

SENATE FINANCE COMMITTEE
March 14, 2008
9:12 a.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [9:12:30 AM](#).

MEMBERS 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

MEMBERS ABSENT

None

ALSO PRESENT

Dan Spencer, Director, Division of Administrative Services, Department of Public Safety; Gail Fenumiai, Director, Division of Elections, Office of the Lieutenant Governor; Betty Martin, Director, Administrative Services, Department of Law; Eric Swanson, Director, Division of Administrative Services, Department of Administration; John Cramer, Acting Deputy Commissioner & Director, Division of Administrative Services, Department of Military and Veterans Affairs; Samuel Thomas, Director, Division of Administrative Services, Department of Commerce, Community and Economic Development; Caryl McConkie, Tourism Program Manager, Department of Commerce, Community and Economic Development; John Weise, Staff, Senator Lyman Hoffman; Tim Grussendorf, Staff, Senator Lyman Hoffman; Dale Nash, CEO, Alaska Aerospace; Tom Case, President, Kodiak Launch Complex; Dwayne Peeples, Deputy Commissioner, Department of Corrections; Sharleen Griffin, Director, Division of Administrative Services, Department of Corrections; Chris Christensen, Deputy Administrative Director, Alaska Court System; Guy Bell, Assistant Commissioner and Director, Division of Administrative Services, Department of Labor and Workforce Development

PRESENT VIA TELECONFERENCE

Tanci Mintz, State Lease/Facilities Manager, Division of General Services, Department of Administration; Cathy Forester, Commissioner, Alaska Oil and Gas Conservation Commission (AOGCC), Department of Administration

SUMMARY

SB 221 "An Act making appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

SB 221 was heard and HELD in Committee for further consideration.

CSHB 310(FIN) am

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

CSHB 310(FIN) am was heard and HELD in Committee for further consideration.

CSHB 312(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."

CSHB 312(FIN) was heard and HELD in Committee for further consideration.

[9:13:08 AM](#)

SENATE BILL NO. 221

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

Co-Chair Stedman noted a new committee substitute which includes federally funded projects. All of the general funds or state funded capital projects have been deleted. He related the intent to hear from the departments on each deleted item, project by project. He requested that the departments rank their appropriations. He emphasized the committee's intent to be prudent and put excess funds into savings.

Co-Chair Stedman commented that the focus of all presentations is on state funds. He reminded the committee that technology funding was requested by the Governor in FY 08. The intent is to fund the FY 09 capital budget out of FY 09 operating revenues. He spoke of an attempt to not cross fiscal years.

[9:18:51 AM](#)

DEPARTMENT OF PUBLIC SAFETY

DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, turned to the first allocation.

Project #41544
APSIN Redesign, Year 3 of 3-Year Plan
\$2,000,000 Fed Rcpts
\$5,000,000 Gen Fund

Mr. Spencer shared the history and function of the project. This should be the last year of a three-year redesign plan.

Project #45321
Active Directory Development
\$300,000 Gen Fund

Mr. Spencer related that this project is the key to the APSIN system and controls access to it.

Project #45316
Modernize Supply Inventory, Delivery Order, and Arms Databases
\$50,000 Gen Fund

Mr. Spencer reported that the funds will be used to modernize the supply operation.

Project #45336
AST Records Management System
\$950,000 Gen Fund

Mr. Spencer explained that the allocation would take the existing paper-based system and convert it to an electronic system.

Project #44329
TraCS Project (Traffic and Criminal Software)
\$900,000 Gen Fund

Mr. Spencer reported that the funding is to automate all form-based items such as citations and reports.

Project #45401
Data Exchange with MAJIC Agencies
\$600,000

Mr. Spencer related that the funding would make all of the collected information available to other agencies such as the Court System, the Department of Law, the Department of Corrections, Division of Motor Vehicles, and the Department of Administration.

Project #45328
Fingerprint Card AST Case Image Archive
\$700,000

Mr. Spencer reported that currently there were 500,000 fingerprint cards stored at the Department of Public Safety. The funding would provide for digitization of those and future cards.

[9:25:07 AM](#)

Co-Chair Stedman voiced appreciation for the Department's prioritized list. He noted that the Information Technology (IT) projects are intermixed.

Senator Dyson referred to a question previously asked about laptops belonging to state troopers. He thought the technology was not in place yet. Mr. Spencer agreed.

Senator Huggins inquired about the status of Alaska Land Mobile Radio (ALMR) and where it might be most appropriately listed. Mr. Spencer reported that

yesterday's DPS conversation was about hand held radios that are compatible with ALMR.

Senator Elton thought that ALMR should be a part of the EIT process.

Senator Dyson commented on the ALMR system. He called it a high priority.

Senator Huggins agreed with the importance of having a system in place so that it works effectively, is cost effective, and can be sustained over time.

[9:30:58 AM](#)

DIVISION OF ELECTIONS

GAIL FENUMIAI, DIRECTOR, DIVISION OF ELECTIONS, OFFICE OF THE LIEUTENANT GOVERNOR, reported on one allocation, Project #385224, Polling Place Accessibility Improvements under the Federal Help America Vote Act (HAVA). It is a request to expend \$100,000 in federal funds received from the U.S. Health and Human Services Department.

DEPARTMENT OF LAW

[9:32:05 AM](#)

BETTY MARTIN, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF LAW, explained the Project #45361 request for an appropriation for \$200,000 for the CRIMES Database Upgrade. The system provides comprehensive case management, which includes schedule management, generation of case documents, and tracking of case statistics, as well as defendant, victim, and witness information. She provided the history of the system and how the upgrade would be accomplished.

[9:34:17 AM](#)

DEPARTMENT OF ADMINISTRATION

ERIC SWANSON, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION, noted that the Department had prioritized its comprehensive list.

Project #45399
Palmer State Office Building
\$15,725,000 Gen Fund

Mr. Swanson provided the history of the facility and the objective to transform it from a hospital to an office building.

Senator Huggins asked how much the request was for negotiating early buy-out of existing contracts. Mr. Swanson replied that it was about \$1 million.

Project #45546
Facility Deferred Maintenance
\$7,618,000 ASLC Bonds

Mr. Swanson explained that the request was for funding for deferred maintenance in public and non-public building fund projects. He listed the projects and several examples of the kind of work to be done.

Co-Chair Stedman asked about the State Museum's roof completion.

[9:38:59 AM](#)

TANCI MINTZ, STATE LEASE/FACILITIES MANAGER, DIVISION OF GENERAL SERVICES, DEPARTMENT OF ADMINISTRATION, detailed the two phases of the roof completion project. Co-Chair Stedman asked if the Palmer State Office Building was the same as in the number one appropriation request. Ms. Mintz said it was. Mr. Swanson explained that the reason it was listed again was due to a mold problem discovered after the initial request. Ms. Mintz said that was correct.

Co-Chair Stedman asked about the expense for the Governor's house and if any other maintenance was needed. He requested more information about possible deferred maintenance needed on the Governor's house. Mr. Swanson agreed to do that.

Senator Elton asked how much would be the state's responsibility and how much would fall to non-profit fundraising. Mr. Swanson offered to provide that information.

Senator Huggins asked what the Community Building was. Mr. Swanson clarified that it was in Juneau and houses the Department of Commerce, Community and Economic Development.

[9:41:23 AM](#)

Project #45396
AOGCC Reservoir Depletion Studies Prior to Major Gas
\$1,500,000 AK Cap Inc

Mr. Swanson noted that the Commissioner of AOGCC was available to answer questions.

Co-Chair Hoffman requested more information about the next project allocation on the list.

Mr. Swanson listed the building deferred maintenance projects.

Project #45583
Atwood Building Deferred Maintenance Projects
\$2,710,000 ASLC Bonds

Mr. Swanson explained that the Atwood Project was part of the \$7.6 million allocation. He continued to list all of the deferred maintenance projects and their amounts.

Senator Elton requested more information about the Court Plaza Building Deferred Maintenance Project. He asked if the roof had already been replaced. Ms. Mintz replied that it had not been replaced; it was the original roof.

Mr. Swanson returned to the AOGCC Reservoir Depletion Studies item.

[9:45:21 AM](#)

CATHY FORESTER, COMMISSIONER, ALASKA OIL AND GAS CONSERVATION COMMISSION (AOGCC), DEPARTMENT OF ADMINISTRATION, explained that the request is for studies of North Slope gas supplies for Prudhoe Bay and for Point Thomson. The results of the studies will help to determine appropriate offtakes.

Co-Chair Stedman asked how the study related to the Department of Natural Resource's study. Ms. Forester did not know.

Senator Huggins requested more information about the gas offtake in Prudhoe Bay. Ms. Forester said the answer at Prudhoe Bay depends on when the gas pipeline starts up and

what has happened in the meantime to mitigate for oil losses and to accelerate oil depletion.

[9:48:42 AM](#)

Project #45354
Microsoft Directory Project Phase 3
\$1,750,000 Info Svc

Mr. Swanson discussed the allocation for the Microsoft Directory Project Phase 3 to build out the Microsoft Active Directory, choose locations where deployment of consolidated file and print servers makes sense, move data from all file servers to Windows file servers, and decommission legacy file and print servers.

Project #45391
Maintenance Projects for Facilities Outside the Public Building Fund
\$250,000 Gen Fund

Mr. Swanson reported on the Maintenance Projects for Facilities Outside the Public Building Fund annual request, which somewhat overlaps the facilities maintenance project. The funding sources are different. He listed the facilities covered.

Co-Chair Stedman questioned the Governor's mansion project cost and the status of the building. Mr. Swanson offered to provide more information.

Senator Elton asked about the \$250,000 request as it compares to the priority list. Mr. Swanson thought the intent was to do lower cost projects first.

Ms. Mintz agreed with Mr. Swanson's answer.

[9:52:34 AM](#)

Project #45357
Public Building Fund Deferred Maintenance
\$2,500,000 Public Bldg

Mr. Swanson spoke about the request for Public Building Fund Deferred Maintenance, which is an annual request. The funds are collected through rent for the buildings.

Project #45348
Web Based Banking Services
\$325,000 Info Svc

Mr. Swanson reported on the allocation for Web Based Banking Services to enhance and improve the functionality, reliability, and security of Enterprise Technology Service's (ETS) Enterprise Banking Web Services. These services allow for customers to use credit cards for payments.

Project #45395
Division of Motor Vehicles Alaska License and Vehicle Information Network Replacement
\$2,500,000 Rcpt Svcs

Mr. Swanson explained the allocation for the Division of Motor Vehicles Alaska License and Vehicle Information Network Replacement, which is needed to replace ALVIN because the entire system is out of date. He pointed out that the total cost would be for \$10 million, the remainder of which would be requested over the next two years.

[9:55:43 AM](#)

Project #45400
Retirement and Benefits Combined Retirement System Upgrade
\$350,000 various fund sources

Mr. Swanson reported on the request for Retirement and Benefits Combined Retirement System Upgrade. The existing CRS is outdated.

Co-Chair Stedman asked if the system was developed in the 80's. Mr. Swanson thought that was true.

Project #45653
Cost of Living Survey
\$400,000 Gen Fund

Mr. Swanson explained that the survey is required by statute every five years.

[9:58:08 AM](#)

Mr. Swanson reviewed several IT requests.

Project #45376
Network Security
\$2,000,000 Info Svc

Mr. Swanson reported that the request was in order to work on a firewall zone or DMZ and Network Admission Component (NAC) to keep the network secure.

Project #45346
Asset Management
\$500,000 Info Svc

Mr. Swanson explained that the funding was also appropriated last year.

Co-Chair Stedman noted that the three IT projects were integrated on the prioritized list. Mr. Swanson said they were.

Project #45352
Facilities Remediation
\$2,700,000 Info Svc

Mr. Swanson reported that the funding is needed for the Juneau and Anchorage Data Centers, as well as for the Atwood Building and in rural areas. The remediation work includes air conditioning, fire suppression, power distribution, and some reconfiguration of physical space. Equipment can be damaged if it is not kept at the right temperature.

[10:01:18 AM](#)

Senator Thomas asked what percentage of IT projects the funding requests cover. Mr. Swanson did not know. He offered to provide that information.

Senator Dyson underscored the importance of the deteriorating data base. He encouraged the importance of keeping up the archives. Senator Elton noted an appropriation for that item in the Department of Education's budget.

AT-EASE: [10:04:00 AM](#)
RECONVENE: [10:06:33 AM](#)

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

JOHN CRAMER, ACTING DEPUTY COMMISSIONER & DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, explained the first allocation for the Alaska Aviation Safety Project.

Project #40060
Alaska Aviation Safety Project
\$500,000 Gen Fund

Mr. Cramer explained that the AASP is a multi-faceted, multi-year research project funded by NASA. Its mission is to reduce aircraft related fatalities in Alaska. He shared statistics related to air crashes. He explained how simulators would be used to train pilots.

Senator Olson asked where the simulators will be located and who would have access to them. Mr. Cramer replied that the simulators are currently at the Medallion Foundation in Anchorage and access is available to private as well as commercial pilots. Senator Olson inquired if student pilots could use them. Mr. Cramer said they could. He reported on a new, pending technology consisting of home use of the simulation. He said there were currently three simulators. Senator Olson asked if there was any chance of decentralizing the simulators for greater access. Mr. Cramer replied that there has been discussion about that.

[10:09:43 AM](#)

Senator Elton asked about the relationship between air safety and this program and how it compares to the Capstone program. Mr. Cramer reported that there has been a lot of discussion on that topic. Capstone and Medallion have been working together. This technology is greatly reducing the number of crashes and fatalities in Alaska. Senator Thomas echoed Senator Elton's concerns about coordinating the two programs.

Project #45205
Anchorage Armory Roof Replacement
\$2,000,000 Fed Rcpts
\$2,000,000 G/G Match

Mr. Cramer said that the Anchorage National Guard Armory Roof located on the Fort Richardson Army Base needs replacement because it leaks.

Project #42900
Army Guard Facilities Projects
\$750,000 Fed Rcpts
\$750,000 G/F Match

Mr. Cramer talked about the Army Guard Facilities Projects request. There are 237 Army National Guard buildings with a backlog of maintenance needs.

Senator Dyson noted that he and Senator Olson researched VPSO facilities. He shared the positive outcomes.

Project #43330
Compliance Cleanup Site Restoration
\$5,000,000 Fed Rcpts

Mr. Swanson discussed the request to deal with cleanup liability estimated to be \$33.9 million. The funds would be used to investigate and clean up contaminated armory sites.

Project 45174
Improved Communications for Emergency Response (ICER)
\$3,200,000 Fed Rcpts
\$800,000 G/F Match

Mr. Swanson reported on the Improved Communications for Emergency Response (ICER). The state has been notified by the Congressional delegation of a new interoperable emergency communications grant to states starting in FY 09 and continuing for a minimum of five years.

Senator Elton asked that the federal receipts and the general fund match be used to enhance the ALMR communication system. Mr. Swanson replied that ALMR has been looked at and this funding would not be used for it at this time. Senator Elton asked if the systems would be compatible. Mr. Swanson said they would be.

Co-Chair Hoffman asked if the program would be focused on areas that are not currently covered by ALMR. Mr. Swanson said that was true.

Project #35774
Military Youth Academy Deferred Maintenance, Renewal and Replacement

\$1,000,000 Gen Fund

Mr. Swanson explained the allocation is for the facility at Camp Carroll on Fort Richardson which has 23 buildings. The funds will address inadequacies that include basic life-safety issues, outdated heating systems, toilets, showers, and laundry facilities.

Project #42898
National Guard Counterdrug Support System
\$100,000 Fed Rcpts

Mr. Swanson discussed that the purpose of the funding is to deter crime by depriving criminals of profits and proceeds from their illegal activities.

[10:16:44 AM](#)

Project #42901
State Homeland Security Grant Program
\$9,500,000 Fed Rcpts

Mr. Swanson turned to the State Homeland Security Grant Program allocation. He explained that the federally funded program is awarded annually. He described the programs that are included. It is mandated that 80 percent of the funds go to first responders.

Project #45547
Military and Veterans Affairs Deferred Maintenance Projects
\$6,142,000 ASLC Bonds
\$1,769,915 Fed Rcpts

Mr. Swanson referred to a prioritized list of projects. He explained that Project #45549 for the Alaska Military Youth Academy is for more deferred maintenance projects. He spoke of hazardous material cleanup work that has to be done.

[10:20:08 AM](#)

Senator Elton asked how this Military Youth Academy Deferred Maintenance Project is related to allocation #35774. Mr. Swanson explained that #45549 would reduce the allocation for #34774.

Project #45551

Alcantra Armory (Wasilla) - Roof Replacement and Painting,
Security Installation, and Equipment
\$1,120,000 ASLC Bonds
\$250,000 Fed Rcpts

Mr. Swanson explained that the allocation is a deferred maintenance request. He shared that there are security problems.

Project 45554
Bethel Readiness Center - Stairwell, Fire Escape, Fuel Tank
and Building Repair
\$42,500 ASLC Bonds
\$42,500 Fed Rcpts

Mr. Swanson discussed the deferred maintenance request.

[10:23:02 AM](#)

Project #45559
Camp Carroll - Building Upgrades for Code Compliance
\$625,000 ASLC Bonds

Mr. Swanson talked about the need to upgrade buildings to code.

Project #45553
Camp Denali - Security System
\$174,877 ASLC Bonds
\$268,015 Fed Rcpt

Mr. Swanson addressed the need for a security system inside the armory.

Project #45560
Fairbanks Readiness Center - Roof Replacement
\$177,500 ASLC Bonds
\$322,500 Fed Rcpts

Mr. Swanson reported on the history of leakage in the facility.

[10:24:31 AM](#)

Project #45562
Nome Readiness Center - Water, Sewer and Energy
Efficiencies

\$1,300,000 ASLC Bonds
\$400,000 Fed Rcpts

Mr. Swanson explained the allocation which would include installation of water and sewer lines and secure heating for the storage building.

Project #45565
Kotzebue Readiness Center - Roof Replacement, Building Repair, and Fuel Tank Replacement
\$718,100 ASLC Bonds
\$486,900 Fed Rcpts

Mr. Swanson turned to the last request, which would be used to upgrade an old facility in Kotzebue.

Co-Chair Stedman noted the Department's list. He questioned how items related to military youth and Alaska aviation fit into the list. Mr. Cramer said the list he provided was prioritized.

[10:26:49 AM](#)

Senator Thomas asked about prevention methods regarding the clean up and site restoration project. Mr. Cramer replied, "What we don't know today, may crop up tomorrow." He thought the types of fuel tanks and reservoirs being used would be preventative.

AT-EASE: [10:28:29 AM](#)
RECONVENE: [10:40:00 AM](#)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

SAMUEL THOMAS, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, addressed the Departments allocations.

Project #38946
Community Block Grants
\$6,030,000 Fed Rcpts
\$70,000 G/F Match

Mr. Thomas itemized the four major components of the grants: Community Services, Food and Nutrition, Community Development, and Emergency Shelter.

Project #45296
Licensing Document Imaging and Archival System
\$1,200,000 Rcpt Svcs

Mr. Thomas discussed the threefold purpose of the project: replace hardcopy documents, integrate digitized information, and streamline document access.

Project #45298
Investigation System Integration
\$450,000 Rcpt Svcs

Mr. Thomas reported that the project consolidates the departments various investigation systems into one system.

[10:46:36 AM](#)

Project #45292
Public Information System Security
\$250,000 Blic & Corp
\$250,000 Rcpt Svcs

Mr. Thomas addressed the request to provide administrative support to all divisions and agencies for secure IT services.

Project #43293
Professional Licensing Website Development
\$400,000 Rcpt Svcs

Mr. Thomas explained that the funding would bring 32 professional licensing programs online.

Project #38950
Alaska Energy Authority Energy Projects
\$10,000,000 AK Cap Inc
\$30,000,000 Fed Rcpts
\$500,000 I/A Rcpts
\$500,000 Stat Desig

Mr. Thomas described the multiple federally funded energy programs: Bulk Fuel Upgrades, Rural Power Systems Upgrades, Alternative Energy and Energy Efficiency Projects.

Project #40056
Organization Grants
\$200,000 Gen Fund

Mr. Thomas discussed the request for a grant to Wrangell to defray the cost of incorporation.

Project #45409
Tourism Economic Impact Study
\$100,000 Gen Fund

Mr. Thomas spoke of the request for funds to prepare the study which promotes economic development and job employment.

[10:51:58 AM](#)

Senator Elton asked why this is not funded by ATIA.

CARYL MCCONKIE, TOURISM PROGRAM MANAGER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, explained that ATIA conducts market research and the state conducts tourism visitor studies and economic impact studies. She stressed the importance of the state's involvement in the economic impact studies.

Senator Elton asked if the Department provides this information for other industries such as seafood, mining, timber, or transportation. Ms. McConkie replied that the state does some research for the fisheries and mining industries. Senator Elton inquired if existing staff are doing surveys for other industries. Ms. McConkie explained that as resources allowed, that was true. One industry specialist is working for each of the industries. The appropriation would be used for the specialist to manage a contract to obtain the data.

SB 221 was set aside.

RECESSED: [10:57:06 AM](#)
RECONVENED: [1:50:47 PM](#)

Co-Chair Hoffman took over as chair of the meeting.

CS FOR HOUSE BILL NO. 310(FIN) am

"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. 312 (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."

[1:52:35 PM](#)

Senator Huggins reviewed the three subcommittees he chaired: Department of Education and Early Development, Department of Military and Veterans Affairs, and Department of Natural Resources. He noted that the subcommittee complied with the co-chair's request to follow three guidelines: no new programs, no overall position growth, and no backfill of federal funds with general funds. This resulted in an overall savings of \$4.3 million: \$1.488 million in the EED; \$1.7 million in MVA; and \$2.4 million in DNR.

Department of Education and Early Development

Senator Huggins reviewed the budget actions for the Department of Education and Early Development.

The Senate Finance Budget Subcommittee for the Department of Education and Early Development submits an operating budget to the full Senate Finance Committee for FY 09 as follows:

Fund Source	Sen Sub	Gov Amd Adj to Sen Sub
General Funds	\$935,467.3	-\$1,488.1
Federal Funds	\$214,566.9	0
Other Funds	\$36,033.4	50.0
Total	\$1,186,067.6	-\$1,438.1
Positions		
PFT	328	-1
PPT	14	0
Temp	0	0
Total	342	-1

The Subcommittee held three meetings with the Department and took the following action:

Budget Action

1. Adopted the FY 09 Adjusted Base.
2. Reviewed each of the increments, decrements and budget amendments submitted by the Governor.

Following are the highlights of the budget action:

Highlights:

Adopted

- \$373.1 GF for Alaska Challenge Youth Academy (formula funded program)
- \$750.0 GF for Graduation Qualifying Exam Contractual Increase
- \$414.0 GF for Work Ready/College Ready Initiative
- \$350.0 GF for Mt. Edgecombe Boarding School Food Services and Dorm Management Services Contractual Increase (amended Gov's original request of \$450.0 GF)
- \$200.0 GF EED Facilities Rent - New Archives Lease for Built-to-Suit Building (amended Gov's original request of \$250.0 GF)
- \$432.1 GF for WWAMI Program Expansion
- \$600.0 GF Head Start - Govs amendment
- \$300.0 GF for Alaska Longitudinal Data System (Gov's proposed increment was \$610.0 to backfill federal dollars with general funds,)
- TRS corrections from the FY08 conference committee action \$1,007.1 GF
- Various transactions for Unrealized Fund Sources for Salary Adjustments GGU \$357.4 GF

Denied

- \$235.0 GF School District Improvement Plan Implementation (potential fiscal note funding - SB 285)
- \$500.0 GF Alaska Statewide Mentoring Program Funded at FY 08 level of \$4.5 million
- \$407.1 GF for Early Learning Programs

Senate Subcommittee Recommended Increments

- Senate Subcommittee recommends an

increase to AMEREF's base budget by \$50.0 for a total budget of \$100.0 GF. (In FY08 this program was funded at \$100.0)

- \$40.0 GF Match - Alaska State Council on the Arts-State match to obtain federal funds.
- \$100.0 GF - Education Support Services, School Finance & Facilities, Charter School Grant Funds. This appropriation is for the three smallest Charter Schools in the State.

Items of Concern

Subcommittee Issues of Concern

- a. The House and Senate structure are not the same for the Head Start/Early Learning Program. The House renamed the program for Head Start/Early Learning to Early Learning Coordination.

Language and Wordage

The Subcommittee recommends deleting \$2.5 million GF for the School Performance Incentive Program and recommends adding \$2.5 million GF from the numbers section to the language section. \$2.5 million GF was requested by the Governor in the FY 09 budget numbers section with open-ended wordage in the language section to fund this program.

2. The Subcommittee recommends standard wordage be added for receipts from the teacher certification fees for Teaching and Learning Support.
3. The House added intent language for the \$600.0 GF increment for Head Start. This language maintains that the \$600.0 GF funding for Head Start be distributed as grants to providers who match these grants dollar for dollar and who will use these funds to enroll additional children in the program. The Senate Subcommittee did not adopt the intent language relating to Head Start.
4. The Subcommittee adopted intent language stating that \$100.0 of the total amount appropriated for charter schools be divided among the three smallest charter schools based on the average daily membership of each school.

[1:55:59 PM](#)

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Education and Early Development. There being NO OBJECTION, it was so ordered.

[1:56:25 PM](#)

Senator Huggins reviewed the budget actions for the **Department of Military and Veterans Affairs.**

Fund Source	Sen. Sub	Gov Amd	Adj to Sen Sub
General Funds	\$11,062.3	-\$1,692.5	
Federal Funds	\$21,173.2		0
Other Funds	\$12,748.9		0
Total	\$44,984.4		0

The Senate Finance Budget Subcommittee on the Department of Military and Veterans Affairs met two times and took the following action from FY 09 adjusted base:

Budget Action

1. Adopted the FY 09 Adjusted Base
2. Moved the National Guard Naval Militia Retirement System contributions to direct Appropriation to Retirement. \$986.6 GF decrement requested in FY 09 and a \$735.9 decrement in the base budget.
3. Accepted other increments/decrements proposed by the Governor.
4. Accepted Governor's Amendment to transfer PCN 09-00 12 Engineer/Architect II to Department of Transportation and Public Facilities. Position will remain at Ft. Richardson and be paid for by an RSA from DMVA. The hope is that DOT/PF will be more successful in filling the position since there is career path within that department.

The subcommittee adopted these amendments and included them in the Proposed FY 09 Senate structure.

Subcommittee Increment Accepted

1. Veterans' Services \$30.0 GF - Increase grants for Veterans Outreach Programs/Veterans Service Organizations.

Language

The committee adopts the following language under section 14 of the operating bill:

"Five percent of the market value of the average ending balances in the Alaska veterans' memorial endowment fund (AS 37.14.700) for the fiscal years ending June 30, 2006, June 30, 2007, and June 30, 2008, is appropriated from the Alaska veterans' memorial endowment fund to the Department of Military and Veterans' Affairs for the purposes specified in AS 37.14.730(b) for the fiscal year ending June 30, 2009."

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Military and Veterans Affairs. There being NO OBJECTION, it was so ordered.

[1:57:16 PM](#)

Senator Huggins reviewed the budget actions for the **Department of Natural Resources**:

The Senate Finance Budget Subcommittee for the Department of Natural Resources submits an operating budget to the full Senate Finance Committee for FY 09 as follows:

Fund Source	Sen Sub	Gov Amd Adj to Sen Sub
General Funds	68,778.5	-2,237.5
Federal Funds	15,676.8	17.1
Other Funds	45,443.0	-311.0
Total	129,898.3	-2,531.4

Positions	Sen Sub	Gov Amd Adj to Sen Sub
PFT	786	-25
PPT	253	6
Temp	75	0

The Subcommittee held five meetings with the Department and took the following actions:

Budget Action

1. Adopted the FY 09 Adjusted Base.
2. Reviewed the increments, decrements and budget amendments proposed by the Governor. All budget amendments proposed by the Governor were accepted. Following are the highlights of the budget action:

Highlights Adopted

- \$1,318.1 GF for Oil & Gas Development.
- \$464.4 GF for Expanded Audit Function passed in fiscal note for HB 2001.(2 new positions)
- \$300.0 Stat Desig for Increased Royalty Modification Applications.
- \$90.0 CIP Rcpts for Alaska Coastal & Ocean Management- federally funded Capital Projects.
- \$200.0 CIP Rcpts for Non Emergency Hazard Mitigation Projects(USFS).
- \$500.0 GF for the North Latitude Plant Material Center - GF replaces unrealizable Federal Receipts in order to continue the foundation seed program. The Senate subcommittee adopted the \$500.0 GF as an IncOTI
- \$225.0 GF Gov's amendment for the Certified Seed Production. Will provide pathogen tested and certified potato seed.
- \$1,684.1 MHTAAR for Mental Health Trust Land Office Admin Budget.
- \$1,037.7 GF Fire Suppression Preparedness Aviation Contract Cost Increase.
- \$50.0 GF for Claims, Permits & Leases - Guide Services Initiative Phase I (Senate subcommittee amended the original request of \$100.0 GF. - (1 new position)
- \$523.0 GF Gov's amendment for the Petroleum Systems Integrity Office this is in the language section of the bill funding is through June 20, 2009.

Denied

- \$391.7 GF for AGIA implementation support. (3 new positions)
- \$216.7 GF for Oil & Gas exempt employees salary parity with AOGCC staff
- \$85.0 GF for Claims, Permits & Leases, for increased mining activity/coal regulatory program. (1 position)
- \$308.3 GF for Water Development - increased Mining Activity and workload, (3 positions)
- \$95.0 GF for Geological Development Hydrology Research Program. (1 new position)
- \$700.0 GF/CIP Rcpts for Parks Management Partial implementation of Long Term Strategic

Plan for State Parks, (2 new PFT positions, 4 PPT to PFT)

- \$90.0 GF-. Agriculture Development Senate Subcommittee eliminated 90.0 GF and 1 position. This funding is equivalent to the property manager position for Mat Maid properties. The Mat Maid properties should be sold soon or be placed under property management under the state building fund.

Fund Source

The Senate subcommittee denied \$250.7 in fund source changes to general funds due to salary adjustments. \$21.2 in general funds was accepted.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Natural Resources. There being NO OBJECTION, it was so ordered.

[2:00:24 PM](#)

Senator Olson presented the Senate Finance Subcommittee reports for the Department of Health and Social Services and Department of Transportation and Public Facilities. He reported that there was \$34.8 million in Health and Social Services, \$1.9 million in Public Safety, and \$255,000 in Transportation in General Fund savings below the Governor's proposed budget. There was a total savings of all funds of \$58 million less than the Governor's proposed budget.

Senator Olson reviewed the Senate Finance Subcommittee budget actions for **Department of Health and Social Services**.

[2:03:27 PM](#)

Senator Olson itemized recommendations that were not funded.

Co-Chair Hoffman said that although General Fund was reduced, the overall request is an increase from last year.

The Senate Finance Sub-committee for the Department of Health and Social Services submits an operating budget for FY 2009 to the full Senate Finance Committee as follows:

	Sen Sub (Includes language)	Difference (Gov Amd/Sen Sub)
Gen Funds	\$903,309.1	\$(34,858.4)
Fed Funds	1,006,582.3	(23,901.1)
0th Funds	171,446.7	175.8
Total	\$2,081,338.1	\$(58,529.7)

Position Changes

FT	3,436	(23)
PT	98	
NP	136	1

Budget Action

The Senate Finance Sub-Committee budget authorizes \$58,729.7 less in total, \$34,858.4 less in General Funds (GF), than the Governor's Amended Budget Request. The differences are shown in summary and in detail in the attached reports.

The Governor's Amended budget request was accepted with some differences and comments as follows:

Adopted \$67,914.9 of GF (\$94,525.1 in total funds) for -- to name the biggest items -- Federal Medical Assistance Percentage (FMAP) rate change from 52.48% to 50.53%, projected Medicaid formula growth, various provider rate increases, the State Children's Health Insurance Program (SCHIP) shortfall, and various Medicaid cost containments.

Reduced funding by \$23,000.0 in GF (\$46,000.0 in total funds) for an unallocated reduction to general Medicaid rebasing.

Adopted \$17,962.9 of GF (\$158.3 in total funds) due to the elimination of ProShare financing.

Amended and adopted \$1,613.4 of CF/Mental Health (\$18,378.0 in total funds) for Mental Health Trust and other non-GF funding sources.

Adopted \$20,345.4 of GF to fund the Senior Benefits Payment Program.

Adopted \$11,656.8 of GF (\$12,894.8 of total funding) for cost increases and program growth in other non-Medicaid existing programs, which includes additional base grant funding for core services with an emphasis on substance

abuse treatment, additional statewide community based youth development programs, and additional community based grants to invest in home and community based supports for seniors.

Adopted \$1,929.0 of GF for increases to the youth facilities across the state for additional front line staffing and safety and security.

Added decrements to disband the Office of Faith Based & Community Initiatives (reduction of \$256.3 in GF and 503.0 in federal funds), to reduce the Commissioner's Office by \$100.0 in GF, and to reduce the Public Affairs Office by \$570.8 in GF.

Other changes are shown in the reports included with this.

With so many essential services to our most vulnerable Alaskans funded by this budget, there were many worthy and important requests that we were not able to fund. An example is a request for \$13 million of funding to strengthen and expand the Community Health Centers (CHCs). Although they are an alternative to more expensive care provided in hospitals, and have received the highest rating possible from the federal Office of Management and Budget for efficiency and quality, unfortunately it was not possible to include an expansion such as this in this budget recommendation.

There were some technical changes included to move some components to different places in the budget. Those are: "Suicide Prevention Council" is now under the "Behavioral Health" RDU, "Rate Review" is now under "Health Care Services" RDU, and "Health Plan and Infrastructure" is now under "Public Health" RDU. In addition, new components were added: "Senior Benefits Payment Program" was added to the "Public Assistance" RDU, "Agency-wide Unallocated Reduction" was added to "Departmental Support Services" RDU. Finally, a new RDU and Component were added, both titled "Community Initiative Matching Grants".

It is also our intention to allow Legislative Finance to do technical adjustments if any are needed.

Items of Concern

Clearly, the biggest concern for this budget is the size of

the budget itself, and whether continued increases, such as are included this year, can be sustained and continue to be added each year. This budget funds some of the most essential services of state government and not only are the costs of all the programs escalating, but in addition, there continues to be growth in the programs as the elderly population increases, poverty levels increase, and substance abuse and other behavioral health problems abound.

Another concern for this budget is the continuing change to the FMAP rate and other federal programs, which cost tens of millions each year as federal funds are replaced with GF.

Co-Chair Stedman Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Health and Social Services.

Senator Dyson asked what would not be done because of the monies not committed to the budget. Co-Chair Hoffman requested the Senator Olson review increments requested and items that have been reduced or eliminated.

AT EASE: [2:06:25 PM](#)

RECONVENE: [2:07:28 PM](#)

There being NO further OBJECTION, the Department of Health and Social Services Subcommittee report was adopted.

Senator Olson reviewed the Senate Finance Subcommittee budget actions for **Department of Public Safety**:

	Sen Sub	
Gen Funds	\$112,990.2	
Fed Funds	11,573.7	
0th Funds	23,033.5	
Total	147,376.8	Difference \$(1,944.4)

Position Changes

FT	833	(13)
PT	17	
PPT	12	

Budget Action

The Senate Finance Sub-Committee budget authorizes \$1,944.4 less in total than the Governor's Amended Budget Request.

The differences are shown in summary and in detail in the attached reports.

Per your direction, the increased fuel and utility cost, which would have increased CF by \$635.0, were removed from this budget request, to be dealt with by the full Finance Committee.

The Governor's Amended budget request was accepted with some additional differences and comments as follows:

Adopted \$150.0 for increased lease costs

Added \$1,595.9 to increase VPSO salaries, to add 15 additional VPSOs with 9 months of funding, and to add a stipend to each community with a VPSO(s)

Adopted \$435.5 of PFD Felon Receipts for Council on Domestic Violence and Sexual Assault, and amended it by reducing GF by \$100.0

Added \$220.0 to assist, develop and regulate fire standards training

Added \$200.0 for Victims for Justice

Amended and adopted a reduction of \$734.5 to GF for various funding source changes (Gov Amd request was for a reduction of \$688.7)

Amended and adopted \$500.0 for Anchorage prisoner transport (Gov Amd request was \$656.3)

Amended and adopted \$227.5 for increased prisoner transport (Gov Amd request was \$455.0)

Amended and adopted \$96.1 for enhanced training (Gov Amd request was \$192.3)

Amended and adopted \$546.0 for increased vehicle costs (Gov Amd request was for \$1,092.3)

Other changes are shown in the reports included with this.

The Sub-Committee also recommended language and conditional funding to be included in the "numbers section" of the CS

for the Rural Alcohol Interdiction Team.

Structure Changes

There are some name changes included in this proposal. The appropriation previously called "Fire Prevention" is now titled "Fire and Life Safety". Other allocation name changes are: "Fire Prevention Operations" to "Fire and Life Safety Operations", "Fire Services Training" to "Education Bureau", and "Judicial Services Bureau - Anchorage" to "Alaska Bureau of Judicial Services". Finally, a new RDU and Component were added, both titled "Victims for Justice".

[2:11:08 PM](#)

Items of Concern

Perhaps the biggest concern for this budget is the continuing problem with vacant VPSO positions. With the vacancy rate as high as it is and has been, it is difficult to protect Alaskans and provide public safety in the rural areas of the state. The increased funding contained in this proposal is the first of several such increases expected in this budget over the next few years. One of the items being funded is a pay increase for the VPSOs. It is hoped that the rise in salary will have a positive impact on recruitment and retention efforts. The VPSO Task Force also recommended including funding for CPI increases annually on par with increases requested for the Alaska State Troopers, and adding funding for 15 additional positions over this and the next 3 years. This proposal is a start toward strengthening public safety in the rural areas of the state.

The other concern that remains with this budget is the possible loss of funding for the Rural Alcohol Interdiction Team. The Governor's budget included a request for \$870.0 of funding contingent on a similar loss of federal funding. Our recommendation does reduce the federal receipts, but includes the GF funding for this component and \$400.0 that would go to the Department of Law for program related attorney services, as contingent language since it is too early to know whether or not they have a problem. By doing so, only if the federal funding is not received will the Department have the GF funding available.

It is also our intention to allow Legislative Finance to do technical adjustments if any are needed.

Co-Chair Stedman Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Public Safety.

[2:12:12 PM](#)

Senator Dyson appreciated the enhancement to the VPSO program. The commissioner is working on a program to implement a certification for troopers. He noted the support for more troopers. He said he is not willing to support less for the troopers.

Senator Olson thanked Senator Dyson for his participation on the VPSO Task Force. Senator Olson provided some history of the funding for troopers, as compared to VPSOs. He wanted to clarify comments that it is not a matter of funding one or the other.

[2:16:06 PM](#)

Senator Dyson responded saying it was not his intention to communicate taking funds from one to the other. He maintained the state needs the strength of both the troopers and the VPSOs.

Senator Dyson MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Elton, Huggins, Olson, Hoffman, Stedman

OPPOSED: Dyson

Senator Thomas was absent.

There being NO further OBJECTION, the Subcommittee report for the Department of Public Safety was adopted.

[2:17:28 PM](#)

Senator Olson reviewed the Senate Finance Subcommittee budget actions for **Department of Transportation and Public Facilities.**

The Senate Finance Sub-committee for the Department of

Transportation and Public Facilities submits an operating budget to the full Senate Finance Committee for FY 09 as follows:

Gen. Funds	\$209,291.5	Difference
Fed Funds	\$4,086.3	
Other Funds	\$291,109.4	
Total	\$504,487.2	\$2,304.7

Position Changes

FT	3,187	(4)
PT	445	(1)
PPT	199	(15)

Budget Action

The Senate Finance Sub-Committee budget authorizes \$2,304.7 more in total than the Governor's Amended Budget Request. This increase derives from the partial restoration of ferry service to southwest communities by the M/V Kennecott. This service is necessitated by the extended lay up of the MV Tustumena for major repairs and refitting. \$2,297,000 in general funds and \$1,950,000 in Marine Highway Funds were added as one time items (OTI) for the Kennecott's operations during the Tustumena's down time.

[2:21:08 PM](#)

Per your direction, the increased fuel and utility cost were removed from this budget request, to be dealt with by the full Finance Committee.

The other main differences between the Governor's Amended budget request and that of the sub-committee's proposal are as follows:

Removed \$42.0 GF of training and travel funds from the Maintenance Management System increment.

Denied the \$180.0 GF increment for desk top computer support in the transportation and security component.

Reduced the GF increment for the Road Weather Info System by \$54.0 down to \$200.0.

Denied the \$200.0 GF increment for ongoing funding of

the new non-federally funded bridge program while sustaining the \$150.0 OF start up increment for non-federally funded bridges.

Changed the \$70.0 GF increment for a new Weights and Measures Inspector Trainee position to receipt supported services (RSS) fund source.

Changed the \$15.0 GF increment for the Chena Pump Campground maintenance in the Northern Region Facilities component to I/A fund source with the Department of Natural Resources.

Reduced \$280.0 GF for three new maintenance positions in the Northern Region Facilities component down to \$ 100.0 one position.

Denied \$950.0 GF for 15 positions in the new Equipment Operator Training Program.

Denied \$200.0 GF increment for environmental clean-up and compliance in the Northern Highways and Aviation component.

Denied \$95.0 GF and \$250.0 GF increments for wayside and pullout maintenance and bike path maintenance, respectively, in the Northern Highways and Aviation component.

Reduced the increment for two clerical positions for Southeast Highways and Aviation to one position and \$30.0 GF.

Throughout the budget, increased GF requests for personnel cost adjustments or for short falls in receipt supported funding levels have been denied.

The Sub-Committee recommends the addition of conditional language for expenditures of traffic fines collected up AS 28.90.030 and Whittier Tunnel toll receipts. There is also language for lapsing Southeast Region Highways and Aviation funds.

[2:22:02 PM](#)

Co-Chair Stedman Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Transportation and Public Facilities.

There being NO OBJECTION, it was ADOPTED.

AT EASE: [2:22:29 PM](#)
RECONVENE: [2:23:08 PM](#)

[2:24:03 PM](#)

Co-Chair Stedman reviewed the Senate Finance Subcommittee budget actions for **Department of Law**. He reported a reduction in general funds of \$10,396,000 from the Governor's proposed budget.

The Senate Finance Budget Subcommittee for the Department of Law submits an Operating Budget to the Senate Finance Committee for FY 09 as follows:

General Funds	45,930.3
Federal Funds	3,054.6
Other Funds	23,388.2

Positions	
PFT	542
PPT	9
Temp	0

The Subcommittee held two meetings with the Department and took the following actions:

Budget Action

Accepted the Governor's amended proposal with the following adjustments and comments.

Reduced the Governor's request for GF to replace the Community Gun Violence federal grant that ended on 12/31/06. The request was reduced 50% from \$121.6 to \$60.8.

Reduced the Governor's request for two new positions in the Anchorage Special Offenders Unit. The request was reduced 50% from \$343.6 to \$171.8.

Denied \$260.0 in GF increments for the Criminal and Civil Divisions the Governor requested as a result of a reduction in federal funds from the Juvenile Accountability Block Grant program. This funding has historically come from DH&SS as I/A receipts. The subcommittee recommends this funding be restored in the DH&SS budget with continued I/A receipts issued to the Department of Law.

Denied the \$400.0 GF increment for the Rural Alcohol Interdiction Program in the Criminal Division's Fourth Judicial District and Criminal Appeals/Special Litigation Component. This funding has historically come from DPS as I/A receipts. Funding for this program has been restored in the FY 09 DPS budget and it is the intent of the subcommittee that funding for the program will continue to come from DPS in the form of I/A receipts.

Reduced the Governor's request for a new PFT Associate Attorney for adult restitution cases. The request was reduced 50% from \$111.5 to \$55.8. The subcommittee recommends the Department use this funding to continue hiring temporary staff to address the backlog.

Denied the Governor's multi-year request for \$9,600.0 from the Alaska Capital Income Fund for work related to the state gas pipeline and replaced it with a \$5,000.0 GF one time increment. This increment was moved from the Department of Law to the Governor's Office under Branch-wide Oil and Gas Development. The subcommittee recommends the Department request additional funds in the FY 10 budget as needed.

Denied the Governor's request for a new PFT Associate Attorney for electronic records and discovery requests.

Wordage

The subcommittee recommends the wordage as referenced on the wordage report listed.

Language

The subcommittee denied the following language under the Department of Law:

"The sum of \$9,600,000 is appropriate from the Alaska capital income find (AS 37.05.565) to the Department of Law, oil, gas and mining section, for work related to the gas pipeline and to bringing North Slope natural gas to market, and to other oil and gas projects, for the fiscal years ending June 30, 2009 and June 30, 2010."

[2:27:09 PM](#)

Co-Chair Stedman addressed restoration of funds for the Criminal Division's Anchorage Special Offenders Unit and for the Civil Division's permanent, full-time, associate attorney for adult restitution.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Law.

There being NO OBJECTION, it was so ordered.

[2:28:54 PM](#)

Co-Chair Stedman reviewed the Senate Finance Subcommittee budget actions for **Department of Revenue**.

The Senate Finance Budget Subcommittee for the Department of Revenue submits the following FY 09 Operating Budget Recommendations to the Senate Finance Committee:

Fund Source	Sen Sub	Difference
General Funds	\$ 17,057.9	\$(1,867.4)
Federal Funds	\$ 37,040.3	\$9.1
Other Funds	\$208,243.9	\$(558.4)
	Positions	Difference
PFT	868	(5)
PPT	50	0
Temp	17	0

The Subcommittee held two meetings with the Department and took the following actions:

Budget Action

Accepted the Governor's amended budget and fund source changes for salary increases with the following exceptions:

TAX DIVISION

Approves \$800 k in GF for full funding of Audit Master positions authorized in the passage of HB 2001 during last year's special session on oil tax.

Approves increment of \$120.9 to hire a Programmer Analyst V for the oil & gas production tax database system.

Approves one-time increment of \$540 k in GF for funding 2 contract auditors at \$100 per hour, 40 hours a week with 30% additional for transportation, lodging and other related expenses. The original request was for 3 contract auditors and \$1,013.2 GF.

TREASURY DIVISION

Approves \$360 increment (\$126.0 GF/ \$234 Inter Agency Receipts) to increase in house fixed-income portfolio investment capabilities.

Approves \$25 k increment in Retiree Health Insurance Fund Receipts to cover increased costs of investment management services.

Approves \$250 k increment in Statutory Designated Program Receipts to bring the retained fees for the State Bond Committee's financial advisor services "on-budget". This provides more transparency and accountability with regard to the costs of these services.

ALASKA RETIREMENT MANAGEMENT BOARD (ARMB)

Accepts a one-time increment of \$300 k GF for conducting an independent audit of the state's actuary.

ADMINISTRATIVE & SUPPORT

Accepts House recommendation to delete position transferred from the Alaska Natural Gas line Development Authority. (\$33.3 GF/\$55.6 Inter Agency Receipts).

MENTAL HEALTH TRUST OPERATIONS

Approves a \$254k increment in Mental Health Trust Receipts to allow for increased positions as

recommended in the Board of Trustees operating plan.

ALASKA HOUSING FINANCE OPERATIONS

Approves increment of \$893.0 in AHFC Receipts to correct unrealizable fund sources for salary adjustments. A corresponding decrement of \$759.4 Federal Receipts and -\$133.6 CIP Receipts in included.

Approves \$11.4 in Fed Receipts for the project based contract administration expenses.

Approves \$180.0 in AHFC Receipts for scheduled computer & printer replacements.

Approves \$505.7 in AHFC Receipts for costs associated with increased business activity.

Decrements \$400.0 in AHFC Receipts for reduced private lease space in the Atwood building.

ALASKA PERMANENT FUND CORP OPERATIONS

Denies a \$83.6 increment in Perm Fund Corp Receipts to hire 1 new Accountant.

Denies a \$95.3 increment in Perm Fund Corp Receipts to hire 1 new Investment Associate.

Denies a \$63.5 increment in Perm Fund Corp Receipts to hire 1 new IT Technician.

Denies a \$70.1 increment in Perm Fund Corp Receipts to hire 1 new Administrative Specialist.

Approves \$180.9 in Perm Fund Corp Receipts to hire 1 Attorney to provide in-house legal counsel necessary due to the growth and complexity of the Corporations activities.

Approves \$41.2 in Perm Fund Corp Receipts for increased travel costs.

Approves \$89.0 in Perm Fund Corp Receipts for the increased cost of contractual services.

Approves \$272.3 in Perm Fund Corp Receipts for salary management plan increases.

Accepts \$15.8 decrement in Perm Fund Corp Receipts for reduced commodity and equipment spending plans.

APFC CUSTODY AND MANGEMENT FEES

Approves a \$18,615 k increment in Perm Fund Receipts to pay for increased custody arid management fees.

[2:34:56 PM](#)

Co-Chair Stedman Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Revenue.

There being NO OBJECTION, it was so ordered.

[2:35:28 PM](#)

Co-Chair Stedman reviewed the Senate Finance Subcommittee budget actions for **University of Alaska**. He noted the decreases and the increases in funds. He explained the subcommittee was unable to meet its overall objective.

The Senate Finance Budget Subcommittee for the University of Alaska submits the following FY 09 Operating Budget Recommendations to the full Finance Committee:

General Funds \$309,585.5
Difference (\$464.5)

Budget Action

The Subcommittee reviewed all of the increments and decrements submitted by the Governor and recommends the following budget actions:

General Fund Spending: The subcommittee's recommended budget is a \$464.5 k General Fund reduction (less than 1.0%) from the Governor's amended adjusted request.

Appropriation Structure: The subcommittee is recommending a different appropriation structure than was requested by the Governor.

Over the last several years, the University has received a single appropriation from the Legislature.

The House recommended breaking this into 3 appropriations this year:

Statewide Programs & Services

University of Alaska Campuses and Small Business Development Center. This item has traditionally been in the Capital Budget but this year it has been moved into the operating budget and given a separate appropriation.

The Senate Subcommittee accepted the House's recommendation to move the Small Business Development Center to its own appropriation in the operating budget and to fund it with Business License Receipts instead of General Funds.

The Senate Subcommittee is recommending that the single University of Alaska Campuses appropriation be broken into 4 separate appropriations:

University of Alaska Anchorage
University of Alaska Fairbanks
University of Alaska Southeast
University of Alaska Community Campuses

A similar appropriation structure was used by the Legislature prior to FY 05 and is still used by the University.

Transaction Detail:

Budget Reductions/Additions: The subcommittee left 3 transactions in the Systemwide Budget Reductions & Additions appropriation but recommends that the full Committee consider distributing these as appropriate over the new appropriation structure.

Accepted the House recommendation to add \$1.0 mill GF for library, IT, and other operating costs. This was \$128.9 GF less than the Governor's request.

Accepted a \$3.201 mill GF salary increment for Non-Represented grid increases.

Accepted a \$300 k GF increment for Distance Education Faculty Training. This will enhance the i-teach and i-design programs and enhance distance faculty development.

Accepted a \$202.2 GF salary increment in Statewide Services for Non-Represented grid increases.

Accepted the House recommendation to decrement \$757.0 GF as a 5% unallocated reduction within Statewide Services.

Denied \$1.320 mill GF of utility cost increases. Utility cost increases are expected to be addressed in future supplemental appropriations and through the "trigger" language in the operating budget.

Approved the Board of Regent's full \$5.776 GF increment to help prepare Alaskan's for jobs in the health, engineering and fisheries professions. The committee included \$1.0 million to create a new bachelor of fisheries program and restored the \$300.0 k health care decrement made in the House.

Denied \$966.4 GF for University research in the areas of climate impact and natural resources.

Accepted the House's recommendation to add a \$300.0 k GF increment for tutoring and distance learning within the Alaska Native Science & Engineering Program.

Accepted the House's recommendation to add a \$320.0 GF and \$273.4 University Receipts for the College of Arts & Sciences general education requirements.

Approved an \$80.0 k GF increment for a Career Counselor position at the Mat-Su College.

Approved a \$350.0 k GF to stabilize Cooperative Extension Program funding.

Approved a \$1.5 mill (\$500 k GF Match/\$1.0 Federal Receipts) increment to create a research center in Fairbanks to address rural energy and alternative energy programs.

[2:41:20 PM](#)

Co-Chair Hoffman referred to the transaction detail - budget reductions/additions. He pointed out that the subcommittee left three transactions in the Systemwide appropriation, but recommended that the full Committee address them after the public hearing process.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the University of Alaska.

There being NO OBJECTION, it was so ordered.

[2:42:02 PM](#)

Senator Elton reviewed the Senate Finance Subcommittee budget actions for **Department of Corrections**.

Re: FY 09 Senate Budget Subcommittee Recommendations

The Senate Finance Budget Subcommittee for the Department of Corrections submits an operating budget to the full Senate Finance Committee for FY 09 as follows:

General Funds	\$207,988,200
Federal Funds	\$2,990,500
Other Funds	\$30,651,900

The subcommittee met multiple times with the department and took the following actions:

Budget Action

1. Adopted the FY 09 Adjusted Base, with the exception of certain changes to the position adjustments and transfers that reestablish funding for correctional officer premium pay. Those changes are described below.
2. Reviewed each of the increments (24 GF, 2 Mental Health) and decrements (0) submitted by the governor and adopted the following:

Increments:

Added a one-time increment of \$50.0 (\$25.0 GF, \$25.0 MHTAAR) for a study of evidence-based options to lower crime and corrections costs in Alaska.

Adopted two net-zero add/delete transactions to realign positions within the department.

Amended and adopted an increment for the file imaging program to provide one-time funding of \$180.0 GF.

Adopted an increment of \$30.9 GF for increased space at the Palmer office building.

Amended and adopted an increment for increased travel and contractual expenses associated with new prison expansions. The subcommittee provided \$180.0 in CIP receipts.

Adopted a Facility Maintenance increment of \$2,500.0 I/A receipts to reflect increased expenses in the department's facilities.

Adopted an increment of \$801.0 (451.8 General Fund, 349.2 PFD Crim) to begin implementation of an outpatient substance abuse program within correctional facilities.

Adopted \$310.0 GF for sex offender treatment within correctional facilities.

Adopted \$30.0 GF for educational materials.

Adopted an increment of \$331.8 PFD Crim to pay increased costs of the Residential Substance Abuse Treatment program.

Adopted \$343.0 GF for the increased bed rate at the Arizona contract facility.

Adopted \$150.0 GF to begin a sex offender treatment program in the Arizona contract facility.

Adopted \$1,000.0 GF to replace a decrement of \$1,000.0 Fed for decreasing federal prisoner days.

Adopted \$1,853.9 GF in 12 transactions to eliminate the vacancy factor in 24-hour facilities.

The subcommittee approved 20 of the 30 positions the department eliminated in the 09 adjusted base in order to fund correctional officer premium pay and adjusted fund transfers accordingly. The department has completed a posting study that shows filling five additional positions at Pt. Mackenzie, 1 in the Anchorage Correctional Complex, two in Palmer, one at Hiland Mountain, and one at Yukon-

Kuskokwim Correctional Center will reduce overtime by as much or more than the costs associated with filling those positions.

Reduced and adopted an increment for Community Residential Centers. The subcommittee approved \$750.0 GF. This is \$250.0 below the governor's request.

Adopted an increment of \$260.0 (\$50.0 GF, \$210.0 MHTAAR) to implement the Assess, Plan, Identify, Coordinate (APIC) model as part of the Mental Health Trust Authority's Disability Justice initiative. The subcommittee applauds the department and the Trust for working collaboratively on this program. as directed by the senate's FY 08 operating budget intent language.

Adopted an increment of \$446.0 (\$223.0 GF, \$223.0 MHTAAR) for mental health services, The subcommittee again applauds the department and the Trust for joining forces to reduce recidivism, costs, and overall crime.

Adopted an increment of \$2,126.9 (PFD Crim) for inmate health care.

Adopted an increment of \$106.7 and one PFT to create a health care manager. This position will dramatically increase the health systems information available to the department so it can begin to realize efficiencies in-and reduce the cost of-inmate health care and health management.

Adopted an increment of \$169.0 in interagency receipts to hire two mental health clinicians to support mental health courts.

Amendment Action

The governor did not submit amendments for the Department of Corrections budget.

Personnel

Reviewed the position count for the Department of Corrections. The position count for FY 07 was: 1502PFT, 8PPT, 3Temp

The requested position count for FY 09 is:
1524PFT, 5PPT,
OTemp
The subcommittee recommends:
1505PFT, 4PPT,
OTemp

Items of Concern

Subcommittee issues of concern about the Department of Corrections include:

1. The subcommittee encourages the department to work collaboratively with federal agencies to stem the reduction of federal prisoner days.
2. The historic rate of increase in Community Residential Center contract costs, reflected in the FY 09 request for a 6.3% increase in GF, is unsustainable.
3. The department's FY 08 difficulties in constructing additional small housing units led the subcommittee to exclude increments for similar units in FY 09. Including the construction costs in the capital budget is more appropriate, so the legislature can consider future staffing and operations costs once the facilities are built. We recommend the construction costs by part of the capital budget.

Wordage Recommendations

The subcommittee recommends correcting the statutory reference in the governor's conditional carry forward language related to the Prisoner Employment Program.

Closing Comments

The subcommittee thanks the Department of Corrections employees for their dedication to justice and service to Alaska. Theirs is an often dangerous and usually thankless job. We also thank Billie Jo Gehring of the Legislative Finance Division for her hard work and dedication to fiscal policy work. We appreciate her eye for budgetary detail and willingness to put in long hours serving our state.

Co-Chair Stedman Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Corrections.

There being NO OBJECTION, it was so ordered.

[2:46:34 PM](#)

Senator Elton reviewed the Senate Finance Subcommittee budget actions for Courts. The Senate Finance Budget Subcommittee for the **Alaska Court System** submits an operating budget to the full Senate Finance Committee for FY 09 as follows:

General Funds	\$78,624,100
Federal Funds	\$1,675,600
Other Funds	\$1,493,800

The subcommittee met multiple times with the courts and took the following actions:

Budget Action

1. Adopted the FY 09 Adjusted Base.
2. Reviewed each of the increments (19 GF, 6 Mental Health) and decrements (0) submitted by the governor on behalf of the court system and adopted the following:

Increments:

Adopted \$100.0 GF for Ketchikan security screening.

Reduced an increment for implementation of the magistrate salary study's findings to \$152.0 GF. This increment is 50 percent implementation.

Reduced two judicial vacancy rate increments from \$1089.0 GF to \$250.0.

Adopted \$76.0 GF for a custody investigator in the first judicial district, initially part of a larger increment requested to improve services in the trial courts. The original request included an additional \$182.7 for a second new position and four position upgrades.

Amended and adopted \$550.0 for wellness court contractual increases. This increment is \$300.0 GF and \$250.0 MHTAAR. The subcommittee particularly appreciates the Mental Health Trust Authority's assistance in ramping up Alaska's therapeutic courts, which have been a high priority of both

the legislature and court system. This helps fulfill the goal of crime reduction.

Reduced an increment for juror process enhancement to \$69.0 GF. This increment excludes an additional \$288.0 the court system requested to fund juror parking in the Municipality of Anchorage.

Amended and adopted \$43.5 GF for lease increases at several rural court locations. In most cases the increased lease costs remain significantly below executive branch costs per square foot in the same cities. This increment does not include \$25.8 to lease a parking lot in Kenai.

Reduced an increment to expand the Homer courthouse to \$76.9 GF. This is \$77.5 below the court system's request, to reflect the FY 07 increment in that amount, which was reallocated without legislative approval for two fiscal years.

Added an increment of \$100.0 GF for the Multi-Agency Justice Integration Consortium. By integrating information systems among courts, corrections, state and local law enforcement, and others, MAJIC enhances the entire criminal justice system by making complete, timely, accurate information available where and when it is needed.

Adopted six MHTAAR increments in the Mental Health Trust Authority's Disability Justice Initiative:

- \$236.3 for Fairbanks Juvenile Mental Health Court
- \$204.4 for Juneau Mental Health Court
- \$25.0 for neuropsychiatric evaluations for therapeutic court participants
- \$99.4 for Anchorage Mental Health Court capacity increase
- \$147.7 for safeguards to prevent financial victimization
- \$25.0 to train prosecutors and defense attorneys.

Adopted an increment of \$1.7 GF to bring the Alaska Commission on Judicial Conduct's capital outlay authority to \$5.0.

Adopted an increment of \$2.0 GF to maintain the

commission's vacancy rate at three percent.

Adopted an increment of \$64.5 GF to allow the Judicial Council to accommodate the sustained increase in the number of judicial vacancies and applicants for each vacancy.

Amendment Action

The governor did not submit amendments for the court system budget.

Personnel

Reviewed the position count for the Alaska Court System. The position count for

FY 07 was: 724PFT, 58PPT, 33Temp

The requested position count for FY 09 is:

774PFT, 56PPT, 32Temp

The subcommittee recommends:

728 PFT, 61PPT, 32Temp

Items of Concern

Subcommittee issues of concern about the Alaska Court System include:

- 1.The subcommittee encourages the court system to partner with the Municipality of Anchorage and City of Kenai to find parking solutions that reflect the significant costs the state bears in handling municipal offenses. General fund appropriations for parking in every large municipality would be unsustainable. General fund appropriations for parking in only certain municipalities would be inequitable.
- 2.The legislature approved a three percent vacancy rate for the judicial conduct commission in FY 08. The subcommittee encourages the Division of Legislative Finance to work collaboratively with the Office of Management and Budget and the Administrative Director of the court system to reflect this policy decision in the agency's adjusted base budget.

Wordage Recommendations

The subcommittee recommends removing the governor's transmittal language.

Closing Comments

The subcommittee thanks the Alaska Court System's employees for their dedication to justice and service to Alaska. We also thank Billie Jo Gehring of the Legislative Finance Division for her hard work and dedication to fiscal policy work. We appreciate her eye for budgetary detail and willingness to put in long hours serving our state.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Courts.

There being NO OBJECTION, it was so ordered.

[2:50:16 PM](#)

Senator Elton reviewed the Senate Finance Subcommittee budget actions for the **Department of Environmental Conservation**. He pointed out that the budget is \$103,600 more than the Governor's in general funds due to a one-time amount of \$184,000 that should be funded in the FY 09 operating budget rather than in the supplemental as the Governor had initially requested.

The Senate Finance Budget Subcommittee for the Department of Environmental Conservation submits an operating budget to the full Senate Finance Committee for FY 09 as follows:

Fund Source	08 Mgt Plan	09 Gov Amd Adj	Sen Sub
Gen Fund	\$17,893,000	\$18,652,900	\$18,756,500
Fed Fund	\$20,533,700	\$21,006,600	\$21,035,400
Other Funds	\$28,783,300	\$32,542,400	\$32,543,000

Personnel

Positions	08 mgt plan	09 Gov Amd Adj	Sen. Sub
PFT	527	531	529
PPT	1	1	1
Temp	4	4	4

The subcommittee met with DEC multiple times, including joint meetings with the House subcommittee, and took the following actions:

Budget Action

1. Adopted the FY 09 Adjusted Base.
2. Reviewed each of the increments (2) and decrements (1) submitted by the governor and adopted the following:

Increments:

Adopted an increment of \$523.7 (\$261.9 Fed, \$261.8 GF Match) to obtain drinking water primacy. This is the final of three increments, phased over three fiscal years, to obtain primacy in drinking water.

Adopted \$2,800.0 (Commercial Passenger Vessel Environmental Compliance) for the ocean ranger program. This amount includes the governor's original request of \$2,600.0 as well as a governor's amendment, described below.

Added an increment of \$80.0 (GF) for Paralytic Shellfish Poisoning testing.

Added a one-time increment of \$184.0 (GF) for FY 09 work of the governor's climate impact sub-cabinet. This funding is the FY 09 portion of what the governor requested in the FY 08 supplemental budget as a multi-year appropriation. The subcommittee recommends this transaction to align the appropriations with the fiscal year in which expenditures are made.

Approved three positions added in the management plan to the facility construction program, and one position for Village Safe Water accountability work. These positions are all funded from CIP receipts.

Approved one maintenance position added in the management plan to the DEC lab. This position was funded by reducing maintenance contracts, based on the department's determination that a second maintenance employee is a more cost effective way to meet the laboratory's needs.

Decrements:

Accepted a decrement of \$16.7 in Oil and Hazardous Materials Response funds in the environmental health lab.

Decrementing \$131.0 from the water division and deleting two positions vacant since the middle of calendar year 2005.

Decrementing \$1,547,900 from the National Pollutant Discharge Elimination System primacy effort. A language section, described below, reinstates the funding if certain conditions are met.

3. Realigned Oil and Hazardous Materials Response funds, replacing \$619.3 previously in the contaminated sites program with GF, and replacing a like amount of GF in the industry preparedness/pipeline operations allocation with Oil/Haz funds. This is a net zero realignment.

Amendment Action

The governor submitted an amendment to increase the Commercial Passenger Vessel Environmental Compliance funds authorization for the Ocean Ranger program by \$200.0. The subcommittee accepted this amendment, as described above.

Personnel

Reviewed the position count for the Department of Environmental Conservation.

The position count for FY 07 was: 515 PFT, 0 PPT, 4 Temp

The requested position count for FY 09 is: 531 PFT, 1 PPT, 4 Temp

The subcommittee recommends: 529 PFT, 1 PPT, 4 Temp

Items of Concern

The subcommittee understands the department plans to add two additional employees to implement the Ocean Ranger program. The department did not seek legislative authorization for these positions.

Wordage Recommendations

The subcommittee recommends intent language matching the House. This includes attached intent language addressing accountability when state agencies spill oil or hazardous materials.

Language

The subcommittee recommends conditional language that expenditures for the Ocean Ranger program not exceed receipts.

The subcommittee recommends language appropriating \$1,547,900 for NPDES primacy contingent on the transfer of full authority for the program to DEC.

Closing Comments

The subcommittee thanks the department's employees for their service to Alaska. We also thank Danith Watts of the Legislative Finance Division for her hard work and dedication to sound fiscal policy. We appreciate her encyclopedic knowledge of the state budget system and ability to put fiscal detail in layman's terms.

Senator Dyson remarked that the Attorney General has ignored the intent language.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Environmental Conservation.

There being NO OBJECTION, it was so ordered.

[2:55:18 PM](#)

Senator Thomas reviewed the Senate Finance Subcommittee budget actions for the **Department of Commerce, Community and Economic Development:**

The Senate Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development submits an Operating Budget to the Senate Finance Committee for FY 09 as Follows:

Fund Source	08 Mgt Plan	Adj Gov Amd	Sen Sub	Difference
General Funds	10,800.8	10,819.4	9,523.8	-1,295.6
Federal Funds	50,489.1	54,388.0	54,315.9	-72.1
Other Funds	95,842.6	102,916.0	100,947.6	-1,968.4

Positions	08 Mgt	Adj Gov	
	Plan	Amd	Sen Sub
PFT	509	516	515
PPT	3	1	1
Temp	4	15	15

The Subcommittee held four meetings and took the following actions:

The Subcommittee adopted the FY 09 adjusted base as the starting point for comparison with the Governor's FY 09 budget request. The following are highlights of actions taken by the Subcommittee:

- Deleted a special assistant to the Commissioner to fund the Development Manager position in the Office of Economic Development.
- Funded a new grant administrator in the Division of Community and Economic Development. The number of grants overseen by each administrator has reached an unmanageable level.
- Added funding for the Alaska Legal Services Corporation to offset loss of federal funding for legal assistance to victims of domestic violence.
- Deleted the Independent Traveler grant to ATIA, the Qualified Trade Association.
- Added six positions and \$3 million in Federal funding to the Alaska Aerospace Development Corporation, to support three additional launches.
- Included full funding for Power Cost Equalization.
- Added \$250.0 in General Funds to the Alaska Seafood Marketing Institute to match federal funds for overseas marketing.
- Added two positions and receipt supported services funding to the Division of Banking and Securities for the second year of the fiscal note for HB 162, the mortgage lending bill that passed last session. Also, the Subcommittee authorized the banking division to use an additional \$180.0 in RSS funds for enforcement and legal costs.
- Added \$503.0 in receipt supported services funds to the Division of Insurance for investigation and enforcement.
- Added \$1,000.0 in RCA receipts for the legal costs of the Regulatory Commission of Alaska.

The Subcommittee did not accept the Governor's request for General Funds to offset unrealizable federal and other funds, in the Office of Economic Development.

The Subcommittee also declined the requested \$500.0 increment for increases in Department of Administration charges for core services between FY 05 and FY 08.

Finally, the Subcommittee did not include the \$200.0 General Fund increment for the new Energy Coordinator position in AIDEA/AEA. This was a late amendment and the Subcommittee defers it to the full committee.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Commerce, Community and Economic Development.

There being NO OBJECTION, it was so ordered.

[2:58:52 PM](#)

Senator Thomas reviewed the Senate Finance Subcommittee budget actions for the **Department of Labor and Workforce Development**:

The Senate Finance Budget Subcommittee for the Department of Labor and Workforce Development submits an Operating Budget to the Senate Finance Committee for FY 09 as Follows:

Fund Source	08 Mgt Plan	Adj Gov Amd	Sen Sub	Difference
General Funds	23,380.2	26,176.0	28,210.5	2,034.5
Federal Funds	86,256.2	85,701.9	85,731.9	30.0
Other Funds	51,471.6	54,926.7	54,843.9	-82.8

Positions	08 Mgt Plan	Adj Gov Amd	Sen Sub
PFT	835	835	834
PPT	106	105	105
Temp	46	44	44

The Subcommittee held five meetings and took the following actions:

The subcommittee adopted the FY 09 adjusted base as the starting point for comparison with the Governor's FY 09 budget request.

The Governor's FY 09 operating budget request proposes a significant increase in general funds to cover unrealizable fund sources due to the GGU negotiated contract. Five components, Labor Market Information, Data Processing, Employment and Training Services, Unemployment Insurance, and Client Services, totaled \$2,064.6 million in General Funds. The subcommittee accepted the fund source changes in these components recognizing the significant impacts on workforce services without this change. The subcommittee declined requested General Fund fund source changes in two components: the Commissioner's Office and Management Services.

The Governor's FY 09 operating budget request proposes spending \$1,080.0 General Funds for Alaska Gasline Inducement Act (AGIA) related services. This recommendation creates a separate Results Delivery Unit (RDU) for the AGIA related services in the Governor's Office. This will allow for transparency in the budget process this year and in future years as the State of Alaska moves closer to the construction of a natural gas pipeline and ensuring that Alaska has the workforce to support this project.

The subcommittee recommendation also transfers \$3.5 million General Funds for the Alaska Construction Academies from the Capital to the Operating Budget.

In total, the subcommittee recommendation would increase the FY 09 Governor's Amended Request by approximately \$2,034.5 General Funds, largely due to the \$3.5 million transferred from the Capital Budget for the Alaska Construction Academies. The proposal is \$293.5 GF greater than the House proposal due to the inclusion of funding for Labor Market Information salary increases and the Southwest Alaska Vocational Technical Center. The following actions were taken by the subcommittee:

Commissioner and Administrative Services
Commissioner's Office

Declined to accept the \$5.4 GF increment to correct the unrealizable fund source for salary adjustments.

Office of Citizenship Assistance

Deleted \$159.6 GF and one PFT in the Office of Citizenship Assistance, eliminating all funding for that office.

Management Services

Declined to accept the \$75.0 GF/Match increment to correct the unrealizable fund source for salary adjustments.

Labor Market Information

Accepted the \$98.5 GF increment to correct the unrealizable fund source for salary adjustments.

Accepted a \$95.0 GF increment for 1 PFT Economist II for AGIA Training Program and Regional Economic Analysis. The FY 09 request was \$110.0 GF. This is a decrement of \$15.0 GF from the FY 09 request. This funding is transferred to the new AGIA RDU in the Governor's Office.

Workers' Compensation and Safety:

WC Benefits Guaranty Fund

Accepted the increment of \$200.0 Workers' Compensation Benefit Guaranty Funds for the purpose of allowing additional benefit payments.

Wage and Hour Administration

Accepted the increment of \$50.0 GF for the maintenance of the Certified Payroll System.

Mechanical Inspection

Accepted the increment of \$41.5 Building Safety Fund to support reclassification of an administrative position to a Boiler Inspector.

Occupational Safety and Health

Accepted the increment of \$61.0 Workers' Safety Account to correct the unrealizable fund source for salary adjustments.

Accepted the increment of \$46.5 Workers' Safety Account for the cost to change an administrative position to a Safety Compliance Officer.

Workforce Development

Employment and Training Services

Accepted the increment of \$775.8 GF to correct the unrealizable fund source for salary adjustments.

Accepted the increment of \$10.0 Statutory Designated Receipts for the Performance Assessment Network Agreement.

Accepted the \$950.0 I/A Receipt authorization for Alaska Youth First Initiative.

Accepted the increment of \$400.0 Federal Reed Act Authorization to offset the decrement of \$400.0 in general federal receipt authorization.

Unemployment Insurance

Accepted the increment of \$734.6 GF to correct the unrealizable fund source for salary adjustments.

Accepted the increment of \$60.0 Statutory Designated Receipts to allow Memorandums of Agreement with State Municipalities.

Accepted the increment of \$956.1 Federal Reed Act Authorization to offset the decrement of \$956.1 in general federal receipt authorization.

Adult Basic Education

Accepted the transfer of \$528.8 GF to GF/Match to reflect the federal Maintenance of Effort Requirement.

Workforce Investment Board

Accepted the deletion of 1 PFT and reduced I/A Receipt Authority to align with anticipated receipts.

Business Services

Accepted the increment of \$1,247.9 STEP fund authorization.

Alaska Vocational Technical Center

Accepted the increment of \$163.5 TVEP authorization.

Declined to accept the increment of \$135.0 GF for AGIA Training Program Implementation, which included a Recruiter and Vocational Instructor Training.

Kotzebue Technical Center
Accepted the increment of \$81.7 TVEP authorization.

SW AK Vocational Education Center
Accepted the increment of \$29.7 TVEP authorization.

Accepted the \$195.0 GF increment to replace reduced federal funding and maintain SAVEC operations.

Yuut Learning Center (The People's Learning Center)
Accepted the increment of \$29.7 TVEP authorization.

Construction Academy Training

Construction Academy Training
Added a new RDU for the Alaska Construction Academies and \$3.5 million GF. This matches the amount appropriated in the FY 08 Capital Budget and the Governor's FY 09 capital budget request. The nature of the activity is operational rather the capital. This will maintain construction academies in Anchorage, Fairbanks, Kenai, Mat-Su, Juneau and Ketchikan.

Vocational Rehabilitation

Client Services
Accepted the increment of \$267.4 GF/Match to correct the unrealizable fund source for salary adjustments.

Accepted the transfer of \$257.2 GF to GF/Match to reflect the federal Maintenance of Effort Requirement.

Accepted the decrement of \$93.4 I/A Receipts to align with anticipated receipts.

Independent Living Rehab
Accepted the increment of \$39.5 GF for Independent Living Services in Rural Alaska.

Special Projects
Accepted the increment of \$7.1 for interpreter referral services.

Accepted the decrement of \$500.0 Federal Receipts due to completion of customized employment grant.

Assistive Technology

Accepted the increment of \$68.1 I/A Receipts to support a program coordinator position.

New Governor's Office RDU: AGIA Workforce Training Program

New Component: Labor Market Information Services
Accepted a \$95.0 GF increment for 1 PFT Economist II for AGIA Training Program and Regional Economic Analysis. The FY 09 request was \$110.0 GF. This is a decrement of \$15.0 GF from the FY 09 request.

New Component: Workforce Training Info Services
Accepted \$50.0 GF for web and print based Alaska Training Program guide.

New Component: Regional Training Center Development
Accepted \$340.0 GF to fund 1 PFT program coordinator and grant authority for training 70 apprentices. Decrement of \$70.0 GF.

New Component: Cooperative Training
Accepted \$375.0 GF to fund cooperative training agreements with business and industry for AGIA specific industries.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Labor and Workplace Development. There being NO OBJECTION, it was so ordered.

[3:07:51 PM](#)

JOHN WEISE, STAFF, SENATOR LYMAN HOFFMAN, reviewed the Senate Finance Subcommittee budget actions for the **Department of Administration:**

The Senate Finance Budget Subcommittee for the Department of Administration submits an operating report to the full Senate Finance Committee for FY 09 as follows:

Fund Source	O8 Mgt Plan	Gov Amd Plan	Sen Sub	Difference	
GF	63,344.1	68,283.9	67,769.3	-514.6	-.8%
FED	2825.4	2,775.4	2,775.5	0.1	
Other	199,336.2	204,744.6	205,299.1	554.5	3%
Total	265,505.7	275,803.9	275,843.9		

Personnel

1. Reviewed the authorized position count for the Department. The Governor requested 10 new positions. The subcommittee is recommending 4 new hires.

Position Summary

	08 Mgt Plan	Gov Amd Adj	Senate Sub
PFT	1,042	1,052	1,046
PPT	23	23	23
Temp	32	32	32
Total	1,097	1,107	1,101

The Subcommittee held three meetings with the Department and took the following actions:

Budget Action

1. Adopted the FY 09 Adjusted Base.
2. Reviewed each of the increments (16), decrements (1) submitted by the Governor. Accepted the Governor's proposed salary adjustment fund changes with the following exceptions:
 - \$12.5 for Administrative Hearings
 - \$4.6 for Commissioner's Office
 - \$53.8 for Administrative Services
 - \$39.2 for Information Technology Support
 - \$29.0 for Central Mail
 - \$0.1 for AOGCC
3. Adopted \$496.8/CIP Receipts for Finance, Time & Attendance, but denied 5 new positions. The subcommittee recommends the department use existing positions.
4. Amended and Adopted \$420.7/GF for Finance, ALDER (requested \$530.7). The Governor requested 2 new positions. The subcommittee is recommending 1 new hire.
5. Amended and Adopted \$150.0/GF for Personnel (requested \$365.5). The Governor was requesting general funds in this component, which is mostly operated with Interagency Receipts.
6. Adopted \$962.0 for Facilities with amended fund source of \$762.0/GF and \$200.0/Public Building Fund (1147).

7. Reduced the base budget appropriation to Enterprise Technology Services by \$250.0 GF with the intent that the decrement be absorbed in the ALMR/SATS program.
8. The subcommittee reviewed the House Finance Committee's \$400.0/GF increment to Public Broadcasting - Radio component - and recommends accepting this increment and amending the fund source to a "one-time increment."

Amendment Action

1. Reviewed amendments (5) submitted by the Governor through February 29, 2008. Accepted amendments for the following:
 - \$44.0 for Office of Administrative Hearings
 - \$2,400.0 for Office of Public Advocacy
 - \$820.0 for Public Defender
 - \$139.6 for Alaska Public Offices Commission
 - \$8.5 decrement for Violent Crimes Compensation Board

Items of Concern

1. The subcommittee reviewed the functions of the State Travel Office (STO). The STO continues to be unpopular with a considerable number of state employees. It appears that the STO is effective in saving the State significantly in terms of Medicaid-related travel; however, there is room for improvement in terms of ease and flexibility of use for other employees. The State now has documented travel expenditures that can be compared to agencies budgets and should be. The subcommittee reviewed the use of airline bonus miles by the STO and noted that STO has done well in reducing the backlog of air miles from approximately 18 million to 8 million. This trend should be continued. In summary, the subcommittee continues to be concerned about the function of the STO, but agrees with the department that this relatively new centralized operation should be given another year to improve.
2. DOA should revise their fiscal note for HB 281 to reflect the funding of the Governor's approved amendment that provides APOC an increment of \$139.6/GF.

3. The subcommittee amended the request for increments related to the Time and Attendance System to use existing positions and approved one new position for the ALDER operations. Back-up provided by the department indicated that these positions would be filled with long-term experienced employees currently employed by the department and yet did not transfer out their positions from their previous assignments. There is concern with the total cost of the ongoing replacement of the state's accounting and payroll systems (AKSAS and AKPAY). The subcommittee urges the department to control the massive cost of replacing these aging computer systems.

4. The subcommittee reviewed the ALMR/SATS program. There is concern of the reduced federal participation and the future cost of the program. The department is currently working on the total cost of operation (TOC). Initially, the department projected that the TOC was going to be submitted to the Legislature by March 2008. That date has been extended to sometime after the Legislature adjourns. The subcommittee recommends for future tracking, a budget structure change to add an allocation under ETS appropriation for ALMR/SATS in 2010.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Administration.

There being NO OBJECTION, it was so ordered.

[3:12:50 PM](#)

TIM GRUSSENDORF, STAFF, SENATOR LYMAN HOFFMAN, reviewed the Senate Finance Subcommittee budget actions for the **Department of Fish and Game.**

The Senate Finance Budget Subcommittee for the Department of Fish and Game submits an Operating Budget to the Senate Finance Committee for FY 09 as Follows:

Fund Source Difference	Gov Amd	Sen Sub	
General Funds	\$52,569.4	\$52,138.4	\$(431.0)
Federal Funds	\$54,748.9	\$54,748.9	\$ 0

Other Funds	\$65,536.8	\$64,360.3
\$(1,176.5)		

Staffing adjustments recommended by department, no new positions requested.

The Subcommittee held two meetings with the Department and took the following actions:

Budget Action

Accepted the Governor's amended proposal with the following adjustments and comments.

Accepted the Proposed fund source changes for salary increases.

Accepted the Governor's amendment for \$7,228.4 to replace Federal Funds with GF in the base. These funds are proposed to replace lost federal grants that the department has traditionally received through the National Marine Fisheries Service, It should be noted that these funds have never been in the base budget of NMFS, but have been inserted by Alaska's congressional delegation. The Western Region Fisheries Management GF of \$1,043.7 and the Wildlife Conservation Special Project of \$1,180.0 will not be added to the base but will be General Fund One Time Only.

Legislative Intent to close the commercial fisheries and sport fish offices in Soldotna and transfer staff to regional office in Anchorage that is accompanied by a corresponding GF reduction of \$80.0 for lease space for these offices.

Reduce Governor's budget for Public Shooting Ranges \$676.5 (F&G funds) following through on the Legislative intent from last year.

Removed all \$500.0 from the AK sport fish enterprise account from the numbers section of Sport Fisheries' budget. This funding is derived from a surcharge on the sale of fish licenses and must be used for hatcheries operations. The entire \$500.0 will be put in a language section and the appropriation will be contingent upon passage of the re-appropriation for hatcheries in the FY 08 fast track supplemental bill.

Denied \$151.0 increment for commercial fisheries crewmember and seafood buying database support.

Reduce Sport fish Services GF allocation by \$100.0.

Reduce Wildlife Conservation Services GF allocation by \$100.0.

Areas of Concern

Use of Commercial Fisheries Revolving Loan Fund:

The Governor's proposed budget includes \$1,326.3 of funding from the Commercial Fisheries Revolving Loan Fund in the Department of Commerce. This is of great concern to the committee because it is eating into the principal of the fund. The fund and the associated program in the Division of Investments are very effective in assisting Alaskans to invest in the industry, Apart from encouraging the increase in Alaskan ownership in the North Pacific fishing industry, the health of the CFRLF may soon be particularly critical to help the industry respond to federal mandates for emission controls for diesel engines. The committee recommends that the Department of Fish and Game present a budget for FY 10 that does not include any use of funds from the CFRLF.

Salaries

The Department has indicated for several years that retaining key fisheries and game management personnel is becoming more and more difficult because state salaries are not competitive with the salaries paid to equivalent positions in the federal government. The departure of experienced biologists with critical knowledge of the Alaskan fishing industry and game resources will leave the department with deficiencies in its core functions. This issue was included in the FY 08 subcommittee report yet nothing has changed, so it remains a major item of concern.

Hunter Education Shooting Ranges

It is the intent of the Legislature that ADFG transfer ownership of the three shooting ranges in Fairbanks,

Anchorage and Juneau to those municipalities or appropriate private entities.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Department of Fish and Game.

There being NO OBJECTION, it was so ordered.

[3:16:10 PM](#)

Mr. Grussendorf reviewed the Senate Finance Subcommittee budget actions for the **Office of the Governor**.

The Senate Finance Budget Subcommittee for the Department of Fish and Game submits an Operating Budget to the Senate Finance Committee for FY 09 as follows:

Fund Source	Gov Amd	Sen Sub	Sen to Gov
General Funds	\$52,860.6	\$55,637.9	\$2,777.2
Federal Funds	\$ 179.0	\$ 179.0	
Other Funds	\$ 1,336.0	\$ 1,336.0	
Positions			
PFT	155	152	3
PPT	0	0	0
Temp	46	46	0

The Subcommittee held one meeting with the Department and took the following actions:

Budget Action

Accepted the Governor's amended proposal with the following adjustments.

Denied the Increment of \$521.9 k to the Division of Elections for 3 new positions.

Agreed with the House to combine the AGIA related branch wide O & G Development appropriations into the Governor's office budget for a clearer picture of how these funds are used and to keep funds from blending into agencies bases.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Office of the Governor.

There being NO OBJECTION, it was so ordered.

[3:18:30 PM](#)

Mr. Grussendorf reviewed the Senate Finance Subcommittee budget actions for the **Legislature's** FY 09 Operating Budget Recommendations.

The Senate Finance Budget Subcommittee for the Legislature's Operating Budget submits this recommendation to the Senate Finance Committee for FY 09 as follows:

Fund Source	Gov Amd	Sen Sub	
Difference			
General Funds	\$60,772.6	\$59,234.0	
\$(1,538.6)			
Other Funds	\$ 968.6	\$ 963.6	\$ (5.0)
Positions			
PFT	243	245	2
PPT	278	281	3
Temp	0	0	0

Budget Action

Accepted the Governor's amended proposal with the following adjustments.

Accepted the reductions of OTO funds brought forward by LAA.

Deny Increment of \$21.1 k to the Select Committee on Ethics, which included a one range pay increase and added 9.0 k for 6 months of additional casual labor.

Added Increment of \$80.0 k to Legislative Council Administrative Services for additional Maintenance Employee for Capital and Old Masonic Lodge.

Co-Chair Stedman MOVED to ADOPT the Subcommittee report for the Legislatures FY 09 Operating Budget Recommendations.

There being NO OBJECTION, it was so ordered.

AT EASE: [3:21:56 PM](#)

RECONVENED: [3:22:37 PM](#)

[3:23:23 PM](#)

Senator Thomas referred to the Commerce Subcommittee Report language section of the operating budget as it relates to the NPR appropriation and voiced disagreement with the Administration regarding the 2006 legislation, SB 171, relating to the National Petroleum Reserve. The bill requires 25 percent of the gross of the NPR revenue deposited into the Permanent Fund, unless there are insufficient funds to do so. He reported that the Subcommittee has asked the Department to provide a letter of their interpretation of SB 171.

AT EASE: [3:24:51 PM](#)

RECONVENED: [3:49:45 PM](#)

Co-Chair Stedman MOVED to ADOPT SCS CSHB 310 (FIN) am, work draft 25-GH2015\L, dated 3/14/08. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman MOVED to ADOPT SCS CSHB 312 (FIN), work draft version\M. There being NO OBJECTION, it was so ordered.

CSHB 310 (FIN) am and CSHB 312 (FIN) were heard and HELD in Committee for further consideration.

AT EASE: [3:50:46 PM](#)

RECONVENED [3:51:02 PM](#)

[Recording difficulties occurred]

[3:51:32 PM](#)

SENATE BILL NO. 221

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

Co-Chair Stedman asked the departments to provide prioritized lists.

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Project #41789

Kodiak Launch Complex Infrastructure

\$14,000,000 Fed Rcpts
\$3,500,000 Gen Fund

DALE NASH, CEO, ALASKA AEROSPACE DEVELOPMENT CORPORATIONS, presented an overview of the request. He observed that the state has contributed \$16 million and they have received \$140 million in capital infrastructure from the federal government. He pointed out that \$80 million has been generated from launch activities and there is a five year contract with the missile defense agency, which is taking up most of their capacity. The Kodiak Launch Complex is an established all-weather, state-of-the-industry spaceport with 12 successful launches to date. He observed that the complex is nearing capacity and an additional launch pad is needed. There will be four launches in 2009. State support will facilitate additional federal funds.

[3:56:42 PM](#)

Co-Chair Stedman clarified that a capital request is not in the CS at the moment. The intent is to determine the reliability of federal funding. The general fund component is \$3.4 million and the federal is \$14 million. Mr. Nash noted that they had good indications that the federal funds would be forthcoming.

[3:57:45 PM](#)

GENERAL TOM CASE, PRESIDENT, KODIAK LAUNCH COMPLEX, provided information on the request. He observed that he has worked in the aerospace industry for most of his life. He stressed that space supports national security. One of the key vocations from project base to operational responsive and affordable space launch is critical to the nation. The third launch pad would make Alaska competitive. Aerospace can be a large part of Alaska's economy in the future. He spoke in support of the project and concluded that the commercial and military demand would allow the Kodiak Launch Complex to be a national spaceport.

[4:00:58 PM](#)

Senator Elton expressed interest in what measures are, or would be taken, as a result of the recent security breach.

[4:01:52 PM](#)

Project #40242
Manufacturing Extension Program
\$806,401 Gen Fund

SAMUEL THOMAS, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, reviewed the department's funding requests. He observed that the request would support Alaska's small and medium-sized manufacturers by providing them access to specialists throughout the United States. The local match is one-third. There are 350 locations nationwide. Rural Alaskans would be able to receive assistance.

Project #41959
Arctic Winter Games Team Alaska
\$250,000 Gen Fund

Mr. Thomas explained that the request would provide funding for a non-profit, statewide organization to organize and select, uniform, and transport 150 of Alaska's young athletes to the Arctic Winter Games.

[4:05:18 PM](#)

Project #45654
Alaska Travel Industry Association
\$3,000,000 Vehicle Rental Tax

Mr. Thomas observed that the funds would be appropriated to the Alaska Travel Industry Association and includes \$1.5 million of the unexpended and unobligated balance from June 30, 2008. The funds would not be needed if HB 140 legislation is passed to change the match requirement.

Senator Elton asked if the request was the entire amount collected under the vehicle tax. Mr. Thomas affirmed.

[4:06:33 PM](#)

Project #38948
Language Section: NPR-A Impact Grant Program
\$5,600,000 NPR Fund

Mr. Thomas observed that he would provide the list of grantees.

[4:08:22 PM](#)

Project #32590
Language Section: Electrical Emergencies
\$250,000 Gen Fund

Mr. Thomas observed that the request would address electrical emergencies.

Senator Elton referred to the request for Project #45654, Alaska Travel Industry Association (AITA), \$3,000,000 Vehicle Rental Tax. He clarified that the tax is on cruise line passengers. The cruise line simply collects the tax. He did not want to provide a rationale for cruise lines to reduce their contributions to ATIA, but only to collect the tax.

AT EASE: [4:11:53 PM](#)
RECONVENED: [4:12:57 PM](#)

Mr. Thomas continued to explain Project #32590 regarding technical support when electricity is lost and the need to have a back-up when this occurs.

Co-Chair Stedman requested that Mr. Thomas prioritize the list.

[4:16:20 PM](#)

DEPARTMENT OF CORRECTIONS

AT EASE: [4:16:52 PM](#)
RECONVENED: [4:17:27 PM](#)

Co-Chair Stedman noted that there was a handout of a prioritized list.

SHARLEEN GRIFFIN, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS, introduced the Department's projects.

Project #45637
Annual Facilities Maintenance and Repairs
\$3,000,000 Gen Fund

Ms. Griffin pointed out that the list identifies 24 different projects that are priorities within the request.

Project #41925
Deferred Maintenance, Renewal, Replacement, Renovation
\$8,678,000 ASLC Bonds

Ms. Griffin described Project #45599 for \$800,000 in ASLC Bonds as the roof repair of the Anchorage Correctional Complex.

Ms. Griffin listed Project #45600 for \$1,044,000 for the Anvil Mountain Correctional Center.

Ms. Griffin detailed Project #45601, the Combined Hiland Mountain Correction Center Projects for \$800,000 in ASLC Bonds.

Ms. Griffin discussed Project #45602, the Fairbanks Correctional Center Projects for \$600,000 in ASLC Bonds.

Ms. Griffin related details about Project #45603, the Ketchikan Correctional Center Project for \$1,000,000 in ASLC Bonds.

Ms. Griffin explained Project #45604, the Lemon Creek Correctional Center Project for \$350,000 in ASLC Bonds.

Ms. Griffin listed Project #45605, the Palmer Correctional Center Projects for \$782,000 in ASLC Bonds.

[4:23:55 PM](#)

Ms. Griffin continued with Project #45609, the Point MacKenzie Correctional Farm Project for \$130,000 in ASLC Bonds.

Ms. Griffin discussed Project #45606, Spring Creek Correctional Center Project for \$1,200,000.

Co-Chair Stedman inquired about the Point MacKenzie Project. He wondered if the existing generators are being upgraded for a heavier load. Ms. Griffin explained that the generators don't support the electrical loads currently placed on them. Co-Chair Stedman requested more information.

[4:25:17 PM](#)

Ms. Griffin explained Project #45607, the Wildwood Correctional Center Project for \$85,000 in ASLC Bonds.

Ms. Griffin detailed Project #45608, the Yukon-Kuskokwim Correctional Center for \$1,887,000 in ASLC Bonds. She noted it was the number one roofing project request.

Ms. Griffin explained Project #41515, the Institution Equipment Replacement for \$1,000,000 in General Funds.

Ms. Griffin explained Project #45208 for Inmate Health Care Medical and Dental Equipment for \$133,700 in General Funds.

Senator Elton asked if the dental chairs listed would have been covered in last year's capital appropriation for \$55,000 that the Governor vetoed.

DWAYNE PEEPLES, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, explained that the dental chairs are mid-range priced. One was scheduled for Hiland and one for Wildwood correctional facilities and were different projects than last year's.

Ms. Griffin discussed Project #41516 for Community Jail Repairs, Renovations, and Equipment for \$200,000 in General Funds.

Ms. Griffin concluded with Project #45247 for Information Technology Systems Implementation and Replacement for \$1,750,000 in General Funds.

AT EASE: [4:30:06 PM](#)

RECONVENED: [4:30:23 PM](#)

Mr. Peeples explained that the request was to replace servers and photo ID systems, purchase a medical record system, and upgrade and renew the OTIS information system.

Co-Chair Stedman noted that item was priority three on the list.

[4:32:42 PM](#)

Senator Elton pointed out that the language in the justification makes it sound like the \$250,000 component with the base code would be a sole-sourced contract by a

software services company. He wondered if that was allowable.

Mr. Peeples clarified that the OTIS system is owned by a consortium of states and it would involve a government to government relationship contract. Senator Elton asked if that was allowed under the procurement code. Mr. Peeples said it was acceptable with approval by the Department of Administration.

AT EASE: [4:34:53 PM](#)

RECONVENED: [4:36:28 PM](#)

COURT SYSTEM

CHRIS CHRISTENSEN, DEPUTY ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM, explained that the Court System has presented a list of projects directly to the legislature and the Office of Budget and Management. The Administration did insert several projects from the list into the capital budget. He referred to a deferred maintenance request for \$3,276,000 that was placed in the Governor's bill, as well as \$5 million worth of other prioritized projects. The current CS does not include these projects. He proceeded to identify the original nine items in the list as well as those that exceeded the \$5 million cap.

Co-Chair Stedman noted that they were prioritized. Mr. Christenson explained which list he was working off of.

AT EASE: [4:38:19 PM](#)

RECONVENED: [4:39:20 PM](#)

Mr. Christensen referenced the list entitled "Capital Projects Six Year Plan Form CP2".

Anchorage Campus Project Renovation
\$23,507,600 Gen Fund

Mr. Christensen explained the history of the Anchorage court campus project and the need for the renovations. He pointed out that it would be more efficient to complete all of the phases at this time, rather than over a period of years.

CourtView Enhancements
\$1,708,100 Gen Fund

Mr. Christensen pointed out that this is the court systems only IT project and is the second priority. It is a three-year program to enhance the court's case management system.

Co-Chair Stedman asked if this item was the number two priority on the list. Mr. Christensen said it was.

Mr. Christensen provided several examples as to why the system was needed. It would allow information to be accessible on line for enforcement agencies.

[4:43:09 PM](#)

Co-Chair Stedman recalled conversations in the past which highlighted the lack of a case management system as a concern. He agreed that it was important to have such a system in place.

Mr. Christensen highlighted the advantages of providing CourtView for external agencies and the public. He referred to the "Magic Committee" a group made up of 20 law enforcement agencies. Co-Chair Stedman voiced concern that there is no cross-referencing.

[4:45:29 PM](#)

Court Security Projects
\$1,586,900 Gen Fund

Mr. Christensen described the request for a variety of security projects around the state. A priority was for \$150,000 to fund an integrated security system in the Ketchikan Court House. Another piece of the request was for \$350,000 for the Palmer Court House.

Co-Chair Stedman noted that the request for \$150,000 was reduced from the original submission. Mr. Christensen reported that there was an additional request for \$1,350,000 of which \$350,000 would fund the Department of Public Safety's space in the Palmer Court House.

[4:49:53 PM](#)

Building Equipment and Systems Replacement
\$591,000

Co-Chair Stedman defined the process the committee would use to make its decisions.

Mr. Christensen reported that the building equipment and systems replacement involves statewide replacement of equipment and system components that have exceeded their useful life expectancy.

Deferred Maintenance Projects
\$3,276,000 Gen Fund

Mr. Christensen reported that included in these projects is the Ketchikan Court and Office Building, the Anchorage Boney Courthouse, Delta Courthouse, Ft. Yukon Court, Dimond Court.

Mr. Christensen moved on to items that did not make it into the Governor's budget.

Senator Elton referred to the deferred maintenance of the Dimond Court and Office Building. He thought the Court System was a part of the public building pool fund source. Mr. Christensen said that was true. He offered to find out more about it and get back to the committee. He pointed out that most of the buildings mentioned are owned by the Executive Branch.

[4:52:41 PM](#)

Senator Elton asked if the Court System's deferred maintenance criteria is different than the Governor's. Mr. Christensen said the same definition is used by all.

[4:53:57 PM](#)

Statewide Remodeling Projects
\$2,155,000

Mr. Christensen reported that these were renovation projects to increase staff efficiency, improve access for the public, and accommodate new technology. Projects included in the request would be to remodel the judicial benches and in-court stations, and complete the remodel of the fifth floor of the Fairbanks Courthouse.

Provide and Replace Worn Furnishings and Specialized Finishes in Court Public Use Spaces

\$650,000 Gen Fund

Mr. Christensen noted that all of the money is for public courthouses.

[4:56:36 PM](#)

Statewide Building Code and Energy Upgrade for Court Buildings

\$850,000 Gen Fund

Mr. Christensen described the upgrades planned for statewide building codes and energy efficiencies.

Vehicles and Forklift Replacement

\$90,000

Mr. Christensen explained the use of funds to replace two court automobiles and a warehouse forklift.

AT EASE: [4:58:31 PM](#)

RECONVENED: [4:59:44 PM](#)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

GUY BELL, ASSISTANT COMMISSIONER AND DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, said he had a presentation that summarized the Department's priorities and a proposed net zero reallocation of funding. The revisions revolve around the Alaska Vocational Technical Center (AVTEC). Recently, revised cost estimates were received for the priority projects previously submitted in the capital budget. The funding has been reallocated because of those revised estimates and one of the projects has been dropped.

[5:01:48 PM](#)

Project #43045

AVTEC Culinary Building Replacement and Instructional Equipment

\$7,119,000

Mr. Bell said the project would demolish the old building and build a new one adjacent to the student cafeteria. He requested that a deferred maintenance project, the remodel of the cafeteria, be included as part of this project. He

referred to a schematic which showed the location of the buildings.

[5:04:42 PM](#)

Project #45285
AVTEC Maritime Safety Training Facility
\$2,000,000 Gen Funds
\$1,350,000 G/F Match

Mr. Bell explained that it would fund the building of a basic training facility for mariners.

[5:06:05 PM](#)

Project #45246
Alaska Labor Exchange System Enhancement and Gas Pipeline Skills Inventory
\$600,000

Mr. Bell noted that this is an IT project that will upgrade the Alaska Labor Exchange System.

Project #49453
AVTEC Deferred Maintenance
\$1,486,000 ASLC Bonds
\$3,900,000 Gen Fund

Mr. Bell reported that this is a revised project and was originally for remodeling the cafeteria and the 35-year old dormitory. The cafeteria remodel has now been proposed to be included with the building of a new culinary center. It has also been determined that it would cost less to demolish the dormitory and rebuild it than to remodel it. Mr. Bell withdrew the request to remodel the dormitory building and will readdress the project in FY 2010.

Mr. Bell proposed to take the remainder of the deferred maintenance budget and reallocate the funds to other high priority deferred maintenance projects at AVTEC.

Co-Chair Stedman requested a re-prioritized list.

[5:11:25 PM](#)

Project #45287
AVTEC Student Database System

\$400,000 Gen Fund

Mr. Bell explained the request for funds to replace the student database system. It would allow for a web-based system and better student record keeping.

Project #45289

Business Services Management Information System

\$3,700,000 Gen Fund

Mr. Bell reported that the request is an IT project to replace a management information system. The current system is over 10 years old. There would a \$150,000 savings due to this project.

[5:13:20 PM](#)

Project #45221

Labor Standards Certified Payroll System Enhancements

\$160,700 Gen Fund

Mr. Bell explained that the request is for funds in order for the Division to have an enhancement to the existing on-line system that would track public construction projects. It would allow for electronic fee payment and the filing of Notices of Work and Completion.

Project #45284

Vocational Rehabilitation Accounting Interface with AKSAS

#250,000 Gen Fund

Mr. Bell reported that the allocation would provide the ability to transfer client related payments from the Division's system to the state accounting system.

[5:14:55 PM](#)

Project #45288

AVTEC Student Records Archival System

\$100,000 Gen Fund

Mr. Bell said that the funds would be used to acquire electronic imaging equipment and software to store student records on an electronic media source.

Project #AMD41944

Alaska Works Partnership - Fairbanks Pipeline Training

\$3,000,000 Gen Fund
\$3,000,000 Fed Rcpts

Mr. Bell explained that the request was from the Governor's amended budget. The purpose is to complete funding for Fairbanks pipeline training center. He showed pictures of the training center and spoke of prior appropriations. He stressed that the project is a partnership.

[5:17:04 PM](#)

Co-Chair Hoffman noted that there are several labor construction projects all around rural Alaska. He wondered why there was not any assistance from the Department to complete them. He pointed out the high unemployment rates found in rural areas.

[5:17:38 PM](#)

Mr. Bell reported that the Department does provide assistance to rural Alaska. He pointed to AVTEC as an example of a program that draws students from rural Alaska.

Co-Chair Hoffman thought that there should be jobs and projects provided in rural areas where the workers live. Mr. Bell said the Department tries to work closely with regional training centers around Alaska. He offered to provide documentation.

Co-Chair Hoffman emphasized that the topic under discussion was the capital budget. He questioned why the state was not seeking completion of capital projects in rural Alaska. Mr. Bell offered to provide an answer for the committee.

SB 221 was heard and HELD in Committee for further consideration.

ADJOURNMENT

The meeting was adjourned at 5:20.