

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 18, 2007**  
**9:05 a.m.**

**CALL TO ORDER**

Co-Chair Bert Stedman convened the meeting at approximately [9:05:17 AM](#).

**PRESENT**

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

**Also Attending:** SENATOR JOHNNY ELLIS; GABE ACEVES, Staff to Senator Johnny Ellis; MIKE LESMANN, Community Relations Manager, Office of Children's Services, Department of Health and Social Services; MICHAEL CURRAN, Program Coordinator, Office of Faith Based and Community Initiatives, Office of the Commissioner, Department of Health and Social Services; JOHN CRAMER, Director, Division of Administrative Services, Department of Military and Veterans Affairs; EDDIE JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development; TOM LAWSON, Director, Division of Administrative Services, Department of Fish and Game; KAREN REHFELD, Director, Office of Management and Budget; SAMUEL THOMAS, Director, Division of Administrative Services, Department of Commerce, Community and Economic Development;

**Attending via Teleconference:** From an offnet location: JAMES LYNCH, University of Alaska.

**SUMMARY INFORMATION**

SB 100-SUBSTANCE ABUSE/MENTAL HEALTH PROGRAMS

The Committee heard from the sponsor. The bill was reported from Committee.

SB 76-TUITION FOR CERTAIN CHILDREN

The Committee heard from the sponsor, the University of Alaska and the Department of Health and Social Services. The bill was reported from Committee.

SB 53-BUDGET: CAPITAL, SUPP. & OTHER APPROPS

The Committee heard overviews on the capital budget requests of the Department of Commerce, Community and Economic Development, the Department of Military and Veterans Affairs, the Department of Education and Early Development, the Department of Fish and Game, the Office of the Governor, the Department of Health and Social Services, the Department of Labor and Workforce Development, and the Department of Natural Resources. The bill was held in Committee.

#SB100

[9:06:32 AM](#)

CS FOR SENATE BILL NO. 100(STA)

"An Act relating to substance abuse and mental health disorder prevention and treatment programs; and relating to long-term secure treatment programs for persons with substance abuse or co-occurring substance abuse and mental health disorders."

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

[9:06:37 AM](#)

Co-Chair Stedman announced intent to report this bill from Committee. He noted receipt of a revised fiscal note to replace the two previous fiscal notes. The new fiscal note indicates the cost to implement this legislation would be zero.

[9:07:35 AM](#)

SENATOR JOHNNY ELLIS, Sponsor of the bill, testified that the Senate State Affairs Committee substitute of this bill retains the "non-controversial" provisions of the original bill. He

listed these as treatment priority for pregnant women, non-discrimination against faith-based oriented treatment programs and public facilities, provided they meet the same criteria as qualifying secular programs, and requirement of research-based and evidence-based programming for substance abuse treatment. The latter provision is intended to ensure that effective programs were funded, and represents a national trend. These provisions would update or provide "fine tuning" of the State's statutes governing substance abuse treatment.

[9:08:38 AM](#)

Senator Ellis told of the provision contained in the original version of the bill and deleted from the committee substitute pertaining to utilization of the current involuntary commitment statute for "secure detox beds". This provision would have allowed for a pilot project of ten to 12 beds providing detoxification treatment in a secure facility.

Senator Ellis informed that he would convene a meeting of "stakeholders" including the Executive Branch and "other potential funders, to attempt to create a "longer term project". He relayed interest expressed by Senate Finance Committee members to create an expanded rural program located in additional communities.

[9:09:32 AM](#)

Co-Chair Stedman reiterated that the revised fiscal note is in the amount of zero.

[9:09:40 AM](#)

Senator Olson asked the timeframe in which a pilot program would be instituted.

Senator Ellis indicated intent that funding for the program would be included in the FY 09 operating budget to be considered in the next legislative session. The delay is a disappointment to advocates, many who argue such a program should have been implemented "years ago". The program would be directed to intervene in situations involving the most "dangerous substance abusers" and those incurring the highest cost to government and organizations.

[9:10:57 AM](#)

Senator Huggins offered a motion to report the bill from Committee with individual recommendations and new fiscal note.

There was no objection and CS SB 100(STA), was REPORTED from Committee with a new zero fiscal note dated 4/17/07 from the Department of Health and Social Services, Behavioral Health Administration.

#SB76

[9:11:34 AM](#)

CS FOR SENATE BILL NO. 76(HES)

"An Act establishing a higher education savings program for eligible children who were placed in out-of-home care by the state; and providing for confidentiality of identifying information of a beneficiary under the program."

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

[9:11:52 AM](#)

Co-Chair Stedman commented that although this legislation would have no impact on the adult population, the benefits could be significant for future generations.

[9:12:07 AM](#)

SENATOR JOHNNY ELLIS, Sponsor of the bill, testified that this proposal had been offered in previous legislatures, although had not been passed into law. The legislation before the Committee had "even stronger support" and "no known opposition." This bill would create the A.S.P.I.R.E. Program, an acronym of Alaska's Youth Succeed When People Invest Resources in Education. The pilot program was designed to connect churches, community groups, nonprofit organizations, businesses and individuals, with foster children for the purpose of providing "educational opportunities beyond high school".

Senator Ellis told of the approximately 2,000 children of various ages who reside in "out of home placement" and are

commonly referred to as foster children. Each year approximately 100 of those foster children "age out of the system". Foster parents could not be expected to fund the college education of these youth given the expenses these parents incur in raising the children. Nor could grandparents or other relatives be expected to establish higher education funds. Additionally, "government can't do everything."

Senator Ellis stated that the education of these youth could be addressed through a "non-governmental approach". These youth have "very few educational opportunities and some pretty bad outcomes" once they reach the age of legal adulthood and are no longer served by the children's services system and move "from loving homes".

Senator Ellis advised that the ASPIRE program utilized a similar program administered in the state of Missouri as a model, "as a way to connect a lot of the compassion and generosity" of the private sector. Contributors could essentially adopt youth for educational purposes. This legislation "is making use.. of the award winning, brilliant, terrific 529 college savings accounts." He qualified that the aforementioned statement was somewhat misleading because the funding could be expended at any educational institute for any approved educational expense. Although administered by the University of Alaska, the funding could be utilized for any educational program in the nation. This would provide flexibility for foster children to "achieve their potential."

[9:15:17 AM](#)

Co-Chair Stedman requested further explanation of how the funds contributed to this program could be expended.

[9:16:04 AM](#)

GABE ACEVES, Staff to Senator Johnny Ellis, testified that once established, the funds held in these savings accounts could be expended for any form of further education. This would include not only university costs, but also vocational institutions and community college courses.

[9:17:04 AM](#)

Co-Chair Stedman listed examples of vocational occupations as welders, machinists, auto and diesel mechanics and hairdressers.

Co-Chair Stedman asked the portability of the savings account in the event that the designated youth opted not to further his or her education.

[9:17:32 AM](#)

Mr. Aceves explained that the accounts would be administered and controlled by the State. If the youth designated on an account did not utilize the funds, the beneficiary could be changed.

[9:18:10 AM](#)

Co-Chair Stedman pointed out that the accounts commonly known as 529 college savings plans are structured to allow for transferability in the event that the child does not expend the funds. Therefore, the provisions of this bill would not implement a new procedure and flexibility would be ensured.

[9:18:40 AM](#)

JAMES LYNCH, University of Alaska, testified via teleconference from an offnet location that he was involved with the creation of the original University of Alaska college savings plan. Accounts established in the regular plan typically are transferable to relatives of the initial beneficiary. However, accounts established by a faith based organization or as a scholarship could be transferred to any eligible beneficiary. The portability of the ASPIRE accounts would be permitted to any institution of higher education eligible to receive federal financial aid funding.

[9:20:44 AM](#)

Co-Chair Stedman understood the structure of the original 529 college savings plans is intended to allow parents, grandparents or other relatives to assist in the funding of their children's college education.

[9:21:05 AM](#)

Mr. Lynch affirmed. Higher education had traditionally been funded through loans; however costs have accelerated at a

significantly faster rate than income. Those students of lower economic status would qualify for financial assistance and those students of higher economic status could afford the costs. The college savings plan system is intended to address those students from middle income families.

Mr. Lynch expressed that Alaskans receive discretionary income through the Alaska Permanent Fund. The dividend applications include an option to allow recipients to designate up to one-half of the dividend to a college savings plan. Approximately 66 percent of participants are from families with an annual income of less than \$50,000.

[9:22:57 AM](#)

Co-Chair Stedman surmised that this legislation would model the original college savings plan to allow accounts to be established for foster children by corporations and organizations.

[9:23:39 AM](#)

MIKE LESMANN, Community Relations Manager, Office of Children's Services, Department of Health and Social Services, testified to the Department's involvement and support of this bill. He continued to read his testimony into the record as follows.

Children that become wards of the State are sometimes not financially prepared to enroll in postsecondary educational opportunities. The ASPIRE program would create the potential for their community to assist them in that endeavor.

If we believe that our children are our future, then this is very important legislation to all of Alaska.

[9:24:45 AM](#)

Senator Olson referenced the sponsor statement indicating that current statutes relating to confidentiality must be amended to allow for the private contributions for education. He asked if this issue had been a problem in the past.

[9:25:07 AM](#)

Mr. Lesmann elaborated that this bill would amend AS 47.10.093 to allow the Department to disclose information regarding children in State custody to the University of Alaska so accounts could be established for these children.

[9:25:42 AM](#)

Senator Olson concluded therefore that confidentiality issues had not arisen.

Mr. Lesmann affirmed.

[9:25:46 AM](#)

Senator Ellis reaffirmed that no such problems had occurred but that the statutory change is necessary to allow the ASPIRE program to be implemented.

[9:26:02 AM](#)

MICHAEL CURRAN, Program Coordinator, Office of Faith Based and Community Initiatives, Office of the Commissioner, Department of Health and Social Services, testified in support of this legislation. He detailed his credentials working in the "social justice" and "community building" fields, as a teacher and ordained priest. He shared an experience in reading an obituary for a 21-year old former student who had committed suicide. This person had been a foster child, was "bright and intelligent", aspired to be an astronomer, and who could have been accepted into any university. Instead, at the time of his death, this person was homeless and had had no opportunity to receive the education "he deserved." The ASPIRE program could have changed this.

Mr. Curran characterized children as a "most precious commodity; they are our future." Foster children should have the same opportunities as a child "born in privilege" or at least in a "stable home situation".

[9:30:35 AM](#)

Senator Elton asked if the account were considered an asset to the beneficiary how the existence of these funds would affect the ability of that person to secure other financial aid.

[9:31:26 AM](#)

Senator Ellis indicated he would research the matter and provide a response.

[9:31:46 AM](#)

Co-Chair Stedman cited language in subsection (a)(1) of Section 47.05.100 Higher education savings program, inserted by Section 1 of the bill on page 1, line 10. This provision required the program to include "a central office, dedicated to faith-based and community services, for development and marketing of the program". He requested an explanation of the envisioned office and the issues it would address.

[9:32:12 AM](#)

Senator Ellis acknowledged that the provision "sounds expensive" to implement; however, the program would be located within the existing Office of Faith Based and Community Initiatives.

[9:32:33 AM](#)

Mr. Aceves affirmed. The existing Office would be tasked with undertaking outreach efforts to promote the program. The Office has extensive contact with churches and social services organizations.

[9:33:02 AM](#)

Co-Chair Stedman next referenced Sec.47.05.400(a)(6) on page 2 lines 9 through 11, pertaining to a procedure for monitoring success of the program. He asked the sponsor to describe the intended procedure.

[9:33:39 AM](#)

Senator Ellis supported the missions and measures methodology, which applies to all State agencies. This bill does not provide specifics about the procedure that would be implemented for the ASPIRE program. However, he assumed that the number of accounts established, the amount of funds donated and the number of youth participating would be included in any assessment of the program's success. These factors would be "easy to measure".

[9:34:47 AM](#)

Co-Chair Stedman suggested that the number of accounts, the appreciation of the balances of these accounts, and the amount of donations made by "corporate Alaska" could be utilized.

[9:35:10 AM](#)

Senator Ellis anticipated that the Office of Faith Based and Community Initiatives would benefit from its efforts to measure success, as the program would be a "flagship" for the Office's intentions.

[9:35:53 AM](#)

Co-Chair Stedman opined that some youth were not prepared to begin postsecondary education immediately after graduating from high school and wait until they are 23 years of age. He noted the deadline for beneficiaries to participate would be the age of 30 years. He asked what changes would be made to a fund established for a person who does not attend an institute of higher education by the age of 31 years.

Mr. Aceves responded that at age 30, the beneficiary would be changed. Mr. Lynch, the Division of Legal and Research Services, and himself, determined this age to be appropriate. The existing college savings plan provides that a beneficiary could retain the account indefinitely; however, the intention for the ASPIRE program would allow for other beneficiaries to participate in the event the original beneficiary opted against doing so.

Mr. Aceves qualified that many youth transitioning from foster care are not prepared to immediately continue their education. Many are attempting to establish themselves "in regular life".

[9:38:04 AM](#)

Co-Chair Stedman understood the regular "529's" are subject to a federal requirement that the beneficiary must begin participation by the age of 30 years.

[9:38:20 AM](#)

Mr. Aceves deferred to Mr. Lynch who Mr. Aceves recalled testified to a previous committee that the original college savings plan accounts could be held "forever".

[9:38:55 AM](#)

Co-Chair Stedman stated he would review the issue.

[9:39:18 AM](#)

Co-Chair Stedman asked if donors would have options to specify a beneficiary or make a donation that could be utilized to assist multiple foster children.

[9:39:51 AM](#)

Senator Ellis relayed this issue was addressed with the program administered by the state of Missouri. In some instances corporations donate a large amount to the program to be utilized for unspecified foster children. Other accommodations could be made in the ASPIRE program for a donation to be specified for a child of certain circumstances, such as a girl from Rural Alaska who was a victim of abuse and neglect. In other instances, a donor could know a child directly and choose to specify contributions to that beneficiary.

Mr. Aceves continued that this issue was discussed extensively with the Department and the decision was reached to establish a procedure to allow a donor to direct contributions to a specific child. In most cases, churches and other organizations would unlikely have direct relationships with specific children and therefore donations would be to unnamed beneficiaries. Beneficiaries would be selected by administrators based on the age of the child and length of time before transition from State custody. Additionally, a mechanism would allow for anonymous donors.

[9:42:09 AM](#)

Co-Chair Stedman directed attention to the fiscal note providing for a \$41,400 appropriation to be expended on set up costs and marketing efforts.

[9:42:34 AM](#)

Senator Ellis stated the amount was not significant, but would be necessary. In consultation with the Office of Faith Based and Community Initiatives, he determined that the costs could not be absorbed within the existing budget. Funding would be required for the program to be successful. Of the amount requested, \$20,000 would be utilized for "additional staff time" and the remainder would be expended on "small print", television and radio "package" to advertise the program.

[9:43:58 AM](#)

Co-Chair Stedman suggested that information on the program also be provided by the University of Alaska.

[9:44:20 AM](#)

Senator Ellis stated he would approach the University for inclusion of ASPIRE information on its website.

[9:44:33 AM](#)

Senator Thomas understood that the funds would be disbursed directly to the postsecondary education institution rather than to a third party.

Mr. Aceves detailed that the State would serve as the holder of the account with the University of Alaska disbursing the funding to other institutes.

[9:45:10 AM](#)

Co-Chair Stedman asked if the funds could be utilized to pay tuition costs and purchase books and other materials.

Mr. Aceves affirmed and added that housing and other living expenses would qualify as well.

Senator Ellis assured that the funds could not be used by the beneficiary to host a "big party".

[9:45:25 AM](#)

Senator Olson asked the accreditation requirements of a postsecondary education institute qualified to accept these

funds and whether a private institution that does not receive federal funding would qualify.

[9:46:07 AM](#)

Mr. Aceves responded that a qualifying institution must qualify to receive federal financial aid for its students. This is unrelated to federal funding appropriated directly to an institution.

[9:46:57 AM](#)

Co-Chair Hoffman offered a motion to report SB 76, 25-LS0443\M, from Committee with individual recommendations and accompanying and new fiscal notes.

There was no objection and CS SB 76 (HES) was REPORTED from Committee with zero fiscal note #1 from the University of Alaska, and a new fiscal note dated 3/22/07 for \$41,400 from the Department of Health and Social Services.

AT EASE [9:47:23 AM](#) / [9:52:01 AM](#)

#SB53

[9:52:16 AM](#)

SENATE BILL NO. 53

"An Act making appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

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

Co-Chair Stedman directed that "lessor questions" on the budget requests should be posed after the meeting to his staff.

[9:55:02 AM](#)

KAREN REHFELD, Director, Office of Management and Budget, communicated that she would be available to respond to questions.

[9:56:45 AM](#)

Department of Commerce, Community and Economic Development

Alaska Energy Authority Energy Projects  
\$30,000,000 Federal Receipts  
\$1,200,000 General Fund Match (G/F Match)  
\$500,000 Interagency (I/A) Receipts  
Reference No.: 38950  
Category: Development  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
Multiple federally funded energy programs of Bulk Fuel Upgrades, Rural Power Systems Upgrades, Alternative Energy and Energy Efficiency projects. This program contributes to the Department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves.

SAMUEL THOMAS, Director, Division of Administrative Services, Department of Commerce, Community and Economic Development, testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:01:17 AM](#)

Community Block Grants  
\$6,030,000 Federal Funds  
\$70,000 G/F Match  
Reference No.: 38946  
Category: Development  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
Multiple federally-funded programs, enabling Commerce to provide grants to communities and non-profits that provide services and/or benefit the low- to moderate-income individuals. This program contributes to the Department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:03:08 AM](#)

Language Section: NPR-A [National Petroleum Reserve-Alaska]  
Impact Grant Program  
\$13,000,000 NPR-A Funds  
Reference No.: AMD38948  
Category: Development  
Location: Barrow  
Election District: Arctic  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
Grants to communities for public facilities and services. Priority is given to those communities directly or severely impacted by the leases and development of oil and gas within the National Petroleum Reserve. This program contributes to the Department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves. This project has been amended to revise the amount anticipated from the National Petroleum Reserve fund from an original estimate of \$40 million to a more current estimate of \$13 million.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:05:16 AM](#)

Kodiak Launch Complex Infrastructure  
\$15,000,000 Alaska Aerospace Development Corporation (AERO)  
Receipts  
Reference No.: 41789  
Category: Development  
Location: Kodiak  
Election District: Kodiak  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
The Kodiak Launch Complex requires modification and maintenance to adequately support the satellite launch program. This program contributes to the Department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

AT EASE [10:05:58 AM](#) / [10:06:36 AM](#)

[10:07:00 AM](#)

Manufacturing Extension Program  
\$806,401 Business License & Corporate Receipts  
\$806,401 Federal Receipts  
Reference No.: 40242  
Category: Development  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2012

The Federal Manufacturing Extension Program (MEP) will support Alaska's small and medium sized manufacturers throughout the state by providing them access to knowledgeable manufacturing and business specialists throughout the United States. This program contributes to the Department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:08:25 AM](#)

Language Section: Electrical Emergencies  
\$240,000 General Funds  
\$90,000 Rural Electric Funds  
Reference No.: AMD32590  
Category: Development  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2012

To provide technical support when an electrical utility has lost, or will lose, the ability to generate or transmit power to its customers and the condition is a threat to life, health, and/or property in the rural community. This program contributes to the Department's mission of

promoting healthy economy and strong communities by providing economic growth in the communities it serves. This amendment adds \$240,000 in general funds to this project. Historically, an average of \$330,000 annually has been needed to provide for electrical emergencies.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:09:42 AM](#)

Language Section: NPR-A Impact Grant Program  
\$13,000,000 NPR Fund  
Reference No.: AMD38948  
Category: Development  
Location: Barrow  
Election District: Arctic  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
Grants to communities for public facilities and services. Priority is given to those communities directly or severely impacted by the leases and development of oil and gas within the National Petroleum Reserve. This program contributes to the Department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves. This project has been amended to revise the amount anticipated from the National Petroleum Reserve fund from an original estimate of \$40 million to a more current estimate of \$13 million.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:11:58 AM](#)

Alaska Energy Authority - Napakiak-Bethel Intertie Right-of-Way and Site Control  
\$84,000 General Funds  
Reference No.: AMD43323  
Category: Development  
Location: Bethel  
Election District: Bethel  
Estimated Project Dates: 07/01/2007 - 06/30/6012

The Alaska Energy Authority owned electrical distribution line between Napakiak and Bethel is in the process of being upgraded from a single distribution line to a three-phase line through a federal grant to Napakiak Ircinraq Power Company. To comply with the terms of the federal grant, State funds are required to complete the right of way acquisition and to cover associated site control costs. This amendment is being requested as it was recently discovered that the right-of-way filings had not been finalized and needs to be done before the federal project

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:13:36 AM](#)

Four Dam Pool Power Agency  
\$28,000,000 AK Cap Inc  
Reference No.: AMD42941  
Category: Natural Resources  
Location: Southeast Alaska  
Election District: Southeast Districts 1-5  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
This amendment is a name change from Alaska Energy Authority - Swan Lake-Lake Tye Intertie to clarify that this appropriation to the Four Dam Pool Power Agency will be a Grant to Named Recipient (AS 37.05.316) through AEA. The Swan Lake-Lake Tye Intertie is a major infrastructure project in Southern Southeast Alaska. This 57-mile project will connect the Lake Tye hydroelectric project south of Wrangell with the Swan Lake hydroelectric facility near Ketchikan. The project is a critical link of the Southeast Alaska Intertie Project envisioned to interconnect all of Southeast Alaska. When completed, a primary transmission line will be in place and operational from Ketchikan to Petersburg.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:15:57 AM](#)

Morris Thompson Cultural and Visitor Center - Construction

\$3,000,000 General Funds  
Reference No.: AMD40500  
Category: Development  
Location: Fairbanks Areawide  
Election District: Fairbanks Areawide  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
This project will provide a grant for partial funding for the construction of the Morris Thompson Cultural and Visitors Center. This program contributes to the Department's mission of promoting strong communities. This amendment is requested to help finish the construction phase of this project.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:17:14 AM](#)

Data Security and Encryption Information Technology Project  
\$200,000 Receipt Supported Services (RSS)  
Reference No.: AMD42927  
Category: General Government  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
Banking and Securities requires data security and encryption enhancements.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:19:16 AM](#)

Co-Chair Stedman asked for an explanation of Reference Number #38948.

Mr. Thomas repeated his references to the Project Description/Justification.

[10:21:30 AM](#)

Institute of the North  
\$100,000 General Funds

Reference No.: AMD41953

Category: Education

Location: Anchorage Areawide

Election District: Anchorage Areawide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This project will provide funding to the Institute of the North, which is an educational organization that advances issues related to economic growth and sustainability in Alaska and throughout the Arctic region.

Mr. Thomas testified to this item referencing information contained in the accompanying Project Description/Justification, [copy on file.]

[10:23:26 AM](#)

Senator Olson asked the reason the initial \$40 million appropriation to the National Petroleum Reserve-Alaska (NPR-A) Grant had been reduced to \$13 million.

Mr. Thomas responded that he was unfamiliar with the details and that "something happened" with regard to "the land issue". He would research the matter and provide additional information.

[10:24:27 AM](#)

Department of Military and Veterans Affairs

[10:24:32 AM](#)

Army Guard Facilities Projects

\$\$750,000 Federal Receipts

\$750,000 G/F Match

Reference No.: 42900

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

With 237 Alaska Army National Guard buildings at 96 various locations, with an average age of approximately 30 years, deferred maintenance and renewal and replacement are a high priority. Alaska National Guard preventative maintenance is performed on a schedule, yet building components have a limited life requiring eventually renewal and replacement. This project requests \$750,000 federal and \$750,000 state

funds to be applied to over \$17.4 million backlogged deferred maintenance projects statewide. Life safety enhancements end results, ability to protect our citizens and infrastructure, will continue to improve within our performance management framework.

JOHN CRAMER, Director, Division of Administrative Services, Department of Military and Veterans Affairs overviewed this item. The backlogged deferred maintenance projects have been addressed in segments.

[10:25:37 AM](#)

Anchorage Readiness Center Security Compliance

\$250,000 Federal Receipts

\$50,000 G/F Match

Reference No.: 42930

Category: Public Protection

Location: Fort Richardson

Election District: Military

Estimated Project Dates: 07/01/2007 - 06/30/2012

Security modification of the Alaska National Guard Readiness Center located at Ft. Richardson is necessary to comply with the Alaska Army National Guard Anti-Terrorism Force Protection (ATFP) facility requirements. Due to recent security regulations outlined in Army Regulation (Ms. Ryder) 190-11, the paved road running parallel to the front of the Readiness Center can no longer be used for non-emergency vehicular traffic. Additionally, implementation of a security barrier is necessary. This project is required to meet life safety enhancements and directly relates to protection of National Guard facility infrastructure within our department's performance management framework.

Mr. Cramer explained this project. Use of the roadway would be limited to emergency vehicle access.

[10:26:34 AM](#)

Military Youth Academy Deferred Maintenance, Renewal and Replacement

\$1,000,000 General Fund

Reference No.: AMD35774

Category: Education

Location: Fort Richardson  
Election District: Military  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
Alaska Military Youth Academy (AMYA) ChalleNGe program currently has 22 buildings totaling 61,805 sq feet and an average building age of 30 plus years. The building design function has become inadequate for the purpose of training students. This request will fund the modification of the Academy's ChalleNGe facilities to improve technical skills training and educational opportunities. Projects to meet usable standards include deferred maintenance, renewal, replacement and life safety.

Mr. Cramer spoke of the increased number of cadets participating in the program. The funds would be utilized to upgrade latrines, showers and other necessary facilities.

[10:27:27 AM](#)

State Homeland Security Grant Program  
\$9,500,000 Federal Receipts  
Reference No.: 42901  
Category: Public Protection  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
The 100% federally funded State Homeland Security grant program is annually awarded by the U.S. Department of Homeland Security. Programs include homeland security planning, equipment, training, and exercises to support local first responders, private sector critical infrastructure and state preparedness. Citizen preparedness and life safety end results will be enhanced and improved within our performance management framework.

Mr. Cramer overviewed this item.

[10:27:54 AM](#)

National Guard Counterdrug Support Program  
\$100,000 Federal Receipts  
Reference No.: 42898  
Category: Public Protection  
Location: Statewide  
Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This program participates in the U.S. Department of Justice Asset Forfeiture Program. This federal program's primary purpose is to deter crime by depriving criminals from profits and proceeds from their illegal activities. Citizen protection and life safety end results will improve without our performance management framework.

Mr. Cramer explained that these funds would be expended to purchase equipment to assist in detection and other law enforcement efforts.

[10:28:34 AM](#)

Compliance Cleanup Site Restoration

\$5,000,000 Federal Receipts

Reference No.: AMD43330

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2013

The Compliance Cleanup Site Restoration projects address soil and groundwater contamination issues at numerous Alaska Army National Guard facilities throughout the state. The total current year (FY2007) estimate of the compliance cleanup liability is \$28.5 million. Program funds are used to investigate and cleanup contaminated sites. Projects are 100% federally reimbursable through the National Guard Bureau Army National Guard (ARNG) compliance cleanup program and effectively address the environmental compliance liabilities associated with ARNG training and facility operations on federal, state and third party properties.

Mr. Cramer outlined this request.

[10:29:07 AM](#)

Co-Chair Hoffman asked if local residents and businesses were employed for the cleanup efforts in rural communities.

[10:29:21 AM](#)

Mr. Cramer replied that local contractors are utilized whenever possible. Requests for proposals specify a preference for local hire. As most projects are not large, this is frequent.

[10:29:49 AM](#)

Co-Chair Hoffman asked the status of construction of the Bethel Readiness Center.

[10:30:01 AM](#)

Mr. Cramer noted the project was not included in the funding requests for FY 08. The Department was in the process of securing federal funding.

[10:30:12 AM](#)

Co-Chair Hoffman asked the expected timetable for completion of the project.

[10:30:19 AM](#)

Mr. Cramer replied that project would likely be completed in two years and assured that the completion date would be no later than the year 2011.

[10:30:36 AM](#)

Senator Thomas recalled some projects in villages located on the Seward Peninsula. In anticipation of those projects, a training program was implemented to allow residents to obtain skills to undertake these projects. He suggested similar programs be provided to the villages in which the Site Cleanup projects are located nearby.

[10:31:43 AM](#)

Department of Education and Early Development

EDDIE JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development testified to the seven projects submitted by the Department. Five projects involve school construction and two involve renovation. All had received State funding previously but additional funding is

required due to increased costs caused by unforeseen factors such as the impacts of Hurricane Katrina.

[10:32:53 AM](#)

Russian Mission K-12 School Replacement  
\$5,082,761 General Funds  
Reference No.: AMD43328  
Category: Education  
Location: Russian Mission  
Election District: Interior Villages  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
This project will construct a new 31,891 square foot K-12 facility to replace the existing facilities, built between 1960 and 1988. The school is currently operating at 182 percent capacity and is expected to increase to 226 percent by FY 2014. This project was funded in FY 2008 at \$18,485,899. The original project estimates have been determined to be inadequate due to escalating construction costs associated with building materials and transportation costs. Additional funding is required to complete construction of the new school.

Mr. Jeans described this project.

[10:33:29 AM](#)

Bethel Regional High School Renovation, Phase 2  
\$4,458,824 General Funds  
Reference No.: AMD36594  
Category: Education  
Location: Bethel  
Election District: Bethel  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
This project will complete renovation at the 75,972 square foot facility built in 1971. Phase 2 work includes toilet room renovations and interior work in the "B" and "D" wings. Interior work includes mechanical systems, electrical systems, and architectural finishes demolition and replacement. The original project estimates have been determined to be inadequate due to escalating construction costs associated with building materials and transportation costs. Additional funding is required to complete the renovation of this school.

Mr. Jeans outlined this request.

[10:34:05 AM](#)

Arctic Village K-12 Replacement Completion  
\$3,276,004 General Funds  
Reference No.: AMD36736  
Category: Education  
Location: Arctic Village  
Election District: Interior Villages  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
This project will construct a 16,256 square foot facility on a new site. The 2,152 square foot elementary building, c. 1950 and its 1970 addition have been identified as unsafe and are in danger of roof collapse. This building will be demolished. The high school, built in 1980, will cease to be used as an education related facility and will either be transferred or converted to teacher housing. The school is currently operating at 135 percent capacity and is projected to reach 165 percent by FY 2013. The original project estimates have been determined to be inadequate to complete construction of this school due to escalating construction costs associated with building materials and transportation costs.

Mr. Jeans highlighted this project.

[10:34:30 AM](#)

Howard Valentine K-12 School Replacement Completion,  
Coffman Cove  
\$1,923,207  
Reference No.: AMD36737  
Category: Education  
Location: Coffman Cove  
Election District: Ketchikan  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
This project will build a 10,304 square foot K-12 replacement school. The current elementary school and kindergarten classroom are two portables build in 1970 and 1977 totaling 2,172 square feet. They are suffering from dry rot and have multiple deficiencies. The 2,302 square foot secondary school will cease to be used as an education facility. The school is currently operating at 179 percent of capacity and is projected to reach 224 percent by FY

2014. Planning and design were funded in FY 2003 and construction was funded for FY 2008. The original project estimates have been determined to be inadequate due to escalating construction costs associated with building materials and transportation costs.

Mr. Jeans listed this funding request.

[10:34:53 AM](#)

D.R. Kiunya Memorial School Improvement, Kongiganak  
\$5,645,676 General Funds  
Reference No.: AMD36741  
Category: Education  
Location: Kongiganak  
Election District: Bethel  
Estimated Project Dates: 07/01/2007 - 06/30/2012

This project will construct a 16,404 square foot addition and renovate the original 15,617 square foot school built in 1976. The school is currently operating at 181 percent capacity and is expected to reach 219 percent by FY 2014. The planned addition will include classrooms, specialty classrooms, a gymnasium, locker and shower rooms, and storage, circulation and mechanical spaces. The original project estimates have been determined to be inadequate due to escalating construction costs associated with building materials and transportation costs. Additional funding is required to complete construction at this facility.

Mr. Jeans overviewed this project.

[10:35:18 AM](#)

Fort Yukon Gym Renovation Completion  
\$1,442,554 General Funds  
Reference No.: AMD36709  
Category: Education  
Location: Fort Yukon  
Election District: Interior Villages  
Estimated Project Dates: 07/01/2007 - 06/30/2012

This project will renovate the 11,524 square foot gymnasium built in 1960. Work includes repairs to the foundation and superstructure. The roof, interior doors, flooring, ceiling, and plumbing fixtures will be replaced in addition to the mechanical, electrical, and communications systems.

This project was previously funded in FY 2003 and for FY 2006. The original project estimates have been determined to be inadequate due to escalating construction costs associated with building materials and transportation costs. Additional funding is required to complete construction at this facility.

Mr. Jeans reviewed this request.

[10:35:44 AM](#)

Kilbuck Elementary Replacement School, Bethel

\$6,152,451 General Funds

Reference No.: AMD36710

Category: Education

Location: Bethel

Election District: Bethel

Estimated Project Dates: 07/01/2007 - 06/30/2012

This project will replace the 43,843 square foot elementary school originally built in 1960 with three subsequent additions, the last in 1968. The original project estimates have been determined to be inadequate due to escalation construction costs associated with building materials and transportation costs. Additional funding is required to complete construction at this school.

Mr. Jeans highlighted this project.

[10:36:29 AM](#)

Co-Chair Stedman suggested new school construction in both rural and urban locations utilize a prototype school design with possibly four options to accommodate for population and specific climates. State funding for school construction is substantial and the State should contract with an architect to develop designs that could be replicated in multiple communities.

[10:38:50 AM](#)

Mr. Jeans informed that a bond reimbursement review committee includes two legislators, one of whom is Co-Chair Hoffman, which addresses this issue. A position paper found that prototype schools are feasible for locations in Anchorage and Fairbanks because these communities have multiple elementary schools.

However, the different climates and terrains of the state prevent the general application of prototype schools.

Co-Chair Stedman requested the position paper, announcing he would talk with Co-Chair Hoffman about the matter. The cost of the new school in Coffman Cove is of concern to local residents because, in addition to the capital costs, future operational costs would be incurred. He commended the prototype school approach.

[10:41:20 AM](#)

Mr. Jeans noted that the Department collaborates with the US Department of Energy to secure the location of new power facilities near a school to allow the use of "waste energy" by that school.

Co-Chair Stedman commented that this practice was also employed by the Department of Transportation and Public Facilities.

[10:42:01 AM](#)

Senator Thomas considered the opportunity not necessarily to construct "cookie cutter schools", but rather to review designs to ensure integrity of roofs and other structural components as well as energy efficiency.

[10:42:57 AM](#)

Senator Elton pointed out the cost "escalation" of the Coffman Cove project was 36 percent. He asked whether the Department of Education and Early Development had attempted to reconfigure this project, or any of the other projects, to contain the costs.

[10:43:47 AM](#)

Mr. Jeans told of the cost estimating program run on all projects. The impacts of Hurricane Katrina were unforeseen. Additionally the Legislature had provided capital funding two years in advance, but did not appropriate funds to account for the increased costs of the out year.

[10:45:09 AM](#)

Department of Fish and Game

Delete: Mendenhall Wetlands State Game Refuge Lands  
Conservation

\$0

Reference No.: AMD42112

Category: Natural Resources

Location: Juneau (Mendenhall Valley)

Election District: Juneau/Mendenhall Valley

Estimated Project Dates: 07/01/2007 - 06/30/2010

\$1,253,500 is currently in the FY 08 capital budget request for Mendenhall Wetlands State Game Refuge Lands. Federal funding was not approved for this project and this amendment eliminates the funding request.

TOM LAWSON, Director, Division of Administrative Services, Department of Fish and Game, explained the removal of this funding request.

[10:45:49 AM](#)

Sport Fisheries and Recreational Boating Access

\$2,100,000 Federal Receipts

\$700,000 Fish/Game Funds

Reference No.: 30432

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2013

Provides funds to the Sport Fisheries RDU to construct boating and support fishing access facilities throughout the state. The Sport Fisheries Restoration (SFR) program requires that 15% of the federal funds available to Sport Fisheries be used for recreational boating access development. If these funds are not used for this purpose, they are lost to the state. Support for boating and sport fishing access facilities contributes to the Division of Sport Fisheries outcome to sustain recreational fishing opportunities while optimizing social and economic benefits from these opportunities. Access projects directly address Strategy #5, to maintain access to public resources.

Mr. Lawson cautioned that if the federal funds were not expended, they would revert to the US Fish and Wildlife Service.

10:47:02 AM

Language: Sport Fisheries Hatchery Construction Investment Earnings  
\$3,300,000 Misc Earnings Fund  
Reference No.: 42983  
Category: Natural Resources  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2010  
The Alaska Sport Fishing Construction Account (fund 13211) was established by law as per AS 16.05.130(f) after the sale of State of Alaska Sport Fishing Revenue Bonds (issued under AS 37.15.765 - 37.15.799) in April of 2006. This request would allow the Division of Sport Fisheries to utilize investment earnings of the Alaska Sport Fishing Construction Account for construction of new hatchery facilities in the Anchorage and Fairbanks areas, as well as increased king salmon production in Southeast Alaska.

Mr. Lawson stated this language is necessary to address unanticipated cost increases.

10:48:23 AM

Statewide Deferred Maintenance, Repair, Upgrades, and Equipment  
\$1,000,000 General Funds  
Reference No.: AMD43322  
Category: Natural Resources  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2012  
This request provides for repair, maintenance and renovation of department facilities statewide; vessel and aircraft repair and maintenance; upgrades to facilities; and the purchase of field equipment. An amendment is being requested as the FY 08 capital budget does not include funding for these projects.

Mr. Lawson pointed out that such projects had been listed individually in previous fiscal year funding requests.

Office of the Governor

Pacific Coastal Salmon Recovery Fund  
\$22,000,000 Federal Receipts  
Reference No.: 33647  
Category: Natural Resources  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2007 - 06/30/2010  
Federal fiscal year 2007 (FFY07) appropriations legislation contains funding for the Pacific Coastal Salmon Recovery Fund (PCSRF). Coordination of individual state funding is through the respective Governor's offices. The Alaska portion of the FFY07 appropriation is estimated to be \$22.0 million. Funding comes to the state through a Memorandum of Understanding with the U.S. Department of Commerce designating Alaska Department of Fish and Game as the program manager.

Mr. Lawson relayed that although this item was categorized as an Office of the Governor project, the Department of Fish and Game was requested to provide the overview.

Mr. Lawson highlighted the Project Description/Justification accompanying this item, which reads as follows.

Federal fiscal year 2006 is the seventh year of PCSRF funding for Alaska. Alaska's program for administrating these funds is the Southeast Sustainable Salmon Fund.

The State-Federal Memorandum of Understanding (MOU) was revised in 2002, 2003 and 2005 to provide for distribution of Congressionally designated projects and administration of the remaining funds.

The State intends to apply the salmon funds over a five-year period. The overall objective is to assure that Alaska salmon and salmon fisheries are sustainable and continue to provide jobs and income for Alaskan families and communities.

The Office of the Governor, through the Division of Administrative Services, will provide overall administration and accountability in accord with the general intent of the federal legislation. Consistent with applicable laws and regulations, the State may award grants, direct funding to State agencies, or enter into

contracts to implement the priority recommendations regarding salmon habitat stewardship and restoration, salmon research and monitoring, and increasing economic opportunities for salmon fishing communities and fishermen in Southeast Alaska.

No match is required for these federal funds.

Mr. Lawson informed that most of the funding is dedicated to specific projects. The funds would be utilized to ensure that Alaskan salmon and fisheries were sustainable and would continue to provide income.

[10:51:33 AM](#)

Senator Elton asked why the appropriation was made to the Office of the Governor given that the Department of Fish and Game would be "making decisions" in administering the program.

[10:51:53 AM](#)

Mr. Lawson responded that this arrangement was made by the federal government and dictated that the funding would be appropriated to the governors' of the participating Western states for allocation to the appropriate agencies.

[10:52:15 AM](#)

Senator Elton requested a list of the projects undertaken in the past three to four years.

#

**ADJOURNMENT**

Co-Chair Bert Stedman adjourned the meeting at [10:53:11 AM](#)