

SENATE FINANCE COMMITTEE  
March 18, 2008  
9:13 a.m.

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at [9:13:06 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

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

PRESENT VIA TELECONFERENCE

None

SUMMARY

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.

[9:14:01 AM](#)

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."

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained the ten changes in the language sections of the bill. The first change is to intent language, Section 4(b), whose purpose is to encourage agencies to use carry forward before they use general funds. That language was softened after a discussion with Office of Management and Budget and agencies. The language change is now incorporated.

Mr. Teal addressed Section 11(a) as reported by Senator Huggins in the Education subcommittee report. The school performance incentives were revised downward from \$4.8 million to \$2.5 million for FY 09.

Mr. Teal described new Section 12. In the Department of Environmental Conservation budget there was a \$1.5 million appropriation regarding state primacy on the pollution discharge elimination program. That was moved from Section 1, the numbers section, and put into the language section, Section 12, in order to add a contingency saying that the \$1.5 million appropriation was effective only if the state took full authority from the federal government for administering and enforcing the pollution discharge elimination program.

[9:16:11 AM](#)

Mr. Teal explained that in Section 16(b) a duplicated appropriation of \$213,000 was moved to the Department of Natural Resources in a contract with Bureau of Land Management. The amount of \$213,000 remains in the numbers section as part of a three-year contract.

Mr. Teal reported that there is a new Section 16(b), which incorporates an amendment made in the House adding \$523,000 to the pipeline for the petroleum systems integrity office.

Mr. Teal stated that Section 22(u) increased the revenue sharing amount from \$50 million per year to \$60 million per year. Section 22(v) restored a \$45,000 deposit to the bulk fuel revolving loan fund that was omitted in the House.

Mr. Teal reported that the final change was in Section 22(b) where a clause in a sentence relating to a payment of restitution was moved after a discussion with the Department of Law. There was concern about clarity of language.

9:18:25 AM

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, noted several areas of concern by the Administration.

She brought attention to the bargaining unit agreements. The supervisory agreement was forwarded to the Senate Finance Committee the end of February. There is a total of \$17 million requested for the supervisory bargaining unit and \$10.8 million of that is general funds. She noted it would be helpful to have that incorporated into the Senate operating budget.

In addition, there are two bills currently in the legislature to address salary for non-covered employees. Ms. Rehfeld requested consideration of incorporating those funds, the \$18.3 million total, \$13.9 of general funds, contingent upon the passage of the employee bill that is moving through the legislature.

Ms. Rehfeld alerted the committee about receiving an agreement with the Alaska Vocational Technical Center (AVTC) bargaining unit. It involves a very small group of employees at AVTC in Seward at a cost of about \$100,000. She related that a formal amendment would be forthcoming.

9:20:12 AM

Ms. Rehfeld addressed the request for general funds for an energy coordinator for the Alaska Energy Authority, which does not have a general fund appropriation, but rather has contracted with AIDA for this position. The request is for a \$200,000 general fund appropriation which has not yet been incorporated into the budget.

Ms. Rehfeld turned to an item in the Senate CS under the Department of Education and Early Development for \$300,000 for the Student Data System. The system was developed with federal dollars and on-going maintenance would be up to the state to fund. The Department had requested \$610,000. There is currently no funding for this item in the House version of the budget. Ms. Rehfeld requested an increase in the amount to the original request.

[9:21:28 AM](#)

Ms. Rehfeld reported on minor changes to the new branch-wide oil and gas appropriation that the legislature has been working on. She requested consideration of an appropriation for \$6.1 in the Department of Law regarding on-going litigation and \$1 million for oil and gas royalty valuations under the Department of Natural Resources. She recommended three areas in the Department of Labor and Workforce Development to be included in the branch-wide appropriation. She noted that an amendment to that effect would follow.

Ms. Rehfeld brought attention to discussions related to the elimination of funding for staff support for Faith Based Initiatives. She requested consideration for restoration of those funds.

[9:23:17 AM](#)

Ms. Rehfeld turned to a concern in another area under the Department of Health and Social Services - Public Information Office. Outreach to Alaskans about health and safety concerns is a key responsibility of the Department. There is a significant reduction in both versions of the budget for this area. She requested the committee's consideration of this item.

Ms. Rehfeld reported on reductions in the Department of Public Safety. These reductions could potentially put the Department at risk of needing a supplemental in FY 09 in the areas of personal services regarding wildlife management personnel and state troopers. There are also costs related to state trooper vehicles and prisoner transport.

[9:24:31 AM](#)

Ms. Rehfeld addressed the requests in the Department of Transportation and Public Facilities. The commissioners of Labor and Transportation have worked together on an apprenticeship program which is currently not funded in the budget. She requested reconsideration of that program, for costs of sodium chloride for winter road maintenance, and for funding expanded runway maintenance at the Bethel airport.

She concluded that the University of Alaska also has amendments pending.

[9:26:13 AM](#)

Senator Dyson asked if the new negotiation contracts in the Governor's budget were accurate. Ms. Rehfeld reported that there was a place holder for them, but the estimate was

probably a little low for the Supervisory Unit and for the non-covered employees. The other large bargaining unit is PSEA and that information is not available yet. Senator Dyson concluded that the Governor's office did a good job of predicting what the settlements would be. He asked what costs were not covered in the current Senate budget. Ms. Rehfeld thought the budget did not include anything for non-covered employees or for the Supervisory Unit. The non-covered's could be in a fiscal note, but it would be cleaner to incorporate those items into the operating budget.

[9:29:07 AM](#)

Senator Dyson commented that there are problems with wages and benefits not being competitive and with attracting quality employees. He thought there was a plan to rectify those problems. He wondered if the Administration's preference was to fund employee salaries and benefits based on what is now known, and if that is not done, there may be a need for a supplemental budget. Ms. Rehfeld responded that the Administration's preference would be to fund with regard to what is currently known. Those items still in question would have to be dealt with in a supplemental budget next year.

AT-EASE: [9:30:34 AM](#)

RECONVENED: [9:31:01 AM](#)

ADJOURNMENT

The meeting was adjourned at 9:31 AM.