

MINUTES
SENATE FINANCE COMMITTEE
April 12, 2007
5:12 p.m.

CALL TO ORDER

Co-Chair Lyman Hoffman convened the meeting at approximately [5:12:18 PM](#).

PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice Chair
Senator Kim Elton
Senator Donny Olson
Senator Joe Thomas
Senator Fred Dyson

Also Attending: KAREN REHFELD, Director, Office of Management & Budget, Office of the Governor

Attending via Teleconference: There were no teleconference participants

SUMMARY INFORMATION

SB 61-SUPPLEMENTAL APPROPRIATIONS

The Committee adopted a committee substitute and three amendments. The bill reported from Committee.

HB 95-APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 96-APPROP: MENTAL HEALTH BUDGET

The committee heard from the Office of Management and Budget. Committee substitutes for each bill were adopted, and 17 amendments were considered with 14 adopted. The bills reported from Committee.

[5:13:16 PM](#)

#sb61

SENATE BILL NO. 61

"An Act making appropriations for qualified regional seafood development associations, for investigation and litigation relating to the public employees' retirement system and the teachers' retirement system, and for a special advisory election; and providing for an effective date."

This was the third hearing for this bill in the Senate Finance Committee.

Co-Chair Stedman moved to adopt Senate Finance committee substitute, Version 25-GS1063\M, Kane, dated April 10, 2007, as the working document.

There being no objection, the Version "M" committee substitute was ADOPTED as the working document.

[5:13:43 PM](#)

Amendment #1: This amendment deletes the language of subparagraph (g) of Section 1, Chapter 3, FSSLA 2005, page 67, lines 17 through 19 amended by Section 6 on page 4, lines 22 through 27 of the bill and inserts new language to read as follows.

(g) The unexpended and unobligated balance of the appropriation made by sec. 1, ch. 3, FSSLA 2005, page 67, lines 17 - 19 (Chitina, personal use dip net fishery access area - \$700,000) is reappropriated to the Department of Transportation and Public Facilities for Chitina fishery access and facility improvements.

Co-Chair Hoffman moved for adoption and objected for purposes of explanation.

Co-Chair Hoffman stated that this amendment was offered at request of the Governor Sarah Palin Administration. The amendment would "remove the conditional language that is attached to the original appropriation". He explained that "A name change, as proposed in SB 61 will not remove the language and will prevent the department from being able to complete the

replacement of the O'Brien Creek Bridge and add a boat ramp this year."

[5:15:12 PM](#)

Co-Chair Hoffman removed his objection.

Senator Olson asked whether the action proposed by this amendment was considered significant.

Co-Chair Hoffman reminded the Committee that this issue had been discussed during the previous hearing on this bill. The amendment would simply "clarify the language."

There being no further objection, Amendment #1 was ADOPTED.

[5:16:16 PM](#)

Amendment #2: This amendment inserts a new section into the bill as follows.

Department of Education and Early Development. The sum of \$740,271 is appropriated from the general fund to the school construction grant fund (AS 14.11.005) for payment by the Department of Education and Early Development as a grant under AS 14.11.015 to the Chugach School District for Chenega Bay School roof replacement.

Co-Chair Hoffman moved for adoption and objected to explain that this amendment would provide State general funds for the Chenega Bay School roof replacement.

Co-Chair Hoffman removed his objection.

There being no further objection, Amendment #2 was ADOPTED.

[5:16:54 PM](#)

Amendment #3: This amendment inserts a new subsection into Section 5 as follows.

(c) The sum of \$6,500,000 is appropriated from the general fund to the Department of Health and Social Services for the Fairbanks virology laboratory completion from the following amounts:

General fund	\$3,500,000
Interest earnings on certificates of participation	\$3,000,000

Co-Chair Hoffman offered a motion for adoption and objected to provide an explanation. This amendment would provide significant cost savings to the State by allowing the project to proceed on schedule.

Co-Chair Hoffman removed his objection.

There being no further objection, Amendment #3 was ADOPTED.

AT EASE [5:18:20 PM](#) / [5:18:35 PM](#)

Co-Chair Stedman offered a motion to authorize the Division of Legal and Research Services to review the amendments and make conforming and technical changes as necessary.

There being no objection, the motion PASSED.

[5:19:11 PM](#)

Co-Chair Stedman offered a motion to report CS SB 61, Version 25-GS1063\M, as amended, from Committee with individual recommendations.

There being no objection, CS SB 61(FIN) was REPORTED from Committee.

AT EASE [5:19:51 PM](#) / [6:03:49 PM](#)

#hb95

#hb96

CS FOR HOUSE BILL NO. 95(FIN)

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

CS FOR HOUSE BILL NO. 96(FIN)

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

This was the fourth hearing for these bills in the Senate Finance Committee.

Co-Chair Stedman offered a motion to adopt SCS CSHB 95, Version 25-GH1013\W, Bailey, dated April 12, 2007, as the working document.

Co-Chair Hoffman stated that this committee substitute contained only one change to Version "T", adopted as a working document in a previous hearing. The following conditional language pertaining to appropriations made to the Department of Health and Social Services was deleted from page 17, lines 6 through 11 of Version "T".

No money appropriated to the Department of Health and Social Services may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for Health and Social Services may be expended only for mandatory services required under Title XIX of the Social Security Act and for optional services offered by the state under the state plan for medical assistance that has been approved by the United States Department of Health and Human Services.

Senator Dyson understood that this language had been added during deliberations by the House of Representatives and that they continued to retain the language in their version of the bill. Therefore he was curious to the reason the Senate has suggested removing the language.

Co-Chair Hoffman understood that the language had been deleted by the House of Representatives.

[6:06:17 PM](#)

Co-Chair Hoffman corrected his remarks by stating that the House bill contained similar language to that deleted from Version "W".

KAREN REHFELD, Director, Office of Management and Budget, Office of the Governor, affirmed.

Senator Dyson asked for further clarification.

Co-Chair Hoffman responded that the House version of the bill contains similar language to that deleted from Version "W".

Senator Dyson objected to the adoption of the Version "W" committee substitute.

A roll call was taken on the motion.

IN FAVOR: Senator Elton, Senator Huggins, Senator Olson, Senator Thomas, Co-Chair Stedman and Co-Chair Hoffman

OPPOSED: Senator Dyson

The motion PASSED (6-1)

Committee substitute Version "W" was ADOPTED as the working document.

[Note: The amendments are titled according to their sponsor and are offered to the most recently adopted committee substitutes unless otherwise noted.]

HOFFMAN #1: This amendment deletes \$48.1 million general funds from the Department of Commerce, Community and Economic Development, Revenue Sharing Results Delivery Unit (RDU), Local Government Support component on page 5, line 32. Accompanying explanatory language reads as follows.

If \$48.1 million for revenue sharing is in the operating budget, DCCED can distribute the funds as it wishes. The Senate is working on a revenue sharing plan with a distribution method that accounts for some retirement issues. To ensure that the legislature has a voice in the allocation of the money, revenue sharing is expected to appear in a later appropriations bill.

Co-Chair Hoffman moved for adoption and objected to explain that this amendment would delete funding for the municipal revenue sharing program. The House has taken similar action. He read the explanatory statement into the record.

Co-Chair Hoffman removed his objection.

There was no further objection and the amendment was ADOPTED.

[6:08:46 PM](#)

HOFFMAN #2: This amendment deletes subsection (b) from Section 13 DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, on page 57, line 31 through page 58, line 3 of the committee substitute Version "T". [Note: This language was not included in committee substitute, Version "W".] The deleted language reads as follows.

(b) The sum of \$10,543,219 is appropriated from the general fund to the Department of Education and Early Development for distribution to each school district as a grant in the same amount as was received by that school district during fiscal year 2007 for a school improvement grant.

Accompanying explanatory language reads as follows.

Because funding for school improvement grants will be addressed in education legislation later this session, this funding is being removed from the operating budget.

Co-Chair Hoffman moved for adoption of the amendment and objected to overview the deleted language and the explanatory statement.

Co-Chair Hoffman removed his objection.

The amendment was ADOPTED without further objection.

AT EASE [6:10:23 PM](#) / [6:11:06 PM](#)

Co-Chair Hoffman announced the need to adopt a proposed committee substitute to HB 96, as the amendments under consideration pertained to both appropriation bills.

Co-Chair Stedman offered a motion to adopt SCS CSHB 96, Version 25-GH1015\L, Bailey, dated April 12, 2007, as the working document.

Co-Chair Hoffman explained that the changes to this bill mirrored those in the committee substitute for HB 95.

Senator Dyson understood therefore that the language deleted from HB 95 by Version "W" was also deleted from this bill.

Co-Chair Hoffman affirmed.

Senator Dyson objected. The language was included in the bills by the House of Representatives to prevent public funds from being used to support abortions not medically necessary.

A roll call was taken on the motion.

IN FAVOR: Senator Huggins, Senator Olson, Senator Thomas, Senator Elton, Co-Chair Stedman and Co-Chair Hoffman

OPPOSED: Senator Dyson

The motion PASSED (6-1)

The committee substitute, Version "L", was ADOPTED.

[6:13:18 PM](#)

HOFFMAN #3: This amendment adds \$150,000 general funds to the Department of Labor and Workforce Development, Vocational Rehabilitation RDU, Independent Living Rehabilitation component on page 24, lines 26 and 27. Accompanying explanatory language reads as follows.

A one-time funding increment of \$100,000 was granted in FY 07 for Independent Living Rehabilitation. This amendment would continue the FY 07 level of funding and establish the increment as part of the base budget in FY 09. These funds would be used to operate Alaska's Centers for Independent Living. Centers for Independent Living (CILs) have increased the number of disabled and senior Alaskans served by 112% (to 3200 clients) in the past three years, while receiving relatively flat State funding. Costs to provide these preventative services that keep people out of expensive institutions are rising, stretching Alaska's CILs to the limit of effectiveness. In FY 05, State funding comprised only 9% of the total funding used to operate Alaska's successful Independent Living program. CILs

leverage State general fund dollars, and are extremely resourceful, cost-effective agencies providing necessary services on behalf of the State of Alaska.

\$50,000 if this increment will support interpreter referral services for Alaskans who are deaf or hard-of-hearing. This program allows deaf and hard of hearing Alaskans, whose primary language is American Sign Language, to secure and maintain employment and receive other necessary medical and legal services. The program has been flat-funded for over 17 years, while the deaf population is burgeoning in areas like the Kenai Peninsula, where no interpreter program currently exists. In areas where services currently exist, the demand has skyrocketed. For example, in Southeast Alaska the number of sign language interpreter requests filled grew from 182 in FY 04 to 464 in FY 06, an increase of 155%. This increment would allow more Alaskans to access this service by increasing funding to current grantees and providing for a new program in Homer.

Co-Chair Hoffman moved for adoption and objected to explain the amendment.

Co-Chair Hoffman removed his objection.

Without further objection, the amendment was ADOPTED.

[6:15:02 PM](#)

STEDMAN #1: This amendment adds \$3 million general funds to the Department of Commerce, Community and Economic Development, Qualified Trade Association (QTA) Contract RDU and component on page 5, line 31 through page 6, line 5. Accompanying explanatory language reads as follows.

One time only increment. Visitors to Alaska sustain many small businesses which provide jobs in our communities. Unfortunately, the number of independent travelers is in decline and effective marketing is necessary to bring new private dollars into the economy, grow local community revenues from tourism taxes, and increase state revenue from tourism-related taxes.

Co-Chair Stedman moved for adoption.

Co-Chair Hoffman objected for an explanation.

Co-Chair Stedman explained that this amendment would add one time only general fund funding of \$3,000,000 for increased marketing efforts for the State. Summertime tourism impacts all areas of the State.

Co-Chair Hoffman removed his objection. Despite being less than the amount requested by Alaskans involved in the tourism industry, this appropriation demonstrates the State's effort to address the need for increased marketing to independent travelers.

There was no further objection and STEDMAN #1 was ADOPTED.

[6:17:10 PM](#)

STEDMAN #2: This amendment adds \$500,000 general funds to the Department of Commerce, Community and Economic Development, QTA Independent Traveler Grants RDU and component on page 6, lines 6 through 9. Accompanying explanatory language reads as follows.

This one time increment would increase tourism marketing directed at independent travelers (non-cruise ship visitors.) Independent travelers sustain many Alaska small businesses which provide jobs in our communities. Unfortunately, the number of independent travelers is in decline and effective marketing is necessary to bring new private dollars into the economy, grow local community revenues from tourism taxes, and increase state revenue from tourism-related taxes.

Co-Chair Stedman moved for adoption.

Co-Chair Hoffman objected for the purposes of explanation.

Co-Chair Stedman explained that the amendment would appropriate \$500,000 for marketing efforts directed toward independent travelers.

Co-Chair Hoffman acknowledged the substantial public testimony in support of this effort.

Without further objection, STEDMAN #2 was ADOPTED.

[6:18:32 PM](#)

STEDMAN #3: This amendment adds \$250,000 federal receipts to the Department of Commerce, Community and Economic Development, Banking and Securities RDU and component on page 7, lines 21 and 22. Accompanying explanatory language reads as follows.

Based on a contract with the US Treasury Department, DCCED will provide financial education through its staff or partners. Education will be provided face-to-face in local communities, in a regional hub community, through distance learning channels, printed materials, and broadcast media to individuals, community leaders and educators.

The DCCED will be responsible for coordinating the provision of financial education with the financial service provider and with other state entities in order to leverage financial and in-kind resources. Topics will include the basic elements of financial literacy, bank accounts, electronic banking, identification theft, etc. Funds may also provide travel for community leaders to attend the Native Financial Skills Initiative to be held in Anchorage.

In order to best serve communities with the least access to financial services, this program will focus on providing services to Alaska communities with populations under 5,000 that lack access to major roadways and do not have a branch of a bank or credit union. Resources will be focused on between two and four communities.

Co-Chair Stedman moved for adoption.

Co-Chair Hoffman objected to receive an explanation.

Co-Chair Stedman explained that this federal receipt authority would address the impact of bank consolidations both in the country and in the State. For example, some sparsely populated regions of the State are losing their community's deposit institution. This funding would assist in educating citizens about banking and financial services.

Co-Chair Hoffman removed his objection.

There being no further objection, STEDMAN #3 was ADOPTED.

[6:19:56 PM](#)

OLSON #1: This amendment would transfer the Women, Infants and Children component and \$26,445,700 allocation to that component from the Children's Services Budget Review Unit (BRU) on page 18, line 13, to the Public Assistance BRU on page 19, line 11. Accompanying explanatory language reads as follows.

Structure change to move the above component/allocation from the Children's Services appropriation to the Public Assistance appropriation. This is an important budget structure change to reflect the organizational change that was recommended by both divisions and approved by Commissioner Jackson and OMB with an effective date of July 1, 2007.

This budget structure change was accidentally not picked up in the Governor's Amended budget request; and was also missed when both the House and Senate sub-committees closed this budget.

The correct placement is as the last allocation of the Public Assistance appropriation, following Work Services.

Senator Olson moved for adoption.

Co-Chair Hoffman objected for an explanation.

Senator Olson read the explanatory statement into the record.

Co-Chair Hoffman removed his objection.

Senator Dyson asked whether the Administration supported the amendment.

[6:21:54 PM](#)

Ms. Rehfeld assured that the Administration did not object to the change.

There being no objection, OLSON #1 was ADOPTED.

[6:22:17 PM](#)

OLSON #2: This amendment adds \$750,000 general funds to the Department of Public Safety, Village Public Safety Officer

(VPSO) Program BRU, VPSO Contracts component on page 30, line 28. This amendment also inserts the following conditional language to the component.

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2007, of the Department of Public Safety, Village Public Safety Officer Contracts.

Accompanying explanatory language reads as follows.

The subcommittee reduced \$750,000 of general funds from this allocation with a request to carryforward the FY 07 general fund lapsing balance into FY 08. The carryforward language was not included in the language section of the bill, resulting in an unintended cut to this allocation.

This amendment restores the unintended cut and includes conditional language that enables the division to carry forward the FY 07 general fund balance that would have lapsed.

Senator Olson moved for adoption.

Co-Chair Hoffman objected.

Senator Olson read the explanatory statement into the record.

Senator Olson understood that the Department of Public Safety supported the amendment.

Co-Chair Hoffman removed his objection.

Without further objection, OLSON #2 was ADOPTED.

[6:23:34 PM](#)

OLSON #3: This amendment adds \$150,000 Highway Working Capital Fund to the Department of Transportation and Public Facilities (DOT), State Equipment Fleet BRU and component on page 35, line 9. Accompanying explanatory language reads as follows.

Add \$150,000 Highway Working Capital Fund (HWCF) to State Equipment Fleet (SEF) for mechanics' time spent working on capital project related work. Normally the mechanics' time

is charged through the Equipment Management System but DOT has had to establish unbudgeted RSAs as the SEF does not have the budget authority for the increased personal services expenditures. This amendment would add sufficient personal services budget authority to the SEF, thus eliminating the administrative burden of generating many small dollar RSAs.

Senator Olson moved for adoption.

Co-Chair Hoffman objected.

Senator Olson read the explanatory statement into the record. The Department is in support of the amendment.

Co-Chair Hoffman removed his objection.

Without further objection, OLSON #3 was ADOPTED.

[6:24:45 PM](#)

HUGGINS #1: This amendment adds \$225,000 general funds and \$5,300 Capital Improvement Project (CIP) receipts to the Department of Natural Resources, Fire Suppression BRU, Fire Suppression Preparedness component on page 29, lines 8 and 9. Accompanying explanatory language reads as follows.

The Department of Natural Resources requests an FY 08 operating budget amendment as a result of a Department of Administration (DOA), Division of Personnel classification study for the Forester and Forest Technician job classes. DOA implemented the Forest Technician portion of the study on February 16, 2007, and the Forest portion of the study is effective April 16, 2007. This action affects two budget components: Forest Management and Development, and Fire Suppression Preparedness.

The Fire Suppression Preparedness component requests an FY 08 amendment of \$230,300. This increased cost was calculated using an estimated FY 08 PERS rate of 22%, anticipating changes to the Public Employee Retirement System (PERS) by the legislature which would change the Governor's original proposed rate of 43.83%. If the rate is set significantly higher, the department will re-evaluate

the costs next year and pursue a supplemental request if necessary.

More than 180 Position Contract Numbers (PCNs) from the two components have been subject to the classification study. DOA implemented the Technician series portion of the study on February 16, 2007, increasing salaries by at least one range for each of the division's 118 Forest Technician positions. The Forester series portion of the class study is effective April 16, 2007 and established a promotional ladder within the series by establishing a Forester IV level (set at a range 20). Eight Forester III positions were moved into the IV level. Other study actions included establishing a dispatch series, with internal pay alignment resulting in a two range increase from the previous rate which was last reviewed in 1991. This amendment request covers the increased costs to maintain the current service level.

Forestry's last classification study was performed more than 15 years ago. These two major job classes comprise two-thirds of the division's workforce and are the Division of Forestry's field personnel employed to suppress wildland fires. The class study and funding of the Division of Personnel's implementation of the findings contributes to recruitment and retention of qualified staff, and improves the state's ability to manage the wildland fire and forest management programs.

Senator Huggins moved for adoption.

Co-Chair Hoffman objected.

Senator Huggins reviewed the amendment and stressed that this funding would allow for the Divisions first job classification study in 15 years. The Department of Natural Resources supported the amendment.

Co-Chair Hoffman removed his objection.

Without further objection, HUGGINS #1 was ADOPTED.

[6:25:44 PM](#)

HUGGINS #2: This amendment would add \$31,700 general funds and \$2,500 CIP receipts to the Department of Natural Resources, Resource Development BRU, Forest Management & Development component on page 28, lines 10 and 11. Accompanying explanatory language reads as follows.

The Department of Natural Resources requests an FY 08 operating budget amendment as a result of a Department of Administration (DOA), Division of Personnel classification study for the Forester and Forest Technician job classes. DOA implemented the Forest Technician portion of the study on February 16, 2007, and the Forest portion of the study is effective April 16, 2007. This action affects two budget components: Forest Management and Development, and Fire Suppression Preparedness.

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Personnel's implementation of the findings contributes to recruitment and retention of qualified staff, and improves the state's ability to manage the wildland fire and forest management programs.

Senator Huggins moved for adoption.

Co-Chair Hoffman objected for an explanation.

Senator Huggins overviewed the amendment and noted that this would be the first reclassification study of these positions in ten years.

Co-Chair Hoffman removed his objection.

Without further objection, HUGGINS #2 was ADOPTED.

[6:26:47 PM](#)

ELTON #1: This amendment adds \$773,900 general funds and \$774,000 Receipt Supported Services funds to the Department of Environmental Conservation, Water BRU, Water Quality component on page 14, line 11.

Senator Elton moved for adoption.

Co-Chair Hoffman objected for an explanation.

Senator Elton explained that this amendment pertained to the State's decision "to adopt "primacy" in regards to the National Pollutant Discharge Elimination System (NPDES) authority. Five procedural options were available to the State: it could revert to the system in effect before the State adopted a position of primacy in which the federal government conducted and paid for the program; the State could conduct the program and the federal government could pay expenses; the State could conduct and pay for the program; the State could conduct the program and applicants would pay program costs; or the State could conduct the program and both the State and applicants would contribute toward program expenses.

Senator Elton informed the Committee that the House supported having the State conduct and pay for the program. The Senate Finance Committee Department of Environmental Conservation budget subcommittee preferred to allow the Federal government to

both conduct and pay for the program. As a matter of compromise, this amendment would authorize the State to conduct the program and have program expenses covered by both the State and program applicants.

Co-Chair Hoffman removed his objection.

Senator Dyson commended Senator Elton for his efforts on the matter. The State's decision to assume primacy on this permitting process could be the most significant action taken by the legislature this session.

There being no further objection, ELTON #1 was ADOPTED.

[6:28:48 PM](#)

THOMAS #1: This amendment adds \$500,000 general funds to the Department of Health and Social Services, Behavioral Health BRU, Behavioral Health Grants component on page 17, line 17. Accompanying explanatory language reads as follows.

\$350,000 will allow continued operation of the Interior's existing detox facility, the Ralph Purdue Center, operated by the Fairbanks Native Association. In past years, the Center received federal SAMHSA funds that will not be available in FY 08. Fairbanks is one of only three communities in Alaska with capacity to provide medically supervised detoxification services for persons withdrawing from alcohol or other drugs. As a regional center, Fairbanks provides detoxification care for persons from throughout the Interior and Northern regions of the state; one in every three to four people admitted to the Ralph Purdue Center in FY 06 came from communities outside Fairbanks.

\$150,000 will be used to prepare for the opening of the Fairbanks Enhanced Detox Facility, which is planned to replace the Ralph Purdue Center in September, 2008. With only a ten-bed capacity for detoxification care at the Ralph Purdue Center, service is unavailable to large numbers of persons in need. Inadequate detox capacity in Fairbanks results in more than 1000 incapacitated persons being held temporarily in the Fairbanks Correctional Facility annually; most needing screening in the hospital

emergency department first. The jail and the hospital end up being an expensive revolving door.

The Golden Heart Coalition has secured the capital funds necessary for construction of a new detox facility from a variety of partners: the Denali Commission, the Trust, the Rasmuson Foundations, Greater Fairbanks Community Hospital Foundation and the State Legislature. However, additional funding is required to cover the costs associated with additional capacity and enhanced essential services.

The Denali Commission and Rasmuson Foundation may withdraw their funding for construction of the new detox facility if the legislature does not fund medical detox in FY 08. They will be reluctant to pay for construction of a facility that does not have a source of funds to operate.

Senator Thomas moved for adoption.

Co-Chair Hoffman objected to receive an explanation.

Senator Thomas read the explanatory statement into the record.

Senator Olson, chair of the Committee's Department of Health and Social Services budget subcommittee, spoke in support of the amendment.

Co-Chair Hoffman removed his objection.

Without further objection, THOMAS #1 was ADOPTED.

[6:31:24 PM](#)

THOMAS #2: This amendment adds \$211,800 general funds to the Department of Labor and Workforce Development, Workforce Development BRU, Employment and Training Services component on page 23, lines 27 and 28. Accompanying explanatory language reads as follows.

This increment would maintain the Job Centers in Glennallen and Tok. The department proposed closing these offices in response to continuing reductions in federal funds. However, these centers provide valuable assistance to Alaskans in search of jobs throughout that Interior area,

and is one of the only contacts that people have with the State of Alaska in any practical purpose.

Senator Thomas moved for adoption and read the explanatory statement into the record.

Without objection, THOMAS #2 was ADOPTED.

6:32:15 PM

THOMAS #3: This amendment adds \$250,000 General Fund/Mental Health funds and \$250,000 Mental Health Trust Authority Authorized Receipts to the Department of Health and Social Services, Public Health BRU, Women, Children and Family Health component on page 19 lines 30 and 31. Accompanying explanatory language reads as follows.

The increment would allow comprehensive, timely assessments and diagnosis of Autism Spectrum Disorders (ASD). Current studies show ASD affecting 1 in every 150 children nationwide. Early diagnosis is made through a comprehensive, multidisciplinary team evaluation. The capacity to diagnose and reevaluate Alaskan children is currently severely limited due to limited staff and resources. Research shows that 90% of children who do not receive early intervention will require custodial or special care throughout their lives.

Funding will allow for training and travel for a pediatric nurse practitioner to travel throughout Alaska providing comprehensive evaluations. Currently, a parent and child would have to travel to Anchorage to receive these services.

A \$500,000 increment would mean that:

- The Department of Health and Social Services could leverage over \$220,000 in non-state funds to support the program.
- Between 400 and 500 children per year would receive a comprehensive evaluation for autism -- more than doubling the current capacity.
- Nurse practitioners would be trained and added to the multidisciplinary team, offering a cost effective approach for children with less complicated medical and developmental histories.

- Children over the age of eight would be seen. Due to capacity limitations, this age group is not currently served.
- Children would be re-evaluated over time as their needs change.
- Psychological evaluations would be available. Most psychologists with expertise in autism assessment are not able to bill Medicaid.
- Screening clinics would be held in various locations around the state. This is an intermediate step, prior to a comprehensive exam, to ensure only those children who need an extensive work-up are referred for a full evaluation.

Senator Thomas moved for adoption and read the explanatory statement into the record.

Co-Chair Hoffman objected.

Co-Chair Hoffman, noting that Senator Olson was the chair of the Department of Health and Social Services budget subcommittee, asked his position on the amendment.

Senator Olson objected to the amendment. The State Medical Board did not support spending State funds for this purpose. In addition, the need to travel to Anchorage for a complete diagnostic evaluation has been established because the sole pediatric neuron-developmental specialist in the State dealing with autism is located there. Thus, having a diagnosis made by "a mid-level person" who travels throughout the State would be called into question."

Senator Olson acknowledged there being statewide concern about autism; however, suggested that further review of the issue be conducted before action is taken.

Senator Elton asked whether the Alaska Mental Health Trust Authority increment required a general fund dollar match.

Senator Thomas understood a general fund match was required to provide the appropriate level of funding. To that point, he cited being surprised at the seemingly low level of funding that was requested to support the project.

- Community Health Aide Program at College of Rural Alaska
(GF: \$143,400, UA Rcpts: \$20,000)
- Dental Program at Tanana Valley Campus
(GF: \$233,100, UA Rcpts: \$50,000)

This amendment uses saving from the university budget to cover the unavoidable costs increases for goods and services, and seven of the highest demand new degree programs being requested by the Construction and Healthcare industry.

Senator Thomas moved for adoption.

Co-Chair Hoffman objected

Senator Thomas reviewed the amendment.

Co-Chair Hoffman asked Co-Chair Stedman, chair of the Committee's University of Alaska budget subcommittee, his position on the amendment.

Co-Chair Stedman advised against the amendment. The approach to the University's funding differs from other budgetary procedures because the Legislature appropriates a single line item to the University. The University's Board of Regents is free to allocate the funds as they see fit amongst the various University campuses and programs.

Co-Chair Stedman that the fixed costs of the University are covered in the FY 2008 Legislative appropriation. He reviewed the budgetary growth the University has experienced in recent years, and noted that, unlike other State departments, the University feels that any savings experienced by the University, such as the \$4.9 million resulting from savings in the University's "ORPS budget", should be committed back to them rather than to the State.

[6:42:42 PM](#)

Co-Chair Hoffman maintained his objection.

Senator Thomas stressed that Alaska has tremendous educational demands. Programs in support of medical and engineering

professions are just a few needs. He would appreciate the Committee's support of the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator Thomas, Senator Dyson and Senator Elton

OPPOSED: Senator Huggins, Senator Olson, Co-Chair Stedman and Co-Chair Hoffman

The motion FAILED (3-4)

The amendment FAILED to be adopted.

DYSON #1: This amendment adds \$1,547,900 general funds to the Department of Environmental Conservation, Water BRU, Water Quality component on page 14 line 11. Accompanying explanatory language reads as follows.

In 2005 the Legislature authorized the Department of Environmental Conservation to take all actions necessary to assume primacy for the National Pollutant Discharge Elimination System (NPDES) Wastewater Discharge Program. This amendment restores \$1,547,900, which was deleted by the subcommittee, so that the state may continue to seek NPDES discharge permitting authority, including responsibility for issuing permits and monitoring compliance with the NPDES Wastewater Discharge Program.

Assuming state primacy will enhance administrative efficiencies by reducing permitting bodies from two (federal and state) to one (state) and will allow permittees to work with Alaska-based permitters who are familiar with Alaska's unique local conditions, rather than with EPA staff located in Seattle. In addition more regulated facilities will actually have NPDES permit coverage (EPA has not issued the required permits to many facilities). Although permit fees under a state NPDES program would increase over currently charged fees, permittees support state primacy, recognizing the benefits greatly outweigh the costs.

Senator Dyson announced this amendment would be NOT OFFERED due to action taken on Elton #1.

AT EASE [6:44:33 PM](#) / [6:44:44 PM](#)

DYSON #2: This amendment removes \$374,700 from the Department of Health and Social Services, Departmental Support Services BRU, Office of Program Review on page 21, line 14; removes \$1,025,300 from the Human Services Community Matching Grant BRU and component on page 22, lines 15 and 16; and adds \$1,400,000 to the Departmental Support Services BRU, Office of Faith Based & Community Initiatives component on page 21, lines 15 and 16. Accompanying explanatory language reads as follows.

Originally the governor proposed fully funding operation of the Office of Faith Based and Community Initiatives (\$1,400,000) by eliminating the Human Services Community Matching Grants (\$1,485,300).

For staffing, the governor proposed transferring four positions from the Office of Program Review to the Faith Based Office. It is appropriate that the corresponding funding for such positions (\$374,698) also be transferred from the Office of Program Review to allow the Faith Based Office to continue operations unabated.

The balance of the funding can come from the Human Services Community Matching Grant.

Senator Dyson moved for adoption, overviewed the explanatory statement and requested that the Administration be allowed to speak to the amendment.

Co-Chair Hoffman objected to the motion to adopt the amendment.

Ms. Rehfeld reported that the Palin Administration supported the amendment. The intent was to provide the funds through a competitive grant process on a statewide basis rather than solely to the three communities currently receiving it through the Human Services Community Matching Grants program.

AT EASE [6:46:30 PM](#) / [6:47:24 PM](#)

Co-Chair Hoffman asked Senator Olson, as chair of the Department of Health and Social Services budget subcommittee, to share his position on the amendment.

Senator Olson did not support the amendment.

Co-Chair Hoffman maintained his objection to its adoption.

Senator Dyson appreciated Senator Olson's position; however, indicated that some "confusion" could have occurred in the subcommittee's actions to recommend the existing funding allocations.

Ms. Rehfeld informed the Committee that Governor Palin intended that the funding be available statewide.

Senator Dyson hoped that Senator Olson's objective would be to allow the funding to be available on a statewide basis. Senator Dyson urged support for the amendment.

Co-Chair Hoffman asserted that he would support the subcommittee chair's recommendation despite the benefit the adoption of this amendment might present to the communities he represents. The three programs currently receiving this funding should be provided time to evaluate how a change would affect the programs currently supported by the funding. This item could be further addressed during the next budgetary process.

[6:49:38 PM](#)

Senator Olson communicated that, while the subcommittee supported continuing the block grants for the three communities, it also allocated \$500,000 for faith-based community programs. These actions were supported by the involved entities.

Co-Chair Hoffman maintained his objection.

A roll call was taken on the motion.

IN FAVOR: Senator Thomas and Senator Dyson

OPPOSED: Senator Elton, Senator Huggins, Senator Olson, Co-Chair Stedman and Co-Chair Hoffman

The motion FAILED (2-5)

The amendment FAILED to be adopted.

DYSON #3: This amendment inserts language to the conditional language pertaining to appropriations to the Department of

Health and Social Services contained in the committee substitute Version "T" but deleted from Version "W", which was before the Committee. [The original language is cited above.] The inserted language reads as follows.

This statement is a statement of the purpose of the appropriation and is neither merely descriptive language nor a statement of legislative intent.

Senator Dyson announced this amendment would be NOT OFFERED.

No further amendments were forthcoming.

Co-Chair Stedman offered a motion to authorize the Division of Legal and Research Services and the Division of Legislative Finance to make any necessary technical and conforming changes to HB 95, Version "W", as amended.

Without objection, the motion was ADOPTED.

Co-Chair Stedman offered a motion to authorize the Division of Legal and Research Services and the Division of Legislative Finance to make any necessary technical and conforming changes to HB 96, Version "L", as amended.

There being no objection, the motion was ADOPTED.

AT EASE [6:52:06 PM](#) / [6:52:42 PM](#)

Co-Chair Stedman offered a motion to report SCS CS HB 95, Version 25-GH1013\W, as amended, from Committee with individual recommendations.

There being no objection, SCS CSHB 95(FIN) was REPORTED from Committee.

[6:53:23 PM](#)

Co-Chair Stedman offered a motion to report SCS CSHB 96, Version 25-GH1015\L, as amended, from Committee with individual recommendations.

There being no objection, SCS CS HB 96(FIN) was REPORTED from Committee.

[6:53:55 PM](#)

Senator Elton thanked Co-Chair Hoffman for his leadership on the operating budget bills. Senator Elton acknowledged this process was new to him and that he had learned from it. He appreciated the assistance he received from Committee members and others.

Co-Chair Hoffman thanked Committee for their diligent work and voiced appreciation for assistance provided by the Division of Legislative Finance. The effort had been intensified "in anticipation of the 90 day session" that would commence with the second session of the 25th Legislature. The effort to address the operating budget expediently was also made to allow time for the Committee to thoroughly discuss the Alaska Gasline Inducement Act proposed by the Governor. He hoped that the outcome of that legislation would be as successful as that of these bills.

[6:56:20 PM](#)

Senator Dyson complimented the Committee's actions on its effort to control State spending. He hoped that "the gain" made by this Committee would not be negated when the bills are addressed in Conference Committee.

Senator Dyson also expressed disappointment that the Committee failed to "take a stand-up for life and unborn children's lives." He contended there "would be a few hundred more dead kids because" of action taken by the Committee "unless the House shows more care than we did."

Senator Huggins thanked Co-Chair Hoffman and his staff for their leadership and efficiency in addressing this important legislation. The funding allocated to the Education Fund, which was established approximately two years prior, is of particular note, particularly in consideration of the effort to control operating budget expenses.

Co-Chair Stedman thanked Co-Chair Hoffman for his leadership in the operating budget process. "It is difficult, multi-faceted and there's a lot of hard decisions" particularly in light of "the unprecedented growth" the operating budget has experienced in the past several years. Further belt-tightening, and perhaps alternate funding sources, might occur before the financial benefits provided by a gas pipeline would commence. He commended

Committee Members for their responsive but difficult commitment to holding down State operating expenses this year and in the years before revenues from the gas pipeline commence.

Co-Chair Stedman also commended the Committee for the one billion dollar allocation to the Education Fund. This has allowed one year of forward funding of education.

Co-Chair Stedman advised that additional State savings are anticipated to result from the State's FY 08 capital budget process. The effort should be to save "money today for when it rains tomorrow."

#

ADJOURNMENT

Co-Chair Lyman Hoffman adjourned the meeting at [6:59:52 PM](#).