

HOUSE FINANCE COMMITTEE
March 9, 2009
1:50 p.m.

1:50:23 PM

CALL TO ORDER

Co-Chair Hawker called the House Finance Committee meeting to order at 1:50 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas, Jr., Vice-Chair
Representative Allan Austerman
Representative Harry Crawford
Representative Anna Fairclough
Representative Richard Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

None

ALSO PRESENT

David Teal, Director, Legislative Finance Division; Larry Labolle, Staff, Representative Richard Foster; Speaker of the House, Mike Chenault

PRESENT VIA TELECONFERENCE

None

SUMMARY

HB 81 "An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

HB 81 was heard and HELD in Committee for further consideration.

HB 83 "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."

HB 83 was heard and HELD in Committee for further consideration.

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#hb81

#hb83

HOUSE BILL NO. 81

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

HOUSE BILL NO. 83

"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."

Representative Foster introduced former Department of Transportation and Public Facilities Commissioner, Joe Ferguson.

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Co-Chair Hawker related that the amendments to HB 81 and HB 83 are filling in pieces of the bills "left to this moment". He explained that Section 16 of the governor's budget, related to gasline work, had been deferred, but now would be taken up. Co-Chair Hawker reported that he has requested a summary of oil and gas development appropriations from the Office of Budget and Management (OMB) and FY 2010 oil and gas-related budget items from the Legislative Finance Division.

Co-Chair Hawker explained the procedure to be used to address amendments.

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Co-Chair Hawker MOVED to ADOPT Amendment 1:

Part A-Technical Correction (duplicated transaction)

DEPARTMENT:	Health and Social Services
APPROPRIATION:	Behavioral Health
ALLOCATION:	Behavioral Health Grants

DELETE: \$75,000 Mental Health Trust Authority
Authorized Receipts (1092)
DELETE: \$75,000 General Fund/Mental Health (1037)

EXPLANATION: This amendment removes subcommittee transactions that duplicated Governor's transactions. Governor's transactions accomplishing the same purpose will be retained.

Part B-Technical Correction (duplicated transaction)

DEPARTMENT: Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Claims, Permits & Leases

DELETE: One Permanent Full-Time Position (PFT)

Line Item Transfer:
ADD: \$42,100 Contractual

DELETE: \$37,600 Personal Services
\$3,300 Travel
\$1,200 Commodities

EXPLANATION: This amendment reverses one of two similar transactions that duplicated the House Finance Budget Subcommittee's intent.

Part C-Correction (omitted transaction)

DEPARTMENT: Fish and Game
APPROPRIATION: Wildlife Conservation
ALLOCATION: Wildlife Conservation

ADD: \$150,000 Federal Receipts (1002)

DELETE: \$150,000 Fish and Game Fund (1024)

EXPLANATION: This amendment adds a fund source change transaction that was inadvertently omitted from the committee substitute bill.

Part D-Correction (unnecessary wordage)

DEPARTMENT: Commerce, Community and Economic
Development
APPROPRIATION: Alaska Aerospace Development
Corporation
ALLOCATION: Alaska Aerospace Development
Corporation

DELETE: Intent Wordage sec.1, page 6, line 23.

It is the intent of the legislature that the Alaska Aerospace Development Corporation fully pay its portion of the DOA and DCCED cost allocation plans.

EXPLANATION: This amendment removes FY09 intent language that is no longer necessary. AADC complied with the intent in FY09 and intends to do so in the future.

Part E-Correction (position adjustment)

DEPARTMENT: Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Petroleum Systems Integrity Office

ADD: Four Permanent Full-Time Positions (PFT)

EXPLANATION: This amendment restores four PFT positions that were inadvertently deleted during subcommittee close out.

Part F-Correction (overlooked Governor's language)

Amend language section 10 (Department of Commerce, Community, and Economic Development) by adding two new subsections:

f) If the amount necessary to make national forest receipts payments exceeds the amount appropriated in sec. 1 of this Act, the amount necessary is appropriated from federal receipts to the Department of Commerce, Community, and Economic Development, national forest receipts, for the fiscal year ending June 30, 2010.

g) If the amount necessary to make payment in lieu of taxes (PILT) payments exceeds the amount appropriated in sec. 1 of this Act, the amount necessary is appropriated from federal receipts to the Department of Commerce, Community and Economic Development, payment in lieu of taxes (PILT), for the fiscal year ending June 30, 2010.

Explanation: The new sections allow the department to pass federal receipts to eligible recipients and communities without going through the Legislative Budget and Audit review process.

These two subsections were requested by the Governor but were omitted from the Committee Substitute for House Bill 81 (FIN).

Part G-Correction (overlooked Governor's language)

Amend language section 11 (Department of Labor and Workforce Development) by adding a new subsection:

- (d) If the amount of designated program receipts received under AS 43.20.014(a)(3) and deposited in the vocational education account (AS 37.10.200) during the fiscal year ending June 30, 2010 exceeds the amount appropriated in sec. 1 of this Act for purposes described in AS 37.10.200, the additional designated program receipts are appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, for the fiscal year ending June 30, 2010.

Explanation: The language section (d) allows the department to spend any Statutory Designated Program Receipts (SDPR) they receive for vocational education purposes in FY2010.

Part H-Correction (drafting errors)

Amend section 25:

- (c) The sum of \$30,248,000 [30,455,300] is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2010.

- (e) The sum of \$10,275,000 [10,067,700] is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.

- (n) The sum of \$22,917,325 [22,917,300] is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations and fees for the following facilities:

FACILITY	ALLOCATION
(1) Anchorage Jail	\$5,103,900
(2) Goose Creek Correctional Center	
<u>17,813,425</u> [17,813,400]	

Explanation: This amendment will correct the amounts necessary for state debt and other obligations in sec. 25 (c), 25(e), 25(n) of the House CS for CSHB 81(FIN).

Amend section 20(q)

The sum of \$459,200 is appropriated from the permanent fund dividend (PFD) in lieu of dividends to criminals account within the dividend fund (AS 43.23.045(a)) [general fund] to the crime victim compensation fund (AS 18.67.162).

Explanation: Restores language requested by the Governor.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker described the Amendment as Legislative Finance's technical amendment.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that Amendment 1, Parts A and B, are technical corrections of duplications. Part C is a transaction that was left out and is now being restored. Part D is intent language that applies to Alaska Aerospace Development Corporation compliance, which has been corrected. Part E is a position adjustment from the Department of Natural Resources (DNR). Part F is language submitted by the governor regarding federal receipts that should bypass Legislative Budget and Audit (LB&A), which was left out of the draft. Co-Chair Hawker added that his office had also overlooked that language.

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Mr. Teal continued to explain that Part G similarly addresses an amendment by the governor to the Department of Labor (DOL) for designated receipt authority for the newly created Vocational Education account. Part H consists of drafting errors. Sections (c) and (e) correct a bond issue error. Section (n) corrects an error in debt service, and Section (q) restores the language for the Crime Victim Compensation Fund. Co-Chair Hawker commented on the misunderstanding.

Co-Chair Stoltze WITHDREW his OBJECTION to Amendment 1. There being NO OBJECTION, Amendment 1 was adopted.

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Vice-Chair Thomas MOVED to ADOPT Amendment 2:

OFFERED BY: Representatives Thomas and Hawker

Part A—Fund Source Change

DEPARTMENT: Administration
APPROPRIATION: Centralized Administrative Services
ALLOCATION: Personnel

FUND CHANGE: \$472,200 General Fund (1004)
(\$472,200) Interagency Receipts Fund (1007)

APPROPRIATION: Enterprise Technology Services
ALLOCATION: Enterprise Technology Services

FUND CHANGE: \$415,900 General Fund (1004)
(\$415,900) Interagency Receipts Fund (1007)

EXPLANATION: Part A of this amendment pays bargaining unit agreement costs with GF in order to avoid an increase in chargeback rates paid by agencies. This action was requested by the Governor, but denied by subcommittee pending receipt of information pertaining to recovery of non-general funds. The fund source information requested by the subcommittee is part B of this amendment.

Part B—Cost Recovery of Non-general Funds

APPROPRIATION: Centralized Administrative Services
ALLOCATION: Personnel

ADD: \$37,200 Federal Receipts (1002)
\$6,300 Interagency Receipts (1007)
\$1,100 Commercial Fishing Loan Fund (1036)
\$100 Fisheries Enhancement Revolving Loan
Fund (1070)
\$1,200 Alaska Industrial Development & Export
Authority Receipts (1102)
\$1,900 Regulatory Commission of Alaska Receipts
(1141)
\$7,600 Receipt Supported Services (1156)
\$800 Business License & Corporation Filing
Fees and Taxes (1175)
\$2,800 Permanent Fund Dividend Fund (1050)
\$400 Permanent Fund Corporation Receipts
(1105)
\$100 Statutory Designated Program Receipts
(1108)
\$2,500 Workers Safety and Compensation
Administration Account (1157)
\$100 Second Injury Fund Reserve Account
(1031)
\$100 Fishermen's Fund (1032)
\$600 Building Safety Account (1172)
\$1,000 Group Health and Life Benefits Fund
(1017)

\$1,200 Public Employees Retirement Trust Fund
(1029)
 \$500 Teachers Retirement Trust Fund (1034)
 \$900 Alaska Oil & Gas Conservation Commission
Receipts (1162)

DELETE: \$66,400 General Fund (1004)

APPROPRIATION: Enterprise Technology Services
ALLOCATION: Enterprise Technology Services

ADD: \$58,500 Federal Receipts (1002)
 \$4,200 Interagency Receipts (1007)
 \$700 Commercial Fishing Loan Fund (1036)
 \$100 Fisheries Enhancement Revolving Loan
Fund (1070)
 \$800 Alaska Industrial Development & Export
Authority Receipts (1102)
 \$1,200 Regulatory Commission of Alaska
Receipts (1141)
 \$14,600 Receipt Supported Services (1156)
 \$500 Business License & Corporation Filing
Fees and Taxes (1175)
 \$8,400 Permanent Fund Dividend Fund (1050)
 \$200 Permanent Fund Corporation Receipts
(1105)
 \$100 Statutory Designated Program Receipts
(1108)
 \$1,500 Workers Safety and Compensation
Administration Account (1157)
 \$400 Building Safety Account (1172)
 \$1,800 Group Health and Life Benefits Fund
(1017)
 \$2,200 Public Employees Retirement Trust Fund
(1029)
 \$900 Teachers Retirement Trust Fund (1034)
 \$1,100 Alaska Oil & Gas Conservation Commission
Receipts (1162)

DELETE: \$97,200 General Fund (1004)

EXPLANATION: The Department of Administration charges other agencies for personnel and enterprise technology services. In order to minimize FY2010 rate increases, the Governor requested an addition of general funds to DOA. This action causes the general fund to bear the full burden of cost increases. Part B of this amendment replaces general funds with a variety of other funds. These non-general funds (along with the remaining general funds in increments for this purpose) will be distributed to agencies and recovered through rate increases. The impact is to shift \$163,600 of costs from general funds to other funds.

Part C—Add Wordage

APPROPRIATION: Centralized Administrative Services
ALLOCATION: Personnel

ADD: The money appropriated by this appropriation may be distributed to state departments and agencies in order to pay service costs charged by the Department of Administration for centralized personnel services.

APPROPRIATION: Enterprise Technology Services
ALLOCATION: Enterprise Technology Services

ADD: The money appropriated by this appropriation may be distributed to state departments and agencies in order to pay service costs charged by the Department of Administration for enterprise technology services.

EXPLANATION: Part C allows funding appropriated in parts A and B to be distributed to various agencies to offset chargeback rate increases.

Co-Chair Hawker OBJECTED.

Vice-Chair Thomas explained that his subcommittee originally requested to delete \$472,200 in General Funds; however, at the Department of Administration's request and with the shifting of funds, the amendment reflects the revised amount.

Co-Chair Hawker WITHDREW his OBJECTION. There being NO OBJECTION, Amendment 2 was adopted.

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Representative Austerman MOVED to ADOPT Amendment 3:

OFFERED BY: Representatives Austerman and Hawker

DEPARTMENT: Commerce, Community and Economic
Development
APPROPRIATION: Community Assistance & Economic
Development
ALLOCATION: Community and Regional Affairs

ADD: \$1,571,300 General Fund (1004)

EXPLANATION: Governor's 2008 legislation cut business license fees in half, reducing state revenue by about \$3.2 million and leaving insufficient business license revenue to pay for program costs. The Governor requested replacement of \$1,971.3 business license

receipts with GF in Community and Regional Affairs. The subcommittee added 400.0 in business license receipts, which left the program with a 1,571.3 reduction in funding. This amendment restores program funding to the level requested by the Governor.

Co-Chair Hawker OBJECTED.

Representative Austerman reported that the Department of Commerce, Community and Economic Development subcommittee discussed the loss of revenue from business license fees in 2008. He explained that Amendment 3 restores \$1,571,300 in General Fund program funding to the level requested by the Governor.

Co-Chair Hawker noted that the subcommittee added \$400,000 in business license receipts leaving a reduction in funding which was fully restored.

Co-Chair Hawker WITHDREW his OBJECTION to Amendment 3. There being NO OBJECTION, Amendment 3 was adopted.

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Representative Austerman MOVED to ADOPT Amendment 4:

OFFERED BY: Representatives Austerman and Hawker

DEPARTMENT: Commerce, Community and Economic
Development
APPROPRIATION: Alaska Energy Authority
ALLOCATION: Alaska Energy Authority Power Cost
Equalization

DELETE: \$4,000,000 PCE Fund (1089)

EXPLANATION: The Committee Substitute bill bypasses the PCE fund and appropriates money directly to the PCE program. The appropriation of \$4 million from the fund is unnecessary because an open-ended appropriation of GF to the PCE program for FY09 will leave the PCE fund with a zero balance at the end of FY09. Removing this "hollow authorization" will have no programmatic impact; the PCE program is fully funded in FY2010 with an open-ended GF appropriation.

Co-Chair Hawker OBJECTED.

Representative Austerman related that the amendment fully funds Power Cost Equalization (PCE), removes hollow authorization, and appropriates money directly to the PCE program. Co-Chair Hawker added that the item was in the governor's original budget and the funding was uncertain earlier.

Representative Gara recalled that last special session the PCE subsidy was increased to cover communities that charged about \$1 per kwh, rather than the previous amount of about \$.52 per kwh. He understood that the funding was for one year. He suggested that this amendment would fund the older PCE program. Co-Chair Hawker disagreed. He explained that PCE would be funded under the current, higher appropriation structure. Representative Gara summarized the policy call.

Representative Austerman related that there is legislation to remove the sunset date on last year's legislation so that the higher funding continues.

Co-Chair Hawker WITHDREW his OBJECTION. There being NO OBJECTION, Amendment 4 was adopted.

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Vice-Chair Thomas MOVED to ADOPT Amendment 5:

OFFERED BY: Representatives Thomas and Hawker

DEPARTMENT: Department of Commerce, Community & Economic Development

ADD: It is the intent of the legislature that any marketing entities that receive state funding shall not engage in any lobbying efforts of any kind.

EXPLANATION:

It is inappropriate for entities who receive general fund money from the state to engage in lobbying activities.

ADD: It is the intent of the legislature that any marketing entities that receive state funding shall coordinate their efforts when implementing their marketing strategies. This shall include, but is not limited to, fishing, tourism, and agriculture.

EXPLANATION:

It is economical to ask that the entities who receive state funding should work together when marketing Alaska and Alaskan products.

Co-Chair Hawker OBJECTED.

Vice-Chair Thomas explained that the amendment adds intent language that any marketing entities that receive state funding shall not engage in any lobbying efforts of any kind.

Co-Chair Hawker added that it was intent language.

Vice-Chair Thomas explained the second part of Amendment 5. He said it is the intent of the legislature that any marketing entity that receives state funding shall coordinate their efforts when implementing their marketing strategies. He shared a story about in-state fisheries marketing and suggested ways to help Alaskans with marketing.

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Co-Chair Stoltze addressed part one of the amendment and asked how broad it was. He wondered if the amendment targets the Alaska Travel Industry Association (ATIA). Vice-Chair Thomas pointed out that the Alaska Seafood Marketing Institute (ASMI) is already prohibited from running marketing campaigns against any other group in Alaska. He explained his concerns with ATIA's stand on halibut quotas. He pointed out the impact in District 2C and the resulting loss of income and the negative social effects.

Co-Chair Hawker added that the restriction is only on entities that are marketing Alaskan products. Vice-Chair Thomas agreed.

Co-Chair Stoltze commented that the issue has a different dynamic in his area of the state. It is not a clear-cut science vs. politics issue, and the North Pacific Management Council, for example, is filled with its own group of politicians. He thought there were enough avenues available for communication within the tourism industry. He reported that he has a problem with limits to halibut fisheries in the Cook Inlet where there is less tourism.

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Co-Chair Hawker noted that it was intent language and he was in favor of it.

Representative Kelly agreed with Co-Chair Stoltze. He thought the amendment was too broadly worded. He gave an example of a scenario that would prohibit a slide show by various industry groups.

Vice-Chair Thomas thought that marketing entities paid a fee outside of state funding. He did not want to see them take positions which negatively impacted Alaska. He especially took issue with telling the International Pacific Halibut Commission how to manage the fishery. He stated that it has been a negative impact to the 2,000 fishers in his district. He reported that he personally has lost money. He made a point that marketing has taken a negative direction.

Representative Kelly reiterated that the amendment was too broad and anyone in ATIA or ASME would read it incorrectly. He suggested spending more time on the amendment before it is offered.

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Vice-Chair Thomas suggested splitting the motion.

Co-Chair Hawker suggested Amendment 5 be divided into Amendments 5A and 5B.

Co-Chair Hawker WITHDREW his OBJECTION.

Vice-Chair Thomas MOVED to ADOPT Amendment 5B:

OFFERED BY: Representatives Thomas and Hawker

DEPARTMENT: Department of Commerce, Community & Economic Development

ADD: It is the intent of the legislature that any marketing entities that receive state funding shall to the maximum extent practicable coordinate their efforts when implementing their marketing strategies. This shall include, but is not limited to, fishing, tourism, and agriculture.

EXPLANATION:

It is economical to ask that the entities who receive state funding should work together when marketing Alaska and Alaskan products.

Representative Kelly OBJECTED.

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Representative Kelly suggested a friendly amendment; after "shall" add "to the maximum extent practicable".

Co-Chair Stoltze OBJECTED to the Conceptual Amendment to Amendment 5B. He explained that he thought it was unnecessary.

Co-Chair Stoltze WITHDREW his OBJECTION.

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There being NO further OBJECTION, the Conceptual Amendment to Amendment 5B was adopted.

Representative Kelly WITHDREW his OBJECTION. There being NO OBJECTION, Amendment 5B was adopted.

Vice-Chair Thomas WITHDREW Amendment 5A. Co-Chair Hawker agreed that intent language should apply only to state funds.

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Representative Joule MOVED to ADOPT Amendment 6:

OFFERED BY: Representatives Joule and Hawker

DEPARTMENT: Health and Social Services
APPROPRIATION: Juvenile Justice
ALLOCATION: Probation Services

ADD: \$225,000 General Fund (1004)

EXPLANATION: This amendment provides base funding for guard hires for escorts, travel for juveniles who are not Medicaid-eligible, psychiatric evaluations that are not Medicaid-eligible and other various court-ordered costs. The funding applies to youth either in division custody or under court order to receive specified services.

In recent years, the legislature has directed the department to include these costs as supplemental request. This amendment will reduce or eliminate the need for supplemental funding.

CO-CHAIR HAWKER OBJECTED.

Representative Joule explained that the amendment would allow Juvenile Justice to quit coming back to the legislature through the supplemental budget process. The amount requested has been consistent. Co-Chair Hawker agreed. The amendment was identified during the supplemental budget process this year. About five years ago a decision was made regarding the probation services request, which has remained constant since then. He stated that the item belongs in the operating budget.

Co-Chair Hawker WITHDREW his OBJECTION to adopting Amendment 6. There being NO OBJECTION, it was so ordered.

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Representative Joule MOVED to ADOPT Amendment 7:

OFFERED BY: Representatives Joule and Hawker

DEPARTMENT: Health and Social Services
APPROPRIATION: Public Health

ALLOCATION: Chronic Disease Prevention and
 Health Promotion

DELETE: \$923,100 General Fund (1004)

EXPLANATION:

This amendment deletes funding for the establishment of a new childhood obesity prevention program. The program as proposed appears to be an investment in data collection and analysis, with very little funding being used to address the core issues of the problem. As childhood obesity is a concern, further consideration should be given to working together with the Anchorage School District in expanding their very successful model to other school districts.

The very gradual inclusion of school districts into the program is of concern, as is the limited use of these resources to assist the school districts and communities in directly addressing this issue.

Long range cost projects for this program are projected to be over \$16 million.

Co-Chair Hawker OBJECTED for discussion purposes.

Representative Joule commented that he would like to see more emphasis on community coalitions for such programs. He did not want to fund a new program, given today's budget climate.

Co-Chair Hawker agreed with the amendment. He stressed that effort was made to understand the \$15.7 million request long range. He agreed that the issue of obesity prevention was important, but that this program only established a data keeping bureaucracy and did not coordinate with schools and the Department of Education and Early Development.

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Representative Gara thought he needed more information about the subject, although he agreed with the concept. He wondered if the educational portion of the increment could be included. He requested more time to understand the basis for data gathering.

Co-Chair Hawker WITHDREW his OBJECTION.

Representative Gara OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Fairclough, Foster, Joule, Kelly, Austerman,
 Thomas, Hawker, Stoltze

OPPOSED: Gara, Salmon, Crawford

The MOTION PASSED (8-3).

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Co-Chair Hawker MOVED to ADOPT Amendment 8:

OFFERED BY: Representatives Hawker by request of Governor

DEPARTMENT: Law
APPROPRIATION: Criminal Division
ALLOCATION: See below

Law Item 1 Second Judicial Dist Fed Funds 90.0

Law Item 2 Fourth Judicial Dist Fed Funds 285.0

Law Item 3 Criminal Appeals/Special Litigation Federal Funds 271.6

Total Federal Funds \$646.6

EXPLANATION: This amendment moves Governor's requests for lapse extensions from the supplemental bill to the operating bill. In an effort to ensure that all money that will be available for agency expenditure is reviewed in conjunction with regular operating requests, this amendment puts the Department of Law's Federal lapse extensions before the full finance committee for consideration as FY2010 increments. Please see the following pages for details provided by OMB.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained Amendment 8 consists of items that had been in the supplemental/operating budget bill. These are federal funds that have not been expended and which require continuing authorization.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

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Representative Kelly MOVED to ADOPT Amendment 9:

OFFERED BY: Representatives Hawker and Kelly
DEPARTMENT: Department of Natural Resources
APPROPRIATION: Parks and Recreation Management

ALLOCATION: Parks Management

ADD: \$138,500 general fund (fund code 1004)

EXPLANATION:

Since 1997 the State Parks in the Prince William Sound area have been managed by volunteer organizations. Despite their enormous and admirable efforts, these organizations can no longer afford to continue losing money and are giving up on their efforts to manage the State Parks at places like the Worthington Glacier (which receives over 40,000 visits annually). Alaska State Parks has no permanent Parks presence in Valdez or the Prince William Sound. The nearest office is located in Soldotna, and rarely ever does a district ranger visit the entire Prince William Sound or Valdez area.

These parks are beautiful and are heavily used by Alaskan residents and tourists. Unless a Valdez State Park Ranger position is established, at least one state park - Worthington Glacier - is almost certain to be closed this coming summer. Additional parks in the area are likely to also close since volunteer organizations currently operating the parks can not continue to lose money.

The addition of a Park Ranger position in Valdez would vitalize volunteer efforts by allowing the parks to remain open. This new position would oversee maintenance and upkeep of 14 state marine parks in Prince William Sound.

The Valdez Area State Parks Citizens Advisory Board has prioritized this request as their number 1 issue and has expressed the critical nature of the situation to me directly. A survey conducted last summer indicates that visitors spend \$12.2 million annually to enjoy PWS state parks, which results in 103 local jobs.

Here is breakdown of the budget request:

Park Ranger (Range 16A - 12 months)	\$71,200
Vehicles: Ranger (4WD pickup truck) & Fuel ACC/volunteer (surplus truck) & Fuel	\$7,500
Park Maintenance & Janitorial Supplies	\$6,500
Toilet Pumping (Worthington Blueberry Lake)	\$900
Garbage Removal (Worthington Blueberry Lake)	\$5,900
Travel & Per Diem for Park	\$8,000

Maintenance in PWS	
Boat Maintenance, Harbor Slip, Operation	\$4,500
Volunteer Support	\$2,000
Alaska Conservation Corps (4 months)	\$10,000
Office/Shop Rental & Utilities	\$12,000
Road Maintenance: Annual Grading and Snow Removal at Blueberry Lake & Worthington Glacier	\$10,000
<hr/> TOTAL	<hr/> \$138,500

Co-Chair Hawker OBJECTED.

Representative Kelly explained that the amendment was requested by Representative Harris. It would replace a Park Ranger position and park supplies in the Valdez/Prince William Sound area, which is no longer managed by volunteer organizations.

Co-Chair Hawker informed the Committee that the Department of Natural Resources was involved in drafting the amendment. He also reported on a formal notice by the volunteer organizations that they would not be able to keep managing the state parks in the Prince William Sound area. Representative Kelly added that loss of volunteers was an issue.

Co-Chair Hawker REMOVED his OBJECTION to Amendment 9. There being NO OBJECTION, it was so ordered.

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Co-Chair Hawker added three to the list of sponsors to Amendment 10: Gara, Crawford, and Salmon.

Representative Fairclough MOVED to ADOPT Amendment 10:

OFFERED BY: Representatives Fairclough, Stoltze, Hawker, Gara, Crawford, and Salmon

DEPARTMENT: Public Safety
 APPROPRIATION: Council on Domestic Violence and Sexual Assault
 ALLOCATION: Council on Domestic Violence and Sexual Assault

ADD: \$500,000 PFD Criminal Funds (1171)

EXPLANATION: This amendment brings the FY2010 budget for the Council on Domestic Violence closer to the FY2010 Governor's request. The Governor requested an increase of \$1,677.9. The Committee Substitute bill

includes an increase of \$296.0. Due to extraordinarily high PFDs, the amount of available PFD criminal funds is sufficient to fund this amendment.

Co-Chair Hawker OBJECTED.

Representative Fairclough explained that all of her colleagues recognize the issue of domestic violence in Alaska. She thanked the subcommittee chair for increasing the request by \$296,000. It was not as much as the governor had proposed, \$1.6 million. She requested an additional \$500,000 to help private, non-profit programs in all areas of domestic violence.

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Representative Crawford did not object to the amendment, but questioned the funding source. He discussed a bill regarding funds to children of incarcerated felons and wondered what would happen if there was not enough PFD money to fund both programs.

Co-Chair Hawker commented that the base funding and the additional funding for the Council on Domestic Violence and Sexual Assault were from PFD crime funds. There is an extraordinary amount of PFD crime funds available this year due to the one-time increase in the PFD last year. He noted that the issue of sustained funding would return next year. He added that Section 20 (q) of the bill addresses the Crime Victim Compensation Fund in the amount of \$459,200, which Representative Crawford was referring to.

Co-Chair Stoltze questioned what would happen if dividend and revenue funds fall short. Co-Chair Hawker commented on Co-Chair Stoltze's choice to prioritize the sustained general funding commitment into the Law Enforcement Officers increments for Village Public Safety Officers. Co-Chair Stoltze pointed that that came in after \$74 per barrel oil. Co-Chair Hawker echoed Co-Chair Stoltze's concerns. He believed the budget was responsible, but not sustainable.

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Representative Fairclough appealed to the Committee to support Amendment 10. She reported that public testimony showed a need for this funding.

Co-Chair Hawker referred to a document which showed that Alaska has made an increased commitment to the prevention of domestic violence. In FY 04 only \$4.7 million was put into this program. This year, \$4.5 was added to that amount.

Co-Chair Hawker WITHDREW his OBJECTION to Amendment 10. There being NO OBJECTION, it was so ordered.

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Representative Foster MOVED to ADOPT Amendment 11:

OFFERED BY: Representatives Foster and Hawker

DEPARTMENT: Transportation and Public
Facilities

APPROPRIATION: Marine Highway System

ALLOCATION: Marine Vessel Operations

ADD: \$4,617,600 Marine Highway Fund
(1076)

ADD: New subsections to section 20 (fund
capitalization)

(t) The sum of \$5,000,000 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060(a)).

(u) The unexpended and unobligated balance of the appropriation made in sec. 19 (d) (1), ch. 27, SLA 2008 to the Department of Transportation & Public Facilities is reappropriated to the Alaska marine highway system fund (AS 19.65.060(a)). (Effective date June 30, 2009)

EXPLANATION: The addition of \$4.6 million to the FY2010 base budget will allow the AMHS to continue the schedule covering operations through September 2009. However, in combination with subcommittee actions, the additional expenditures authorized by this amendment leave the marine highway fund with a projected year-end FY2010 deficit in excess of \$4 million.

New section (t) eliminates the projected deficit. New section (u) reappropriates available FY09 fuel trigger funding (estimated to be \$9.2 million) to the marine highway fund, allowing the fund to fulfill its role as a stabilizing force.

Language (in section 19 of the committee substitute bill) allowing expenditures of marine highway program receipts in excess of the appropriations made in the operating budget (subject to LB&A Committee review) permits the Department to spend additional marine highway funds through the RPL process.

Co-Chair Stoltze OBJECTED.

LARRY LABOLLE, STAFF, REPRESENTATIVE RICHARD FOSTER, explained that the amendment addresses two unresolved issues that were left out after subcommittee budgets were closed

out. The first appropriation would add \$4.6 million to the Marine Highway Operations. The governor had requested this one-time increment as a part of the base budget, however, an explanation of how the funds would be used was not given. The second part of the amendment deals with capitalizing the Marine Highway Stabilization Fund, now that projections are available.

Mr. LaBolle listed the three sections of the amendment: the first two are the addition of money to the Marine Highway Operations, the third section of the amendment deals with the unexpended and unobligated balance of the appropriation, the fuel trigger funding for \$9.2 million. This combination should make the Marine Highway capable of carrying out their schedule through 2009 and will capitalize the fund to ensure adequate cash flow.

Co-Chair Hawker agreed with the amendment. He appreciated the efforts by the Department of Transportation and Public Facilities. With the adoption of the amendment, the operating request will be fully funding, the bargaining unit included, and lapse money will be spent. Last year's fuel trigger was placed at the peak of oil prices. It appeared that the Marine Highway System would be lapsing \$9.2 million of fuel trigger money. The amendment would provide for continued spending authority and a \$10 million cushion as an operations buffer.

[2:50:44 PM](#)

Mr. LaBolle related that the amendment puts about \$15 million more into the fund, the amount that was vetoed last year by the governor. Co-Chair Hawker summarized the capitalization process last year, whereby the legislature had appropriated a \$25 million increment to the Marine Highway and the governor vetoed \$15 million of that amount.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[2:51:55 PM](#)

Vice-Chair Thomas MOVED to ADOPT Amendment 12:

OFFERED BY: Representatives Thomas and Hawker

DEPARTMENT: Transportation and Public
Facilities

APPROPRIATION: Marine Highway System

ALLOCATION: Marine Vessel Operations

ADD INTENT:

It is the intent of the legislature that money allocated for the Marine Transportation Advisory Board not be spent for any other purpose.

Co-Chair Hawker OBJECTED.

Vice-Chair Thomas explained that the intent of the amendment is that the money allocated for the Marine Transportation Advisory Board not be spent for any other purpose.

Co-Chair Hawker REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

[2:53:17 PM](#)

Representative Fairclough MOVED to ADOPT Amendment 13:

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Systemwide Education and Outreach

TRIN: \$1,253,000 Total and 9 PFT positions
\$922,600 General Fund (1004)
\$320,400 Univ Rcpts (1048)
\$10,000 UA Interagency Rcpts (1174)

APPROPRIATION: University of Alaska
ALLOCATION: Kenai Peninsula College

TROUT: \$1,253,000 Total with 9 PFT positions
\$922,600 General Fund (1004)
\$320,400 Univ Rcpts (1048)
\$10,000 UA Interagency Rcpts (1174)

EXPLANATION: This amendment accepts a pair of transactions proposed in the Governor's budget which transfers the Mining and Petroleum Training Services (MAPTS) from Kenai Peninsula College to Systemwide Education and Outreach.

Co-Chair Hawker OBJECTED.

Representative Fairclough explained that the amendment was necessary due to lack of time to talk to the University about this issue.

Co-Chair Hawker REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

[2:54:09 PM](#)

Representative Fairclough MOVED to ADOPT Amendment 14:

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Small Business Development Center

ADD: \$550,000 General Fund (1004)
DELETE: \$550,000 Business License Receipts (1175)

EXPLANATION: Replaces business license receipts with general funds as requested by the Governor. Governor's legislation cut business license fees in half, leaving insufficient revenue to pay for program costs.

Co-Chair Hawker OBJECTED.

Representative Fairclough explained that the amendment changes the fund source to allow the University more flexibility when using general funds rather than business license receipts.

Co-Chair Hawker WITHDREW his OBJECTION to Amendment 14. There being NO OBJECTION, it was so ordered.

[2:54:57 PM](#)

Representative Fairclough MOVED to ADOPT Amendment 15:

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Anchorage Campus

ADD: \$500,000 General Fund (1004)

EXPLANATION: This amendment funds the operating and maintenance costs necessary to open the new Integrated Sciences Building (ISB) in the fall of 2009. Completion of the 120,000 square foot facility will approximately double the amount of space devoted to science instruction and research programs.

Co-Chair Hawker OBJECTED.

Representative Fairclough explained that there is a concern at the University whether there would be enough funding to open their new Integrated Sciences Building. This money - \$500,000 - would enable that to happen.

Co-Chair Hawker added that he talked with personnel who agreed that \$500,000 was adequate for the request.

Representative Gara cautioned that he would object if money was being taken out of a teaching program.

Co-Chair Hawker REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

[2:57:50 PM](#)

Representative Crawford MOVED to ADOPT Amendment 16:

OFFERED BY: Representative Crawford

DEPARTMENT: Commerce, Community, and Economic
Development

APPROPRIATION: Alaska Energy Authority

ALLOCATION: Statewide Project Development,
Alternative Energy and Efficiency

ADD: \$360,300 General Funds (1004)

Support for Energy Planning- \$150.0

Funding for AEA Executive Director- \$210.3

EXPLANATION: This restores funding recommended in the Governor's Amended budget for senior staff in the AEA office including the executive director.

AEA staff are charged with statewide energy planning, preparing for the governor's transition to a 50% renewable grid by 2025, and reviewing and recommending projects for the Renewable Energy Grant Fund.

The change made by the subcommittee reflects more than a 30% reduction to the governor's requested budget. In the FY09 budget, these functions were funded in part through a fund transfer from the Governor's Executive Operations budget.

Co-Chair Hawker OBJECTED.

Representative Crawford related that the state made a commitment toward renewable energy for \$300 million over five years. The Alaska Energy Authority (AEA) that would administer the funds was not funded adequately to oversee the workload necessary to handle energy planning. The amendment restores funding for AEA.

Co-Chair Hawker thought Representative Crawford's concerns had merit, however, he noted that there were other sources of funding available, such as AIDA. He spoke against the amendment.

[3:00:55 PM](#)

Representative Austerman clarified that the positions were created using CIP money and additional funds should not be requested now.

Representative Gara summarized that the issue is that AEA has the responsibility to deal with the state's renewable energy. He noted that without adequate AEA support, money will be spent in the wrong places, at a waste to the state. Stimulus plans require a statewide plan in which AEA will be involved. He stressed the need to support AEA.

Co-Chair Hawker felt that there were sufficient funds in AEA to fund the position.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Salmon, Crawford
OPPOSED: Joule, Kelly, Thomas, Austerman, Fairclough,
Foster, Hawker, Stoltze

The MOTION FAILED (8-3).

[3:04:43 PM](#)

Representative Crawford WITHDREW Amendment 17.

[3:05:10 PM](#)

Representative Crawford MOVED to ADOPT Amendment 18:

OFFERED BY: Representative Crawford
DEPARTMENT: Fish and Game
APPROPRIATION: Division of Wildlife Conservation
ALLOCATION: Wildlife Conservation

ADD: \$200,100 General Funds (1004)
Wildlife Biologist II \$74.3
(PCN 11-2218; range 16)
F&W Technician 3 (range 11) \$40.8
Travel, signage, small equipment,
trail maintenance, supplies \$85.0

EXPLANATION: Several constituent groups and organizations have concerns about inadequate funding for the management of wildlife refuges in Southcentral Alaska and the problem it is creating. This is an area-wide issue that primarily affects Anchorage, Mat-Su and Kenai.

There are 25 wildlife refuges in Southcentral, covering 2.5 million acres of land. Thirteen of these refuges, with nearly a million acres, are found in the Anchorage, Mat-Su, and Kenai areas alone. The budget

for managing these 25 refuges, which span from Yakutat to Dillingham, is \$15,000. This level of funding has created a number of public safety issues and habitat degradation in those refuges closest to population centers.

People are using the refuges as a place to dump cars, appliances, and trash. There is a substantial amount of illegal target shooting, illegal tree cutting, and in some cases illegal cabins are being built on public lands.

The division has had a vacant Refuge Manager position for the last four years. This is a Palmer-based wildlife biologist PCN. Filling this position and adding a seasonal Fish and Wildlife Technician 3 would help solve the public safety issues outlined above. In addition, increasing the current \$15,000 management budget by \$85,000 to a total of \$100,000 would enable the division to effectively manage this resource and make the refuges safer and more accessible for Southcentral families.

Co-Chair Hawker OBJECTED.

Representative Crawford explained that the amendment was a fairness issue and was needed to fund management of wildlife refuges in Southcentral Alaska. The small amount of money would fund one manager, would coordinate volunteer efforts, and would make a difference in the lives of Southcentral Alaskans.

Co-Chair Hawker admitted not knowing much about the amendment.

[3:07:58 PM](#)

Vice-Chair Thomas observed that the amendment was addressed in the subcommittee and a recommendation made that it be included in the capital budget.

Co-Chair Hawker MAINTAINED his OBJECTION.

Representative Crawford explained that the intent is to support an on-going program.

[3:09:00 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Gara, Salmon, Crawford
OPPOSED: Joule, Kelly, Thomas, Austerman, Fairclough,
Foster, Hawker

Co-Chair Stoltze was absent from the vote.

The MOTION FAILED (3-7).

[3:09:58 PM](#)

Representative Crawford WITHDREW Amendment 19.

Co-Chair Hawker observed that the amendment was brought forward by the minority leader. He pointed out that the funding for Child Care Benefits was increased in the subcommittee to 50 percent of the incremental request.

[3:11:20 PM](#)

Representative Crawford MOVED to ADOPT Amendment 20:

OFFERED BY: Representative Crawford

DEPARTMENT: Department of Labor and Workforce
Development

APPROPRIATION: Workers' Compensation and Safety

ALLOCATION: Wage and Hour Administration

ADD: \$150,000 General Fund \$75.0 (1004)
Workers Safety \$75.0 (1157),

EXPLANATION: This increment is to fund two investigators in the Wage and Hour Agency. The investigators will perform Title 36 and workers' compensation classification fraud investigations. The positions will also assist in child labor, uninsured employer and other necessary wage and hour and workers' compensation investigations.

Co-Chair Hawker OBJECTED.

Representative Crawford shared his personal history with the Iron Workers Union. He explained that the amendment would fund Wage and Hour investigation positions, which were eliminated while vacant. There were approximately five positions eliminated; one was reinstated. He stressed that there is a backlog of work.

Representative Fairclough noted that the request was not supported as a priority by the governor.

[3:14:25 PM](#)

Representative Gara spoke to the governor's priority list. He stressed that commissioners are directed toward specific requests. He stressed the need to evaluate the requests based on public need.

Co-Chair Hawker MAINTAINED his OBJECTION.

Representative Crawford acknowledged that it may not be an administration priority, but asserted that the work is not getting done and more help is needed to address violations.

[3:17:23 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Gara, Salmon, Crawford
OPPOSED: Joule, Thomas, Austerman, Fairclough, Foster,
Hawker

The MOTION FAILED (3-6).

Co-Chair Stoltze and Representative Kelly were absent from the vote.

AT EASE: [3:18:19 PM](#)

RECONVENE: [3:33:52 PM](#)

Representative Crawford MOVED to ADOPT Amendment 21:

OFFERED BY: Representative Crawford

DEPARTMENT: Revenue
APPROPRIATION: Administration and Support
ALLOCATION: Commissioner's Office

ADD: \$119,000 General Fund \$46.4 (1004)
I/A Receipts \$72.6 (1007)

EXPLANATION: This reverses a decrement made by the budget subcommittee, and restores a Special Assistant position in the commissioner's office.

The position in question is an essential liaison between the Department and the legislature for oil and gas issues. He is also a well regarded researcher and aide who helps maximize the efficiency and effectiveness of the commissioner and deputy commissioner in his department.

The 2010 legislative session will face several significant issues and it would benefit the state to have this person continue in his position.

Co-Chair Hawker OBJECTED.

Representative Crawford explained that the amendment restores a Special Assistant position in the Department of Revenue.

Co-Chair Hawker responded that it is an issue of positions, not individuals. He argued that creating special assistant positions are expensive.

[3:37:59 PM](#)

Representative Crawford spoke in support of continuing the position.

A roll call vote was taken on the motion.

IN FAVOR: Salmon, Crawford, Gara
 OPPOSED: Kelly, Thomas, Austerman, Fairclough, Foster, Joule, Hawker, Stoltze

The MOTION FAILED (3-8).

[3:39:28 PM](#)

Representative Crawford MOVED to ADOPT Amendment 22:

OFFERED BY: Representative Crawford

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska

ALLOCATION	ADD	FUNDING SOURCE
Anchorage Campus	\$780,300	\$690,300 Gen Fund (1004)
		\$90,000 Univ Rcpt (1048)
Tanana Valley Campus	\$ 63,200	\$47,200 Gen Fund (1004)
		\$16,000 Univ Rcpt (1048)
Juneau Campus	\$ 67,000	\$56,300 Gen Fund (1004)
		\$10,700 Univ Rcpt (1048)
College of Rural and Community Development	\$ 48,800	\$40,800 Gen Fund (1004)
		\$8,000 Univ Rcpt (1048)
Fairbanks Campus	\$ 112,400	\$87,400 Gen Fund (1004)
		\$25,000 Univ Rcpt (1048)

Totals	\$1,071,700	\$922,000	Gen
		Fund (1004)	
		\$149,700	Univ
		Rcpt (1048)	

EXPLANATION:

This amendment restores Priority Program Enhancement and Growth Increments for Health Academic Programs to the funding level supported by the Governor.

Program requests will support UA's next step in building strong health occupation training programs. UA has accomplished significant results in health instructional programs; however, the state needs and opportunities in this area are monumental and require this as well as future state investments.

Co-Chair Hawker OBJECTED.

Representative Crawford pointed to the crying need for adequate health care positions and university programs to support them. The funding would be spread across the five campus's in the state.

Co-Chair Hawker explained that the subcommittee included half the amount requested by the university, but not the entire amount. He felt that the budget was development occurred during a time of adequate revenue. Now there is a multi-billion dollar shortfall. He stood behind the subcommittee's decision and maintained that there have been no reductions to university services, but rather increases.

Representative Fairclough thought the increases to the university budget totaled about \$2.2 million.

Representative Hawker agreed that it was a continued investment with adjusted increases.

[3:43:40 PM](#)

Representative Gara maintained that this amendment was necessary. The unemployment rate is rising and there are an inadequate number of health care providers. The state should be funding these jobs to help ward off unemployment. He argued that the university should produce jobs that are needed and are good for the economy.

Co-Chair Hawker disagreed that the university is there to produce people to find jobs.

Representative Fairclough reported about the internal reallocation of funds the university has been doing. She referred to page 71 of their red book. There were millions of general funds that were redistributed to a performance

funding pool. The University of Anchorage redistributed \$2.3 million to program priorities. One of the reasons for the subcommittee's decision to make a reduction was because of the university's ability to redistribute funds. She recognized that some programs can't be sustained in this economy. She gave an example of the difficulty of offering new programs and sustaining them.

Co-Chair Hawker appreciated the level of diligence the university subcommittee used to make decisions.

[3:49:15 PM](#)

Representative Crawford urged support for Amendment 22.

Co-Chair Hawker MAINTAINED his OBJECTION to the motion.

A roll call vote was taken on the motion.

IN FAVOR: Salmon, Crawford, Gara

OPPOSED: Thomas, Austerman, Fairclough, Foster, Joule, Kelly, Stoltze, Hawker

The MOTION FAILED (3-8).

[3:51:17 PM](#)

Representative Crawford MOVED to ADOPT Amendment 23:

OFFERED BY: Representative Crawford

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska

ALLOCATION: Tanana Valley Campus

ADD: \$162,900 \$98,600 General Funds (1004)
\$64,300 Univ Rcpt (1048)

EXPLANATION:

Law Enforcement Academy Base Funding

This request provides base funding for the Tanana Valley Campus (TVC) Law Enforcement Academy. The academy conducts basic police training for Interior Alaska, rural municipalities, and employers of security personnel. The training consists of students who are both current recruit employees of a law enforcement academy as well as students who are considering a career in law enforcement. All students in the program will be seeking Alaska Police Standards Certification, which will make them eligible for employment with any of the approximately 21 State Enforcement Agencies, or the 43 municipal police departments within the State of Alaska. In addition to these agencies, many private security companies give enhanced consideration to

hiring a candidate who possesses an Alaska Police Standards Council certificate. Approval of Law Enforcement as a new "occupational endorsement" at UAF is anticipated, recognizing the value to students of completing this academy and securing Alaska Police Standards certification.

Co-Chair Hawker OBJECTED.

Representative Crawford argued in support of the amendment because it provides funding for the Tanana Valley Campus Law Enforcement Academy. All students in the program will be seeking Alaska Police Standards Certification, which will make them eligible for employment with any of the 21 State Enforcement Agencies, or the 43 municipal police departments within the state. He wanted to see Alaskans trained in law enforcement jobs.

Co-Chair Hawker reiterated his stance on the previous amendment.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Salmon
OPPOSED: Thomas, Austerman, Fairclough, Joule, Kelly,
Hawker, Stoltze

Representative Foster was absent from the vote.

The MOTION FAILED (3-7).

[3:53:52 PM](#)

Representative Gara MOVED to ADOPT Amendment 24:

Page 60, following line 16:

Insert a new bill section to read:

"* Sec. 10. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of \$23,027,000 is appropriated from the general fund to the Department of Education and Early Development for distribution as learning opportunity grants to each school district based on adjusted (ADM) as calculated under AS 14.17.410(b)(1) for the fiscal year ending June 30, 2010."

Renumber the following bill sections accordingly.

Page 76, lines 22 - 23:

Delete "20, 22, 25(j), 25(k), 26(e), and 26(f)"
Insert "21, 23, 26(j), 26(k), 27(e), and 27(f)"

Page 76, line 30:

Delete "Sections 26(d) and 28"

Insert "Sections 27(d) and 29"

Page 76, line 31:

Delete "sec. 29"

Insert "sec. 30"

Co-Chair Hawker OBJECTED.

Representative Gara explained that the amendment would fund learning opportunity grants to each school district based on adjusted ADM. It would be an increase in student allocation funding by \$100. He noted that last year a two-year education budget and many reforms were adopted with every school district benefitting. He argued that this year's increase of \$100 to the base student allocation would result in cuts to various districts, especially the larger districts. He said he introduced the bill to begin the discussion about equity in funding student allocations. He stated his intent to withdraw the amendment after the discussion.

Representative Gara emphasized the need for a "hold even" budget for school districts.

Co-Chair Hawker addressed last year's student funding, which was a three-to-five-year commitment. It was not based only on base student allocation, but also on the regional cost differential factor, and special needs student funding. He did not agree that the state was decreasing funding to education. He maintained that the forward funding and new district cost factors, plus intensive needs student funding would adequately fund schools. He shared that the budget reflects the results of the bi-partisan education funding task force.

[4:00:26 PM](#)

Representative Gara spoke to the phase-in of the Institute of Social and Economic Research (ISER) study, which would help rural school districts. He maintained that the majority of schools in the state would have to cut back. He requested more discussion on the issue.

Co-Chair Hawker noted that the special needs factor provides substantial funding to urban schools and is the single greatest increment to the Anchorage School District's budget. He emphasized the need to consider all components of education funding.

Representative Gara added that there was also \$20 million in last year's budget for a fuel subsidy for schools, which will not be in this year's budget.

Representative Gara WITHDREW Amendment 24.

[4:03:06 PM](#)

Representative Gara MOVED to ADOPT Amendment 25:

OFFERED BY: Representative Gara

DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Early Learning Coordination

ADD: \$1,200,000, 1004 Gen Fund, (Increase Head Start Grant program Funding).

EXPLANATION: The amendment is intended to increase the current Head Start Grant Program Funding increment from \$800,000.00 to \$2,000,000. Head Start anticipates with a funding increase to \$2,000,000 they could serve 200 more children. Head Start estimates that 7,727 eligible children do not participate in the program and there is currently a 900-1,000 child waitlist.

Co-Chair Hawker OBJECTED.

Representative Gara called the amendment a stopgap measure. It provides an extra \$1.2 million to early education in Head Start. There is a waiting list of 900 children for the Head Start program. The Head Start program has requested \$2 million to cut the waiting list to 700. The current budget would cut the waiting list by only 80 students. He maintained that the one thing the state can do to promote better education is to think "outside the box" and fund early education.

Co-Chair Hawker noted that the subcommittee for education funded the administration's requests 100 percent. The administration brought forward the \$800,000 increment for Head Start, as well as others.

Representative Fairclough referred to the \$800,000 increment for Head Start and reported that the subcommittee looked at methods of expanding the program. The current cash flow shortage was a factor in making the budget increment. She mentioned that Representative Gara's bill was considered during the development of the bill.

Co-Chair Hawker commented on potential stimulus money for education.

[4:07:02 PM](#)

Representative Gara pointed out that discussions on early education have been productive and positive. He agreed that the question is where the money will come from.

Representative Kelly observed that he was not excited about early education because of the poor job public education was doing. He thought that parents should be parenting three and four year olds, rather than schools.

Co-Chair Hawker agreed that it was also a socio-economic consideration.

Representative Fairclough reported that Commissioner Ledoux explained that the program is not meant to replace parenting. She stressed that the \$2 million budgeted for the pilot program would help parents help their children.

Representative Kelly maintained his position.

[4:10:25 PM](#)

Representative Gara responded to the idea that parents need to be involved. He stated that there were cheaper ways to provide early education than through Head Start. He maintained that early education with the parents-as-teachers model especially works.

Representative Gara WITHDREW Amendment 25.

Representative Kelly talked about the Dolly Parton Imagination Library program. He agreed that there are less expensive ways to provide early education.

[4:12:35 PM](#)

Representative Joule commented on his efforts to keep early education in the department and in the budget. He reminded the Committee that a number of items do not get discussed in committee because they were addressed in subcommittee.

Representative Crawford noted that often parents are not able to provide adequate early education. He spoke in favor of the amendment and any efforts made for early education.

[4:15:21 PM](#)

Representative Gara MOVED to ADOPT New Amendment 26:

OFFERED BY: Representatives Gara and Hawker

DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Office of Children's Services

ADD: \$30,000, general funds, 1004

EXPLANATION: Produce a television and radio Public Service Announcement (PSA), highlighting the need for Alaska foster homes in the state, and urging Alaskans to learn more about becoming a foster parent. The PSA's would air on television and radio via the Alaska Broadcaster's Association's Non-commercial Sustaining Announcement Program (NCSA). Through this "Community Voice" program the PSA's would be placed on 21 television stations and 60 radio stations across the state for approximately a month and a half at two different times during the year. The PSA would also be placed on APRN for four weeks (two weeks at two times during the year) because of its reach into rural Alaska. The \$30,000 includes visual scripting, direction, talent coordination, on location shoot, pre/post production work and dub to stations. The ads would reach approximately 80,000 Alaskans, and the response rate is expected to be about 3%--that's 2,400 people who will seek out more information about becoming foster parents. The Department shall in its discretion, utilize these funds at radio and television outlets that produce the most effective outreach.

Co-Chair Hawker OBJECTED.

Representative Gara spoke of a shortage of foster parents in Alaska. He believed that more people ought to hear about the need for more foster parents. He suggested that producing television and radio advertising would assist in urging Alaskans to learn more about becoming a foster parent.

Co-Chair Hawker added that this is a one-time funding. Old Amendment 26 targeted only rural foster homes.

[4:18:05 PM](#)

Vice-Chair Thomas shared a story about how difficult it is to fill out the foster parent application. Adoption paperwork is additionally cumbersome.

Co-Chair Hawker suggested that the department was aware of that problem.

Co-Chair Hawker WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[4:19:25 PM](#)

Representative Gara MOVED to ADOPT Amendment 27:

OFFERED BY: Representatives Gara and Hawker

DEPARTMENT: Department of Health and Social Services
APPROPRIATION: Behavioral Health, Health Care Services, Office of Children's Services, Senior Disability Services
ALLOCATION: Denali KidCare

ADD: \$25,000 General Funds, 1004.

EXPLANATION: Provide \$25,000 in funding for television and/or radio advertising for Denali KidCare. All of the advertisements would occur in two non-consecutive calendar months.

Co-Chair Hawker OBJECTED.

Representative Gara explained that the amendment would provide \$25,000 for funding for television advertising for Denali KidCare. He spoke of this method as an effective outreach.

Co-Chair Hawker related changes in the federal and State Children's Health Insurance Program (SCHIP) and the merits of public outreach.

[4:21:16 PM](#)

Representative Fairclough offered a friendly amendment to include "and/or radio" after "television" in the explanation. She spoke of a concern about the expense of television.

Representative Kelly said he has a problem with raising Denali KidCare to 200 percent of poverty level. He was not in support of Denali KidCare.

Co-Chair Hawker noted it was for one-time funding.

Co-Chair Hawker WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Representative Gara added that he wished to see the advertisements produced "in house" by the department.

[4:23:55 PM](#)

Co-Chair Hawker noted that Legislative Finance terms one-time increments as "INC. OTI".

Representative Gara MOVED to ADOPT Amendment 28:

OFFERED BY: Representative Gara

DEPARTMENT: Department of Health and Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants

ADD: \$750,000 General Fund/Mental Health (1037)

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for grants to Community Based Substance Abuse Services.

Co-Chair Hawker OBJECTED.

Representative Gara, in referring to both Amendment 28 and Amendment 29, spoke of the administration's \$1.5 million increment for Substance Abuse and Behavioral Health Services. For a number of years there have been cuts in the Substance Abuse programs. Beginning two years ago, some of those funds were added back. Last year he requested an estimate from Legislative Legal regarding the total amount cut, which was estimated at about 50 percent. He pointed out that there were waiting lists for treatment programs. He expected further discussions on treatment programs during the budget process.

Representative Gara WITHDREW Amendment 28.

Co-Chair Hawker commented on whether there really had been reductions or increases in these programs. In this particular component, between FY 07 and FY 10 there has been a 158 percent funding increase for a total of \$39.1 million. Regarding the all Behavior Health Grants, there has been a 150 percent increase to \$75.6 million.

AT-EASE: [4:28:27 PM](#)

RECONVENE: [4:30:42 PM](#)

Co-Chair Hawker thought the conversation on these budget items would continue throughout the budget process.

[4:32:03 PM](#)

Representative Gara WITHDREW Amendment 29.

Representative Gara MOVED to ADOPT Amendment 30:

OFFERED BY: Representative Gara

DEPARTMENT: Department of Public Safety
APPROPRIATION: Council on Domestic Violence and Sexual Assault
ALLOCATIONS: Council on Domestic Violence and Sexual Assault

ADD: \$1,381.9, General Funds, 1004.

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for the Council on Domestic Violence and Sexual Assault.

Co-Chair Hawker OBJECTED.

Representative Gara related that he was trying to determine if the amount passed was adequate to fund the Council on Domestic Violence and Sexual Assault. The amendment would restore the governor's proposed increment.

Co-Chair Hawker pointed out the state of Alaska is last in the category of private benevolency. The state is almost entirely dependent on the state budget to fund such organizations. He stated that he is looking for long-term, sustainable funding for benevolent programs.

Representative Joule added that the funding is for a topic that is difficult to talk about. He suggested continuing to talk about it. He stressed that there is a need to change the behavior of those who commit such acts of violence. He related that he would continue to work on the problem.

Co-Chair Hawker recalled public testimony from Dillingham that addressed domestic violence and the need for a shelter. He agreed that examining the causes and focusing on prevention was important.

Representative Foster asked about the Alaska Women's Lobby statement of support. He questioned the statistics of the handout that said that one in four Alaskan women would be sexually assaulted and two would be raped.

Co-Chair Hawker appreciated Representative Foster's observation.

[4:38:47 PM](#)

Representative Fairclough thought that wasn't the intent of the statement. Representative Foster questioned the validity of the handout and termed it inflammatory.

Co-Chair Hawker commented that it was poorly written. Representative Foster maintained that half of the men in Alaska were not rapists.

Representative Fairclough appreciated the concern of the Committee. She reported that she has tried hard in her work with women's issues not to overstate issues. She related that there are thousands of men who step up to make sure that Alaska women and children are safe. She pointed out

that boys and men are also raped and less likely to report. She added that domestic violence and sexual assault is a cross-cultural problem and it is a disservice to inflate numbers. Words are very important and are meant to highlight a serious problem. Domestic violence and sexual assault are societal issues and many people are passionate about them; however, the right words need to be used.

Representative Gara WITHDREW Amendment 30.

[4:44:11 PM](#)

Representative Gara MOVED to ADOPT Amendment 31:

OFFERED BY: Representative Gara

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATIONS: Anchorage Campus, Fairbanks Campus,
Interior-Aleutians Campus, Juneau
Campus

ADD: \$1,030.0 TOTAL (\$800.0 General Fund, 1004; \$230.0
University Receipts, 1048)

Anchorage Campus: TOTAL \$364.3--\$304.3 General
Funds (1004), \$60.0 University Receipts (1048).

Fairbanks Campus: TOTAL \$365.0--\$225.0 General
Funds (1004), \$140.0 University Receipts (1048).

Interior-Aleutians Campus: TOTAL \$100.7--\$95.7
General Funds (1004), \$5.0 University Receipts
(1048).

Juneau Campus: TOTAL \$200.0--\$175.0 General Funds
(1004), \$25.0 University Receipts (1048).

EXPLANATION: The amendment is intended to restore the
Governor's proposed increment for the University K-12
outreach.

Co-Chair Hawker OBJECTED.

Representative Gara explained that the amendment would
restore the governor's proposed increment for the
university's K-12 outreach. He spoke of the ability of the
university to ready students for life after high school.
The request is for \$1 million. He suggested the Committee
look at the usefulness of the request.

Co-Chair Hawker related that the education and workforce
development budgets were combined under one subcommittee
headed by Representative Fairclough. Representative

Fairclough pointed out that she would have liked to do more, but the job was difficult due to the revenue situation.

[4:48:44 PM](#)

Representative Fairclough reported on her thirty years of support for education in the state. She maintained that due to budget constraints, issues had to be prioritized. She explained that the K-12 Outreach would be a new program and it was evaluated on sustainability. She discussed the role of the university as it relates to curriculum for teachers. It became apparent that the math and science curriculum needed retooling. As requested by the university, an increment for \$600,000 was approved to hire a specialist to examine curriculum in those areas, as well as in the areas of art, technology, and social studies. She requested information from the university about resources for teachers. The subcommittee did provide \$600,000 for outreach to increase students' abilities to perform in college.

Co-Chair Hawker added that the area of workforce and development was being looked at holistically.

[4:53:06 PM](#)

Representative Gara WITHDREW Amendment 31.

[4:53:32 PM](#)

Representative Gara MOVED to ADOPT Amendment 32:

OFFERED BY: Representative Gara

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

ADD: \$2,500,000

FUNDING SOURCE: General Funds 1004

EXPLANATION:
Need Based Grants

To minimize any added administrative burdens, the intent is to administer these funds through existing mechanisms for the university's existing, internally funded, needs-based grant aid program, the UA Grant. This program reserves one percent of tuition revenue for needs-based financial aid awards.

General Fund revenue of \$2.5 million will be added to the University of Alaska's System Reductions and

Additions allocation. This funding will be distributed to campuses in a manner consistent with the UA Grant program for financial aid awards.

Co-Chair Hawker OBJECTED.

Representative Gara recalled previous support for the university's financial aid program, which is the second lowest per capita of any other state. Alaska has the worst rate of attendance for college. One of the reasons students don't go to college or get job training is due to lack of money. Tuition has gone up 10 percent a year over the last four years. The proposed amendment replicates last year's funding. It adds \$2,500,000 for aid to students who cannot afford a college education. That amount is about one-third of what is needed. He reported that if this does not pass there is some money at the university and in the Alaska Commission on Postsecondary Education (ACPE) for low income grants. The amendment is being requested through the university because ACPE has a statutory cap.

Co-Chair Hawker recalled seeing the same amendment last year. He related that it did not make the cut in the university's requests. Until it becomes a key priority, it belongs in the conversation, but not in the budget.

[4:58:54 PM](#)

Representative Joule observed that he wouldn't be supporting the amendment. He argued that just because something is not on the university's priority list is not a valid reason for not supporting the request. The legislature is an independent body.

Representative Kelly mentioned that the students had this item high on their list. He suggested loosening payback requirements that focused on the student applicant. He thought there could be some permanent fund dividend involvement for collateral.

[5:02:04 PM](#)

Representative Gara agreed with Representative Joule. He pointed out that the university has focused on financial aid reform. He questioned the omission in the governor's budget. He called the amendment a stop gap.

Co-Chair Hawker MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Crawford, Gara, Salmon

OPPOSED: Austerman, Fairclough, Foster, Joule, Kelly, Thomas, Hawker, Stoltze

The MOTION FAILED (3-8).

HB 81 and HB 83 were heard and HELD in Committee for further consideration.

#

ADJOURNMENT

The meeting was adjourned at 5:06 PM.