03:34 PM](#)

Representative Kelly expressed concern that steps have bypassed the University Board of Regent's process; he did not want to see a split appropriation, telling educators how to allocate their funds.

A roll call vote was taken on the motion to amendment UA 8.

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

Representative Nelson was not present for the vote.

The MOTION PASSED (9-1).

[6:05:24 PM](#)

A roll call vote was taken on the main motion to adopt the amended UA 8.

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

Representative Nelson was not present for the vote.

The MOTION PASSED (9-1).

[6:06:33 PM](#)

Representative Crawford MOVED to ADOPT amendment UA 8.
Vice-Chair Stoltze OBJECTED.

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Budget Reductions / Additions-
System-wide

ADD: \$5,318,900

FUNDING SOURCE: 1004 General Funds

Representative Crawford explained that the University Board of Regents recommended increased funding for initiatives to improve student success and prepare Alaskans for Jobs.

The funding was not included in the subcommittee recommendation. The amendment would provide funding for the following efforts:

- Preparing Alaskans for Jobs: Fisheries - \$1 million
- University Research Investment: Engineering, Transportation, & Energy - \$500 thousand
- University Research Investment: Biomedical, Health & Competitive Research - \$1.6 million dollars
- Student Success: Meeting Student Demand - \$300 thousand dollars
- Student Success: Student Success Initiatives - \$1.5 million dollars

[6:11:14 PM](#)

Co-Chair Chenault pointed out that some of the programs had merit, however, he had reservations regarding a few.

A roll call vote was taken on the motion.

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

Representative Nelson was not present for the vote.

The MOTION FAILED (3-7).

[6:14:06 PM](#)

Representative Kelly MOVED to ADOPT amendment UA 9. Vice-Chair Stoltze OBJECTED.

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: System Reductions/Additions

ADD: \$364.3

FUNDING SOURCE: General Funds - 1004

Representative Kelly explained that the amendment would reinstate funding for step increases for the Alaska Higher Education Crafts and Trades Employees, the "blue-collar" employee. There is a tentative agreement that those

members are in the process of ratifying. The agreement includes small grid movements and high dependence on annual steps. By law, if the terms of the contracts are not funded, the University cannot pay the negotiated provisions. Meeting the terms of the contract, which is expected to be ratified, requires restoration of the \$264 thousand dollars cut by the subcommittee. In subsequent collective bargaining negotiations, the University will present an alternative compensation schedule that is more grid reliant than step for adoption.

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

[6:15:37 PM](#)

Representative Joule indicated his appreciation of the process that the Co-Chairs provided to the House Finance Committee during the budget deliberation process.

Representative Thomas echoed previous comments, adding gratitude to the Administration and the Legislative Finance Division staff for their willingness to helpfully participate.

Vice-Chair Stoltze directed his comments to the reduced time schedule the subcommittees had. He stated his appreciation of the process.

Representative Kelly requested that the Legislative Finance Division submit a spreadsheet indicating all the changes made by the whole Committee during the budget process.

Co-Chair Chenault acknowledged frustrations regarding the process and the difficulty, which resulted from the 90-day session. He listed the difficulties resulting for the subcommittees given the shortened deliberation periods. He emphasized that the process had suffered given the 90-day session.

Co-Chair Meyer MOVED to report CS HB 310 (FIN) out of Committee as amended with individual recommendations and providing permission to allow the Alaska Legal Services and Legislative Finance Division, latitude to make all necessary technical and conforming corrections. There being NO OBJECTION, it was so ordered.

CS HB 310 (FIN) was reported out of Committee with "individual" recommendations.

Co-Chair Meyer MOVED to report CS HB 312 (FIN) out of Committee as amended with individual recommendations and providing permission to allow the Alaska Legal Services and Legislative Finance Division, latitude to make all necessary technical and conforming corrections. There being NO OBJECTION, it was so ordered.

CS HB 312 (FIN) was reported out of Committee with a "do pass" recommendation

#

ADJOURNMENT

The meeting was adjourned at 6:23 P.M.