

HOUSE FINANCE COMMITTEE
March 8, 2010
3:14 p.m.

[3:14:36 PM](#)

CALL TO ORDER

Co-Chair Hawker called the House Finance Committee meeting to order at 3:14 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Vice-Chair
Representative Mike Doogan
Representative Anna Fairclough
Representative Neal Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

Representative Allan Austerman

SUMMARY

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 300 was HEARD and HELD in Committee for further consideration.

HB 302 APPROP: MENTAL HEALTH BUDGET

HB 300 was HEARD and HELD in Committee for further consideration.

#hb300

#hb302

HOUSE BILL NO. 300

"An Act making appropriations for the operating and loan program expenses of state government, for certain

programs, and to capitalize funds; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

HOUSE BILL NO. 302

"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."

[3:15:07 PM](#)

Co-Chair Hawker noted that the purpose of the meeting was to process amendments to the operating budget (HB 300 and HB 302) and provided a broad overview of the amendments. He added that the committee would address the gasline funding amendment at a future meeting. He explained that a majority of members present (six votes) would be required to move an amendment from committee.

[3:19:29 PM](#)

Amendment 1

Co-Chair Hawker MOVED to ADOPT Amendment 1:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

Part 1:

DEPARTMENT:	Commerce, Community & Economic Development
APPROPRIATION:	Alaska Seafood Marketing Institute
ALLOCATION:	Alaska Seafood Marketing Institute
ADD:	\$500.0 GF/PR (1005)
DELETE:	\$500.0 RSS (1156)

EXPLANATION: \$500.0 of the Governor's amended request for approximately \$10 million of RSS was not switched from RSS to GF/PR in the House CS as part of the Budget Clarification Project. This amendment corrects this oversight and will not impact ASMI's budget.

Part 2:

DEPARTMENT: Environmental Conservation
APPROPRIATION: Environmental Health
ALLOCATION: Laboratory Services
DELETE: \$100.4 GF (1004)
Plus 1 PFT position
APPROPRIATION: Environmental Health
ALLOCATION: Food Safety & Sanitation
ADD: \$100.4 GF (1004)
Plus 1 PFT position

EXPLANATION: This amendment is a technical correction to the allocation selected for amendment #1 that was offered and accepted at the DEC House Subcommittee closeout. The original increment adds an Environmental Health Technician and related costs in support of the permitting and inspection of new shellfish farms. This increment was placed in the Laboratory Services allocation but DEC wants the increment placed in the Food Safety and Sanitation allocation. Both allocations are within the Environmental Health appropriation in DEC.

Part 3:

DEPARTMENT: Fish and Game
APPROPRIATION: Sport Fisheries
ALLOCATION: Sport Fisheries
ADD: \$450.1 Fish and Game Fund (1024)
DELETE: \$450.1 GF Program Receipts (1005)
ADD: The following new LANGUAGE subsection to Sec. 25:
Fees collected at boating and angling access sites managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement authorized under AS 16.05.050(a)(6), during the fiscal year ending June 30, 2011, estimated to be \$450,100, are appropriated to the fish and game fund (AS 16.05.100).

EXPLANATION: The U.S. Fish and Wildlife Service expressed concern that a portion of the fund changes associated with the budget clarification project provide insufficient tracking of boating access fees. The federal government prefers that boating receipts be deposited into the F&G fund. This amendment aligns

revenue and expenditures with federal requirements (see explanation below).

The U.S. Fish and Wildlife Service requires that all user fees collected on federally acquired or developed facilities must be used for maintenance and operation of those facilities. ADF&G Sport Fisheries division has current and ongoing grants with USFWS which creates a federal nexus to these user fees collected by Department of Natural Resources (DNR).

Under U.S. Fish and Wildlife Service (USFWS) federal grants, all user fees collected on federally acquired or developed facilities must be used for maintenance and operation of those facilities. ADF&G Sport Fisheries division has current and ongoing grants with USFWS which creates a federal nexus to these user fees collected by Department of Natural Resources (DNR).

A cooperative agreement provides the mechanism for transfer of user fees from DNR to ADF&G Fish and Game fund. Federal Office of Inspector General (OIG) auditors have approved this process and the deposit of the fees in the Fish and Game fund as it ensures ADF&G maintains control over the funds and the maintenance and operation of the facilities.

Part 4:

DEPARTMENT:	Natural Resources
APPROPRIATION:	Resource Development
ALLOCATION:	Recorder's Office/Uniform Commercial Code
ADD:	\$4,470.4 GF/PR (1005)
DELETE:	\$4,470.4 RSS (1156)

EXPLANATION: \$4,470.4 of the Governor's request of RSS was not switched from RSS to GF/PR in the House CS as part of the Budget Clarification Project. This amendment corrects this oversight and will not impact the Recorder's Office/Uniform Commercial Code's budget.

Part 5:

DEPARTMENT:	Public Safety
APPROPRIATION:	Alaska State Troopers

ALLOCATION: Narcotics Task Force
DELETE: \$25.2 Stimulus09 (1212)

EXPLANATION: The Governor requested a \$25.2 fund source change from one-time ARRA funding to general funds to cover salary adjustments for existing PSEA bargaining agreements. The basis of the request was that the ARRA fund source was "unrealizable" in this allocation in FY11.

While it may be true that no new ARRA receipts will be available in FY11, carryforward of \$5.4 million ARRA receipts is anticipated. In this situation, the fund change is not necessary because the ARRA fund source will be available in FY11. However, by denying the agency's request, the subcommittee not only denied an increase in GF, but also appropriated new FY11 ARRA funding.

This amendment eliminates new ARRA authorization (which is not expected to be available) in anticipation of using a portion of the allocation's \$5.4 million ARRA carryforward to pay the salary adjustments.

Part 6:

DEPARTMENT: Revenue
APPROPRIATION: Child Support Services Division
ALLOCATION: Child Support Services Division
DELETE: Page, 37, lines 6-9, all material, which reads: The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2010, of the receipts collected under the state's share of child support collections for reimbursement of the cost of the Alaska temporary assistance program as provided under AS 25.27.120.

EXPLANATION: The deleted language permits CSSD to carry-forward receipts from the prior year. Because the CS replaced receipts with General Fund Match, the language is unnecessary.

Part 7:

DEPARTMENT: Revenue
APPROPRIATION: Child Support Services Division

ALLOCATION: Child Support Services Division
ADD: \$297.0 Stimulus09 (1212)
Transaction Type: Inc OTI

EXPLANATION: This amendment authorizes expenditure of \$297,000 of federal FY10 ARRA Stimulus Funds. This funding will be available to the Division in the 1st quarter of state FY11.

Part 8:

DEPARTMENT: Transportation & Public Facilities
APPROPRIATION: Design, Engineering & Construction
ALLOCATION: SE Design and Engineering Services
ADD: \$50.0 General Fund Program Receipts (1005)
DELETE: \$50.0 Receipt Supported Services (1156)

EXPLANATION: This was an omission in the fund source changes that are a part of the Budget Clarification Project.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker detailed that Amendment 1 was a Legislative Finance Services technical amendment with a net zero financial effect. The amendment that would properly classify fund sources.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

[3:20:19 PM](#)

Amendment 2

Co-Chair Hawker MOVED to ADOPT Amendment 2 (26-GH2823\M.10, Bailey, 3/8/10):

Page 65, line 30:
Delete "\$35"
Insert "\$50"

Page 66, line 1, following "section":
Insert ", estimated to be \$13,500,000,"

Page 66, line 5:
Delete "\$35"
Insert "\$50"

Page 66, line 7, following "section":
Insert ", estimated to be \$13,500,000,"

Page 66, line 17, through page 68, line 10:
Delete all material and insert:

"\$90 or more	\$20,000,000
89	19,500,000
88	19,000,000
87	18,500,000
86	18,000,000
85	17,500,000
84	17,000,000
83	16,500,000
82	16,000,000
81	15,500,000
80	15,000,000
79	14,500,000
78	14,000,000
77	13,500,000
76	13,000,000
75	12,500,000
74	12,000,000
73	11,500,000
72	11,000,000
71	10,500,000
70	10,000,000
69	9,500,000
68	9,000,000
67	8,500,000
66	8,000,000
65	7,500,000
64	7,000,000
63	6,500,000
62	6,000,000
61	5,500,000
60	5,000,000
59	4,500,000
58	4,000,000
57	3,500,000
56	3,000,000
55	2,500,000
54	2,000,000
53	1,500,000

52	1,000,000
51	500,000
50	0"

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

Numbers Section

DEPARTMENT: Various—as shown in the table below
ADD: \$17,055.3 UGF (1004) Unrestricted general funds
DELETE: \$15,000.0 UGF (1004) Unrestricted general funds (estimate)

Agency	Amount Added to Base
Department of Administration	22.8
Department of Corrections	2,655.3
Department of Education and Early Development	57.2
Department of Environmental Conservation	37.8
Department of Fish and Game	77.7
Department of Health and Social Services	600.0
Department of Labor and Workforce Development	35.3
Department of Military and Veterans Affairs	327.3
Department of Natural Resources	68.0
Department of Public Safety	273.9
Department of Transportation & Public Facilities	11,250.0
University of Alaska	1,650.0
Total Unrestricted General (UGF)	17,055.3

EXPLANATION: This amendment revises the amounts appropriated under the "fuel trigger" provisions of section 21 by increasing the trigger start point from \$36 to \$51 dollars. This change reduces the projected annual appropriations for high fuel costs by \$15 million annually at any oil price above \$51. The reduction appears in budget reports as a revised estimate of the impact of section 21. The actual impact will depend upon fuel prices during FY11.

The amendment also distributes \$15 million to various agencies to offset the reduction in funding through the trigger mechanism. That \$15 million is distributed to agencies in the same manner and amount as occurred in FY10 under the August 1 trigger mechanism. In

addition, \$2,053,300 is appropriated to the Department of Corrections in order to align available funding for utilities with documented expenditures. The \$17.05 million will be added to agency base budgets.

The intent of the amendment is to shift funding from contingency (trigger) to base in recognition of sustained high oil prices. The amendment reduces the projected trigger appropriations from \$42 million to \$27 million.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 2 would change the fuel trigger. The amendment would take the first \$15 million formally allocated under the fuel trigger when oil was \$30 per barrel and put the amount into the base budget of agencies. The amendment also would lower the amount of the contingent appropriation by the same \$15 million. There would be a net zero impact; however, analysis of the effectiveness of the trigger has identified that the Department of Corrections needed an additional \$2 million to make the fuel trigger work. He noted disagreement about the issue.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 2 was ADOPTED.

[3:22:15 PM](#)

Amendment 3

Co-Chair Hawker MOVED to ADOPT Amendment 3:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

**Transfer In \$2,230.8 to Alaska Court System
Therapeutic Courts**

DEPARTMENT: Alaska Court System
APPROPRIATION: Therapeutic Courts (new appropriation)
ALLOCATION: Therapeutic Courts
TRANSFER IN: General Funds 1004 \$1,356.3
GF/MH 1037 \$ 357.2
Alcohol and Other
Drug Abuse Treatment

& Prevention Fund 1180 \$ 517.3

ADD: Intent: It is the intent of the legislature that contracts to purchase services associated with therapeutic courts be based loosely on the amounts transferred from other agencies into this appropriation. Contractual agreements should be for amounts determined by the Court System to be in the best interest of operating therapeutic courts in an efficient and effective manner.

EXPLANATION: This amendment will consolidate all funding for Therapeutic Courts into a new appropriation in the Alaska Court System. Funds will be transferred from the Departments of Law (\$364.7), Health and Social Services (\$1,663.7), Corrections (\$252.2), and Administration (\$355.0) and the Alaska Court System/Therapeutic Court's component (\$2,018.3) in an effort to enhance coordination and accountability for the Therapeutic Courts programs.

Transfer Out \$364.7

DEPARTMENT: Department of Law
APPROPRIATION: Criminal Division
ALLOCATION: 3rd Judicial District/Anchorage
TRANSFER OUT: \$300.3 General Funds 1004
ADD: \$300.3 I/A Receipts (1007)
ALLOCATION: 4th Judicial District
TRANSFER OUT: \$64.4 GF 1004
ADD: \$64.4 I/A Receipts (1007)

Transfer Out \$1,258.9

DEPARTMENT: Department of Health & Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants
TRANSFER OUT: General Funds 1004 \$ 272.0
GF/MH 1037 \$ 150.0
Alcohol and Other
Drug Abuse Treatment
& Prevention Fund 1180 \$ 450.0
ADD: \$872.0 I/A Receipts (1007)
ALLOCATION: Alcohol & Substance Abuse Programs
TRANSFER OUT: General Funds 1004 \$ 319.6
Alcohol and Other
Drug Abuse Treatment
& Prevention Fund 1180 \$ 67.3

ADD: \$254.7 I/A Receipts (1007)

Transfer Out \$252.2

DEPARTMENT: Department of Corrections

APPROPRIATION: Inmate Health Care

ALLOCATION: Behavioral Health Care

TRANSFER OUT: \$207.2 GF/MH 1037

ADD: \$207.2 I/A Receipts (1007)

APPROPRIATION: Population Management

ALLOCATION: Statewide Probation and Parole

TRANSFER OUT: \$45.0 General Funds 1004

ADD: \$45.0. I/A Receipts (1007)

Transfer Out \$355.0

DEPARTMENT: Department of Administration

APPROPRIATION: Legal & Advocacy Services

ALLOCATION: Public Defender Agency

TRANSFER OUT: \$290.0 General Funds 1004

ADD: \$290.0 I/A Receipts (1007)

ALLOCATION: Therapeutic Courts Support Services

TRANSFER OUT: \$65.0 General Funds (1004)

ADD: \$65.0 I/A Receipts (1007)

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 3 would implement the establishment of therapeutic courts as an Alaska Court System appropriation. Money that has been used for or appropriated for intended use by the therapeutic courts would be taken out of the Departments of Law, Health and Social Services, Corrections, and Administration; money in the agencies would be replaced with receipt authority so that the court system could buy services through reimbursable services agreements (RSAs). The court system would be directed as much as possible to procure the services from the agencies from which the money was secured. He underlined the legislature's commitment to a more centralized management of the therapeutic courts.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 3 was ADOPTED.

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Amendment 4

Co-Chair Hawker MOVED to ADOPT Amendment 4:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

DEPARTMENT: Revenue

APPROPRIATION: Alaska Permanent Fund Corporation

ALLOCATION: APFC Custody and Management Fees

Section 1, Page 38, Line 3:

Convert the APFC Custody and Management Fees allocation into a separate appropriation.

EXPLANATION: This amendment will restrict use of APFC Custody and Management Fees to their sole intended purpose by placing them in a stand-alone appropriation.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker detailed that Amendment 4 would create a separate appropriation within the Department of Revenue budget for the Alaska Permanent Fund that would separate management and custodial fees from the internal operations of the fund corporation. He emphasized that the item had nothing to do with the dividend, but would restrict the management funds.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 4 was ADOPTED.

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Amendment 5

Co-Chair Hawker MOVED to ADOPT Amendment 5:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska

DELETE: INTENT

It is the intent of the legislature that future requests by the University of Alaska for Unrestricted General Funds move toward a long-term goal of 125% of

Actual University Receipts for the most recently closed fiscal year.

ADD: INTENT

It is the intent of the legislature that the University of Alaska's FY12 budget request for unrestricted general funds not exceed 129 percent of actual University Receipts for FY10. It is the intent of the legislature that future requests by the University of Alaska for unrestricted general funds move toward a long-term goal of 125 percent of actual University Receipts for the most recently closed fiscal year.

EXPLANATION: The addition of a specific target for FY12 is intended to clarify and limit the expectations of both the University and the legislature.

The unrestricted general fund (UGF) increment in the CS was based on the ratio of UGF to designated general funds (DGF). DGF includes TVEP funding (state funding for technical and vocational education) in addition to University Receipts. Inclusion of TVEP in future funding ratios would result in the state matching state funds appropriated to the University. If the match ratio used to determine the FY11 appropriation had used a ratio of UGF to University Receipts of 129 percent, the University would have received \$1.5 million less in unrestricted general funds. Applying a 129 percent ratio in FY12 assures movement toward the long-term goal that UGF not exceed 125 percent of University Receipts.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker reported that the university's budget had been considered by the committee as a whole, resulting in a formula for matching university-generated receipts. Amendment 5 would expand intent language related to the ratio not exceeding the current ratio and general fund receipts moving towards 125 percent of actual receipts for the previously closed fiscal year. He noted that the current ratio was 127 percent; the amendment shows 129 percent and incorporates a revision of the calculations of the university receipts. The calculation had previously inappropriately included Technical and Vocational Education Program (TVEP) funding, which is state money that does not belong in the matching formula.

Representative Gara disagreed with the approach. He believed the 129 percent ratio was substantially lower than the 135 percent ratio that has existed over the past five years for the university. He understood the legislature's caution regarding agency growth, but he viewed the university as a major creator of jobs in the state. He would have preferred the historical ratio formula.

Co-Chair Stoltze MAINTAINED his OBJECTION.

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A roll call vote was taken on the motion to adopt Amendment 5.

IN FAVOR: Fairclough, Joule, Kelly, Salmon, Thomas, Stoltze, Hawker
OPPOSED: Doogan, Foster, Gara
Representative Austerman was absent from the vote.

The MOTION PASSED (7/3). Amendment 5 was ADOPTED.

Co-Chair Hawker noted that any committee member who wished to could add their name as a sponsor to any amendment.

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Amendment 6

Co-Chair Hawker MOVED to ADOPT Amendment 6 (26-GH2823\M.9, Bailey, 3/8/10):

Page 79, line 22, through Page 80, line 2:

Delete all material and insert:

"* Sec. 33. CONSTITUTIONAL BUDGET RESERVE FUND. (a) An amount equal to the investment earnings that would otherwise have been earned by the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) on money borrowed from the budget reserve fund to meet general fund expenditures during the fiscal year ending June 30, 2011, is appropriated from the general fund to the budget reserve fund for the fiscal year ending June 30, 2011, for the purpose of compensating the budget reserve fund for lost earnings."

Page 80, line 5, following "fund":

Insert "(art. IX, sec. 17, Constitution of the State of Alaska)"

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 6 would clarify language in statute so that when money from the Constitutional Budget Reserve (CBR) is used to meet short-term cash-flow requirements of the general fund, the loan would be paid back with interest in the amount that the CBR would have made.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 6 was ADOPTED.

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Amendment 7

Co-Chair Hawker MOVED to ADOPT Amendment 7:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan, Gara

DEPARTMENT: Health and Social Services

APPROPRIATION: Behavioral Health

ALLOCATION: AK Fetal Alcohol Syndrome Program

ADD: Intent language at the allocation level

It is the intent of the legislature that AK Fetal Alcohol Syndrome Programs located in Juneau, Kenai, Sitka, and Bethel be expanded.

EXPLANATION: This amendment specifies that an increment approved by the HSS subcommittee is intended to expand services in the four named communities. The transaction title will be modified to reflect the subcommittee's intent.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 7 reflected the intent of the subcommittee and the Department of Health and Social Services in adopting an increment for fetal alcohol syndrome programs specifically in Juneau, Kenai, Sitka, and Bethel. The language had not been included in the subcommittee budget.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 7 was ADOPTED.

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Amendment 8

Co-Chair Hawker MOVED to ADOPT Amendment 8:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

STATEWIDE 10% GENERAL FUND TRAVEL REDUCTION

DEPARTMENT	10% Reduction	Amendment Reduction
Administration	(112.0)	(112.0)
Commerce, Community & Econ Dev	(135.2)	(135.2)
Corrections	(197.4)	(197.4)
Education & Early Dev	(68.4)	(68.4)
Environmental Conservation	(115.9)	(115.9)
Fish and Game	(191.5)	(191.5)
Governor	(107.9)	(107.9)
Health & Social Services	(311.0)	(311.0)
Labor & Workforce Dev	(66.4)	(66.4)
Law	(118.4)	(118.4)
Military & Veterans Affairs	(17.2)	(17.2)
Natural Resources	(192.2)	(192.2)
Public Safety	(509.5)	-
Revenue	(48.1)	(48.1)
Transportation	(422.9)	(422.9)
University of Alaska	(1,496.8)	-
Alaska Court System	(171.9)	(171.9)
Legislature	(387.7)	(387.7)
TOTAL	(4,670.4)	(2,664.1)

Explanation: This amendment reduces travel authorization in allocations with budgeted travel and with general funds. Departments should prioritize travel and use existing technology as appropriate to facilitate meetings. The University and Public Safety are excluded from the reductions. In addition, three fund codes (PFD Criminal Funds, Vehicle Rental Taxes, and VoTech Ed) were excluded because the legislature fully appropriates these funds. Because the budget does not identify line items by fund source, the following method was used to determine the amount of travel that is reduced in each allocation.

Ratio of each general fund code (UGF and DGF) in the House CS to the total FY11 allocation's funding	X	10% of the FY09 actual travel expenditures	=	Amount of the travel reduction
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Please see the Transaction Detail report for the amounts eliminated from each allocation.

Note: Combining this amendment with other House Finance Committee Actions may cause negative line items or fund sources. Should this occur, Legislative Finance will make technical adjustments to the amounts in the travel amendment to correct these errors.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker detailed that Amendment 8 was the result of debate about cutting costs. The 2009 travel budget for state agencies was considered and Legislative Finance calculated the number required to reduce the travel budget by ten percent. Travel is currently a line-item adjustment that does not require permission from the legislature to move around. He viewed the amendment as a general statement of intent for agencies to prioritize and operate more efficiently. He noted that the university and the Department of Public Safety were exempted from the reduction.

Co-Chair Hawker emphasized that the reduction would be calculated only on the general fund component of agency budgets, not on travel funded by federal or other sourced funds. The proposed total reduction would be \$2.6 million.

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Co-Chair Stoltze noted that the legislature's travel budget was cut as well. Co-Chair Hawker detailed that the legislature's travel budget would be reduced by \$387,000.

Representative Gara thought the approach was fair, but believed that employees from the Alaska Court System and the Department of Law often traveled because they had to.

Co-Chair Hawker agreed that the process would spark debate.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 8 was ADOPTED.

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Amendment 9

Co-Chair Hawker pointed out that Amendment 9 was related to Medicaid appropriations. He MOVED to ADOPT Amendment 9:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan, Gara

DEPARTMENT: Health and Social Services

APPROPRIATION: Medicaid Services (**new appropriation**)

ADD: Transfer the following allocations from their existing locations to the newly created Medicaid Services appropriation:

Behavioral Health Medicaid Services

Children's Medicaid Services

Adult Preventative Dental Medicaid Services

Health Care Medicaid Services

Senior and Disabilities Medicaid Services

ADD: Intent language at the appropriation level

It is the intent of the legislature that the Department of Health and Social Services identify and investigate alternatives that could improve internal administrative management and accounting controls over the Medicaid program, including determining the viability of outsourcing those activities. The Department should be prepared to present its findings to the legislature during the 2011 session.

EXPLANATION: Consolidate all Medicaid allocations within the Department of Health and Social Services to the newly created Medicaid Services appropriation.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that the amendment would put all Medicaid services into a single appropriation in the Department of Health and Social Services budget. He provided historical background. The department had requested the change. The 2003 legislature had made the decision to separate the Medicaid components into their functional categories (including Behavioral Health Medicaid Services, Children's Medicaid Services, Adult Preventative Dental Medicaid Services, Health Care Medicaid Services,

and Senior and Disabilities Medicaid Services). He spoke to the evolving process of centralization and decentralization. He noted problems with revenue collections at the department; he believed the single appropriation would aid the agency in establishing needed controls.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 9 was ADOPTED.

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Amendment 10

Co-Chair Hawker MOVED to ADOPT Amendment 10:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan, Gara

DEPARTMENT: Health and Social Services
APPROPRIATION: Medicaid Services (new appropriation)

ALLOCATION: Behavioral Health Medicaid Services
DELETE: \$1,116.2 GF/MH (1037)
DELETE: \$1,628.1 Federal Receipts (1002)
DELETE: \$297.1 Stimulus09 (1212)

ALLOCATION: Health Care Medicaid Services
ADD: \$75.4 GF/Match (1003)
ADD: \$146.5 Federal Receipts (1002)
ADD: \$17.5 Stimulus09 (1212)

ALLOCATION: Senior and Disabilities Medicaid Serv.
DELETE: \$1,616.7 GF/Match (1003)
DELETE: \$2,201.5 Federal Receipts (1002)
DELETE: \$447.5 Stimulus09 (1212)

EXPLANATION: Funding adjustments to Medicaid allocations split the differences between the Governor's Amended Medicaid request and projections of a legislative consultant. The result is a reduction of 2,657.5 in general funds.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 10 was also related to Medicaid and would split the difference between the agency's originally requested budget for the Medicaid

components and the analysis that the consultant Janet Clark had presented. He referred to debate in committee. The department would like more money but acknowledged the problem of excess authority related to federal funds, which had contributed to an environment of less control. Since Medicaid is a formula program, the department will have to ask for more money if it falls short. The intent is to reduce the amount of general funds for the Medicaid program in its totality while allowing the agency to move money to functional areas; \$2.6 million in general funds would be removed.

Representative Gara spoke in support of the amendment. He clarified that the amendment would not cut services to qualified people. The amendment represented the legislature's best estimate of how many people would request services before the end of the next fiscal year. He thought the approach was fair.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 10 was ADOPTED.

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Amendment 11

Co-Chair Hawker MOVED to ADOPT Amendment 11:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

DEPARTMENT: Health and Social Services

APPROPRIATION: Health Care Services

ALLOCATION: Medicaid Services

DELETE: \$4,900.0 General Fund (1004)

EXPLANATION: Prior to the Medicare Part D program implementation, the State paid prescriptions for Medicaid dual-eligibles (enrollees in both Medicaid and Medicare) through Medicaid. With the implementation of Medicare Part D, the state no longer pays for dual eligibles' prescriptions but does help finance them through payments to the federal government. This is commonly referred to as the "Clawback." Payments are based on a per capita cost calculated by the federal government and made on a

monthly basis. The state's portion is determined by the Title XIX FMAP rate.

In October 2008, ARRA provided an increase in the State's FMAP rate; it was initially determined that this higher FMAP rate would not apply to the Medicare Part D Clawback payments. On Feb 18, 2010, HHS announced a change to this decision and will now apply the ARRA FMAPs to the Clawback payments. This change will be retroactive to Oct 1, 2008. The State's overpayments of past monthly Clawback will be refunded in the form of a credit to offset future payments. Alaska's credit from Oct 1, 2008 through Dec 31, 2009 is approximately \$5.1 million. In addition, future payments will be calculated using the ARRA FMAP and there will be savings from what was originally budgeted for Clawback payments. The savings will be approximately \$390,000 per month for the remaining 6 months of SFY 2010 (Jan 1 - June 30, 2010). This is a total of \$7.5 million in savings for SFY 2010 from original calculations.

These savings will continue through Dec 31, 2010 and are anticipated to be further extended through June 30, 2011 at approx. \$414,000 per month for a total SFY2011 savings for \$4.9 million over 12 months. Savings for SFY2010 are higher than those for SFY2011 due to the credit from past payments; in effect 21 months of savings are being realized in SFY2010.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 11 (also related to Medicaid) reflected a change to federal regulation that occurred after the governor's budget was prepared. An adjustment was made to amounts reimbursed to the state under the "Part D" Medicaid prescription drug "Clawback." The state would be receiving an additional federal reimbursement, saving the state from spending \$4.9 million in general funds. He reported that the Office of Management and Budget (OMB) had prepared the amendment.

Co-Chair Stoltze WITHDREW his OBJECTION.

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AT EASE
RECONVENED

There being NO further OBJECTION, Amendment 11 was ADOPTED.

Amendment 12

Co-Chair Hawker MOVED to ADOPT Amendment 12.

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan, Gara

DEPARTMENT: Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Children's Services Management

ADD: \$165.0 General Funds (1004)

ALLOCATION: Front Line Social Workers

ADD: \$955.3 General Funds (1004)

APPROPRIATION: Public Health

ALLOCATION: Women, Children and Family Health

ADD: \$347.8 General Funds (1004)

APPROPRIATION: Departmental Support Services

ALLOCATION: Administrative Support Services

ADD: \$700.0 General Funds (1004)

ALLOCATION: Information Technology Services

ADD: \$487.5 General Funds (1004)

EXPLANATION: Replace unrealizable interagency and federal receipts due to the loss of Medicaid School Based Claims funding. Reductions totaling \$1.5 million in interagency receipts were accepted in the House Finance Subcommittee for the Children's Services Management, Front Line Social Workers, and Women, Children and Health allocations. An increase of \$737.5 of general funds was accepted in the House Finance Subcommittee action for the Information Technology Services allocation. These changes total 2,655.6 of general funds.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker detailed that Amendment 12 represented an item referred by the subcommittee for full committee consideration related to school-based Medicaid program problems. Some of the funds were not available and the Department of Education and Early Development asked for general funds. He listed services affected, including

children's services, front-line social workers, public health, and departmental administrative and support services. He stated that he did not think individual agency components should be punished and that the funds were needed.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 12 was ADOPTED.

[3:51:26 PM](#)

Amendment 13

Co-Chair Hawker MOVED to ADOPT Amendment 13:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

DEPARTMENT: Health and Social Services

APPROPRIATION: Behavioral Health and Children' Services

ALLOCATION: (various, see table below)

ADD: \$412.5 General Fund/Mental Health (1037)

Amount	Fund	Fund #	Title	Appropriation	Allocation
\$100.0	GF/MH	1037	BTKH Tribal/rural system development	Behavioral Health	Behavioral Health Administration
\$25.0	GF/MH	1037	BTKH Transitional Aged Youth	Behavioral Health	Services for Severely Emotionally Disturbed Youth
\$250.0	GF/MH	1037	BTKH Community BH Centers Outpatient & Emergency Residential Svc & Training	Behavioral Health	Services for Severely Emotionally Disturbed Youth
\$37.5	GF/MH	1037	BTKH Foster Parent & Parent Recruitment training & support	Children's Services	Family Preservation

EXPLANATION: The Bring the Kids Home (BTKH) general fund/mental health requests above provide a match to

funding provided by the Mental Health Trust Authority. Without this match the BTKH strategies and goals outlined in the five-year plan will be difficult to achieve and the MHTAAR funding may not be provided.

The tribal/rural system development funding will assist in establishing serious emotional disturbance (SED) children's services in rural areas, improve strategies specific to tribal systems, and improve funding mechanisms (such as Medicaid at 100% FMAP). The funding will support tribes to expand health service delivery as recommended by Senate Bill 61 (Ch 10, SLA 2007) (Medicaid Reform report).

The Transitional Aged Youth project will start up and sustain community-based capacity for transitional aged youth to move into adulthood with age appropriate services ensuring productive work or educational activities. The goal of this increment is to target youth who are vulnerable to moving into adult systems such as adult justice, emergency mental health or substance abuse, early pregnancy or hospital based services.

The Community Behavioral Health Centers Outpatient & Emergency Residential Services and Training program provides innovative programs/training to reduce the need for costly residential level services for youth experiencing serious emotional disturbance. A separate evaluation component is funded by the Trust to demonstrate the cost effectiveness of these outpatient services.

The Foster Parent and Parent Recruitment Training and Support project provides resources to recruit and screen potential foster parents, and provide training and technical assistance for parents and foster parents. Therapeutic Foster Homes are recognized in BTKH planning as an economical and effective alternative to costlier types of residential care for youth experiencing serious emotional disturbance.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 13 would restore half the money not funded in the budget subcommittee for the Bring the Kids Home program. There had been caution

about agency growth, but after listening and consideration, the consensus of the committee was to add back half the funding.

Representative Gara thought there had been a good-faith effort to properly fund the program, but supported the governor's proposed increment. He hoped the Senate would decide to accept the original proposal.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 13 was ADOPTED.

[3:54:38 PM](#)

Amendment 14

Co-Chair Hawker explained that Amendment 14 related to the controversial question of which abortions the state should fund. He emphasized that he would not ask any member to support or not support the amendment and that each person had to search their conscience.

[3:55:54 PM](#)

Representative Kelly MOVED to ADOPT Amendment 14:

OFFERED BY: Representatives Kelly and Stoltze

DEPARTMENT: Health and Social Services

APPROPRIATION: Health Care Services

ALLOCATION: Medicaid Services

DELETE: \$615.9 General Funds (1004)

ADD CONDITIONAL LANGUAGE:

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

EXPLANATION: In the calendar year 2009, 1,875 abortions were performed in Alaska (6.6% increase over 2008). Of these, 1,033 individuals received either

abortions or abortion-related services totaling the estimated expenditure of \$615,900 in general fund dollars. None of these services qualified under the Hyde Amendment for Medicaid reimbursements.

For over a decade, the Department of Health and Social Services has been using general fund dollars to replace Medicaid funds when paying for abortions because the abortions were elective and did not qualify under the Hyde Amendment for Medicaid reimbursement.

The conditional language places on the record the Legislature's objection to the administration using general fund dollars to pay for elective abortions that do not qualify under federal law for reimbursement.

Co-Chair Hawker OBJECTED.

Representative Kelly explained that Amendment 14 would remove general funds amounting to \$615,900, the amount estimated to perform elective abortions or abortion-related services under AS 47.07.030.

Co-Chair Hawker clarified that the funds would be removed from the state's Medicaid program.

Representative Kelly continued that the amendment would record the legislature's objection to the use of general fund Medicaid dollars to pay for elective abortions that are not required by federal law and do not qualify for federal reimbursement.

Co-Chair Hawker pointed to backup materials (copies on file: February 22, 2010 letter from the Department of Health and Social Services, and August 10, 2001 "Important Notice: Payments for Abortion Procedures") validating the numbers in the amendment and explaining why the Department of Health and Social Services provides the abortions under determinations made by the Alaska Court System.

Representative Gara stated that he did not support the amendment, which would legislate which abortions are allowed. He believed the choice was not up to government.

Representative Gara clarified that the amendment would not deny Medicaid funding because of a court ruling that such provisions are unenforceable.

Co-Chair Hawker detailed that the amendment has two components: one would delete funds from the current year Medicaid program and the other consists of conditional intent language protesting the court's stand.

Co-Chair Hawker MAINTAINED his OBJECTION.

A roll call vote was taken on the motion to adopt Amendment 14.

IN FAVOR: Fairclough, Kelly, Thomas, Stoltze
OPPOSED: Doogan, Foster, Gara, Joule, Salmon, Hawker
Representative Austerman was absent from the vote.

The MOTION FAILED (6/4). Amendment 14 was not adopted.

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AT EASE
RECONVENED

Amendment 14a

Co-Chair Hawker MOVED to ADOPT Amendment 14a:

OFFERED BY: Representative Hawker

DEPARTMENT: Health and Social Services

APPROPRIATION: Health Care Services

ALLOCATION: Medicaid Services

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

Representative Gara OBJECTED.

Co-Chair Hawker explained that Amendment 14a would add the exact intent language offered by Amendment 14 without removing the general funding.

Co-Chair Stoltze appreciated the compromise.

Representative Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion to adopt Amendment 14a.

IN FAVOR: Fairclough, Joule, Kelly, Thomas, Stoltze, Hawker
OPPOSED: Foster, Gara, Salmon, Doogan
Representative Austerman was absent from the vote.

The MOTION PASSED (6/4). Amendment 14a was ADOPTED.

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Amendment 15

Co-Chair Hawker MOVED to ADOPT Amendment 15:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

DEPARTMENT: Law
APPROPRIATION: Civil Division
ALLOCATION: BP Corrosion
APPROPRIATION: BP Corrosion
ADD: \$4,000.0 General Fund (1004) Inc OTI

EXPLANATION: The State filed a complaint in Superior Court on March 31, 2009, seeking recovery of lost revenues for 2006-08 due to curtailments of oil production stemming from British Petroleum Alaska (BPXA)'s negligent corrosion practices. The 2006 pipeline spills and shutdowns, and the 2006-08 emergency pipeline replacements caused by the negligent corrosion practices reduced oil production during those years by at least 35 million barrels of oil. The state's lost revenue for the period 2006-08 (based on the royalties and tax revenue lost to the State) is preliminarily estimated at \$900 million to \$1.2 billion. Civil penalties and assessments under the environmental statutes range from \$1.6 million to more than \$7 million depending on whether BPXA's

corrosion practices are found to be grossly negligent. When this complaint was originally evaluated, the State estimated the cost of the case at \$24 million.

FY2011 is a critical year for the litigation. The jury trial is scheduled for September 2011 (FY2012). The bulk of the discovery and post discovery pre-trial work will occur in FY2011 under the Pretrial Order entered by Judge Michalski last August. For the discovery phase, this means offensive and defensive discovery; discovery and dispositive motion practice; third party discovery; numerous depositions; and expert work, expert reports and expert depositions. The post discovery pre-trial phase will include dispositive motion practice, pre-trial evidentiary motions, trial preparation, witness testimony preparation, exhibits, demonstrative exhibits, and designation of deposition testimony.

This is an electronic document intensive case. Pursuant to the original investigative subpoenas, we have received over 2 million pages of electronic documents from BPXA. We are now engaged in document discovery with BPXA and its working interest owners. We have received over 120 discovery requests from BPXA for state documents and we are collecting and reviewing responsive documents. In anticipation of contentious discovery disputes over claims of business confidential information, the parties have agreed to the appointment of a discovery master and a protective order has been put in place. The case also requires a number of experts to address pipeline corrosion, oil field management, oil production mechanisms, reservoir issues, and economic loss calculations.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 15 would restore an item referred to full committee by the subcommittee for \$4 million, the full administrative request for the BP Corrosion lawsuit. He noted that the change from the administration's request would place funding in an appropriation restricted to the BP Corrosion case; the money could not be used elsewhere in the agency. The department would be free to use other money from its budget if needed for the case; it could also request additional funds from the legislature.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 15 was ADOPTED.

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Amendment 16

Co-Chair Hawker MOVED to ADOPT Amendment 16:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan

DEPARTMENT: Law

APPROPRIATION: Civil Division

ALLOCATION: Oil, Gas and Mining

ADD: \$3,000.0 General Funds (1004) Inc OTI

EXPLANATION: In FY2009, the Oil, Gas and Mining section continued to receive funding with one-time increments. In FY2009, the increments were \$5,109.2 for Oil and Gas matters including Pt. Thomson litigation and TAPS tariffs, and for TAPS Strategic Reconfiguration. Although we believe our FY2011 efforts will require a similar amount, our reduced request recognizes we are anticipating an estimated \$1,500.0 available from the appropriation made in Section 1, Chapter 6 SLA 2007. The following pages discuss the larger cases covered by this request.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained that Amendment 16 represented an agency request for block funding requested in prior years for general non-pipeline oil and gas work, specifically related to Pt. Thompson litigation and Trans-Alaska Pipeline System (TAPS) tariffs and reconfiguration. The amount is always an estimate; the agency is asking that the funding be restored at the \$3 million level.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 16 was ADOPTED.

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Amendment 17

Co-Chair Hawker MOVED to ADOPT Amendment 17:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan, Foster, Gara, Salmon

DEPARTMENT: Education and Early Development
APPROPRIATION: K-12 Support
ALLOCATION: Special Schools
ADD: \$180.0 General Fund (1004)

EXPLANATION: This request is needed to provide for additional transportation services for students from Mat-Su to the Alaska School for the Deaf.

According to 4 AAC 33.070, the department is required to operate a centralized school for the deaf. A school district may operate the school for the deaf under an agreement that includes an annual plan of service with the department.

The Anchorage School District has been the school district that operates the Alaska school for the deaf under an agreement for many years. This agreement constitutes a contractual relationship between the State of Alaska, Department of Education and Early Development and the Anchorage School District to provide these services.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker pointed out that \$180,000 had not been approved for transportation for the Alaska School of the Deaf. He stated that Amendment 17 would fund a contractual commitment to the Anchorage School District to provide the services. The school is a state school and the court had determined that the state has an obligation to transport its students.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 17 was ADOPTED.

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Amendment 18

Co-Chair Hawker described Amendment 18 as a comprehensive legislative increment to the governor's proposed initiative to combat domestic violence and sexual assault. He noted that some committee members wanted resources committed more rapidly and others were concerned about building the initiative too quickly. He hoped for consensus.

Co-Chair Hawker highlighted several components of the amendment, including one that would move the coordinator for sexual assault from the Department of Law to the Governor's Office as a special assistant, a \$3 million increment for legislative initiative, and increments replacing reductions that were taken out by the committee. He noted that the Alaska Mental Health Trust has offered to fund half of the executive coordinator position.

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Co-Chair Hawker MOVED to ADOPT Amendment 18:

OFFERED BY: Representatives Hawker, Stoltze, Fairclough, Thomas, Austerman, Joule, Kelly, Doogan, Foster, Gara, Salmon

Domestic Violence and Sexual Assault Prevention Initiative Amendments Summary

Department	Component	Project	Amount
Governor	Executive Office	DVSA Coordinator	\$200.0
Law	Various Components	Replacement of Federal earmark	\$1,807.0
Public Safety	CDVSA	Victims' Services	\$125.0
Public Safety	AST Detachments	DVSA investigations, training and victim exams (3 PCNS)	\$725.0
Office of the Governor	Executive Office	Planning, development and execution	\$3,000.0
		TOTAL	\$5,857.0

DEPARTMENT: Governor
APPROPRIATION: Executive Operations
ALLOCATION: Executive Office

ADD: \$100.0 GF (1004) and 1 PFT
\$100.0 MHTAAR (1092)

EXPLANATION: The State of Alaska struggles to combat appalling levels of sexual assault. According to Crimes in the United States, 2006, the annual FBI compilation of crime statistics, Alaska has a rate of sexual assault of 76 per 100,000. This is over twice the national average. 48% of these sexual assaults are handled by C Detachment, Division of the Alaska State Troopers located in Bethel. In 2005, the number of reported rapes in Bethel (population 6,468) was the same as Anchorage (population 279,243).

The Governor introduced budget proposals for a Domestic Violence/Sexual Assault initiative. Under a 10-year plan, he envisions the State ramping up prevention, victims' services, investigations and prosecutions to significantly reduce the incidence of these crimes.

A central element in the Governor's initiative is a request for a permanent, full-time, policy-level position to coordinate the related activities of multiple state agencies and nonprofits. To this end, the Department of Law requests one PFT and \$200.0 GF funding for this Coordinator position.

DEPARTMENT: Law
APPROPRIATION: Criminal Division
ALLOCATION: Various - See allocations below
ADD: \$1,807.0 GF (1004)

EXPLANATION: Three federal grants that employ approximately 17 FTEs are terminating this calendar year, one on June 30th, another on September 30th and the last December 31st. Twelve of these positions are exclusively devoted to sexual assault or domestic violence and the remainder prosecute primarily sexual assault and domestic violence. The Department is hoping to replace these funds with other yet-to-be-identified federal funds. Pending the identification of another funding source, the Department is requesting a \$1,807.0 fund source switch from Federal funds to General funds. These were originally proposed as fund sources changes; House Finance accepted the federal decrements, leaving an unmet GF need of equal

size. These replacement general funds will allow the department to continue employing attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases.

The \$1,807.0 GF amendment request is comprised of:

- 2nd Judicial: Earmark \$90.0 and Rural Prosecution & Sexual Assault \$90.1.
- 3rd Judicial-Anchorage: Rural Prosecution & Sexual Assault \$335.6.
- 3rd Judicial-Outside Anchorage: Rural Prosecution & Sexual Assault \$454.6.
- 4th Judicial: Earmark \$285.0 and Rural Prosecution & Sexual Assault \$11.1.
- OSPA: Earmark \$271.6 and Rural Prosecution & Sexual Assault \$269.0.

Allocations	GF (1004)
2nd Judicial	180.1
3rd Judicial - Anchorage	335.6
3rd Judicial - Outside Anchorage	454.6
4th Judicial	296.1
Criminal Appeals/Special Prosecution	540.6
	1,807.0
	1,807.0

DEPARTMENT: Public Safety
APPROPRIATION: Council on Domestic Violence and Sexual Assault
ALLOCATION: Council on Domestic Violence and Sexual Assault
ADD: \$125.0 General Fund (1004)

EXPLANATION: This increase will help to ensure ongoing funding of direct victims' services grants, and research and prevention activities in FY2011.

The amount of funding from federal competitive and/or one-time grants projected to be available over the course of state FY2011 is unknown. The Governor's goal is to ensure ongoing funding for this statewide priority of stopping the cycle of domestic violence and funding prevention and adequate victim services.

Although the department and the Council will continue to aggressively seek additional grant funds, this increase in general funds will provide a reliable funding stream for victims' services providers and prevention activities.

DEPARTMENT: Public Safety

APPROPRIATION: Alaska State Troopers

ALLOCATION: Alaska State Trooper Detachments

ADD: \$725.0 General Fund (1004) + 3 PFTs

EXPLANATION: This amendment restores the Governor's request to provide general funds to the Alaska State Troopers for increased domestic violence and sexual assault (DV/SA) related investigations, training, and victim exam costs. This increment is an important part of the Governor's comprehensive initiative to fight the cycle of sexual assault and domestic violence.

Three new State Trooper/Investigator positions in Anchorage (\$500.0) will primarily focus on providing vital follow-up investigative activities specific to sexual assault and sexual abuse of minor cases. The trooper/investigators will coordinate their investigative activities with the responding trooper/officer as well as the prosecutor assigned to the case. Follow-up investigative activities will include locating and interviewing witnesses, investigating "prior bad acts" committed by the offender, determining if there are any additional victims, and conducting numerous other investigative actions recommended by the prosecution. The department anticipates that these follow-up activities will provide a more thorough report, and thus support the overall goal to enhance prosecution and hold offenders accountable.

The department will contract with a trainer (\$75.0) to increase and enhance training to rural Alaska. Training will be provided on DV/SA related issues to Village Public Safety Officers, Village and Tribal Police Officers, and other first responders such as behavioral health aides and village health aides. The goal is to increase understanding and recognition of these crimes and increase skills specific to the discipline in an effort to better enhance services to victims in rural Alaska as well as increase reporting.

Research has shown that there is a 40 percent reduction in the rate of serious injury from assault in communities with VPSO or VPO.

Increased contractual services (\$150.0) will assist local governments with paying the cost of forensic medical sexual assault exams. Funds will be used for emergency circumstances in cases in which, without the financial assistance, the necessary exam would not take place and vital evidence would be lost. Funds may be used to assist with transportation to and from a facility that conducts the initial exam as well as the follow-up exam. Collection of forensic evidence and documentation of injuries are two key components of a forensic exam and both of these increase successful prosecutorial outcomes (convictions). The funds will also allow certain victims access to services that may not be available in their communities.

Page 68, following line 22:

Insert a new subsection to read:

"(e) The sum of \$3,000,000 is appropriated from the general fund to the Office of the Governor for planning, development, and execution of prevention and intervention strategies to reduce the occurrence of domestic violence and sexual assault in the state for the fiscal year ending June 30, 2011. It is the intent of the legislature that this appropriation be used to support planning, victimization studies, initiative evaluation activities, targeted wellness programs, multi-disciplinary rural community pilot projects, batterer intervention programs, evaluation of evidence-based best practices, children's advocacy activities, health and personal safety coordination, public education and marketing, pro bono legal referrals, trauma training for behavioral health providers, and similar activities."

Co-Chair Stoltze OBJECTED.

Representative Fairclough briefed the committee regarding Amendment 18. She reported that there had been meetings with the governor, the attorney general, the commissioners of the Departments of Education and Early Development, Corrections, Public Safety, the Alaska Mental Health Trust Authority, and other agency representatives, including

advocacy groups from Fairbanks, Bethel, Anchorage, Anvik, Juneau, and others. She commended work already done and pointed out the amount of work still needed in order to reduce child abuse, sexual assault, and domestic violence in all Alaskan communities.

Representative Fairclough stated that the \$3 million would place the initiative on the governor and would provide a foundation to come back to the legislature for support to implement the plan. She acknowledged work done by Jeff Jessee [Chief Executive Officer of the Alaska Mental Health Trust Authority]. She referred to backup material. She believed the underlying issue for Alaskans was alcohol and substance abuse. She referenced the Family Wellness Warriors Initiative and emphasized the importance of partnering with tribal organizations, the federal government, and communities.

Representative Fairclough suggested that a pilot program be established to build a strong foundation for the work.

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Co-Chair Hawker acknowledged compromises that had already been made and emphasized that the responsibility would be placed on the executive office.

Representative Kelly spoke in support of the amendment. He pointed out that the list had generated good discussion and noted the importance of employing people as part of solving the problem of violence.

Representative Fairclough spoke to the willingness of the communities of Bethel and Dillingham to host a creative pilot program. She hoped that the governor would recognize the necessity of a jobs initiative in the same communities.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 18 was ADOPTED.

Co-Chair Hawker pointed out that the amendment had the support of all members of the committee.

[4:30:29 PM](#)

Amendment 19

Co-Chair Hawker MOVED to ADOPT Amendment 19:

OFFERED BY: Representatives Hawker, Stoltze, Fairclough, Thomas, Austerman, Joule, Kelly, Doogan, Foster, Gara, Salmon

Part A - Job Training and University of Alaska tuition waivers; foster parent recruitment and notification

DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Children's Services Management
ADD: \$175.0 GF (1004)

ADD: It is the intent of the Legislature that the Office of Children's Services shall effectively use these funds to address the stated foster youth stability and success goals stated below:

EXPLANATION:

\$85,000: Supplement Employment Training Vouchers for youth covered by the Independent Living Program.

\$55,000: Fund an additional 10 University of Alaska Presidential Tuition Waivers beyond the annual 10 waivers funded by the University.

\$35,000: Television ads to recruit foster parents in shortage areas, including ads on highly watched television programs (\$30,000); annual mailing to foster parents on the OCS FosterWear discount clothing plan (\$5,000).

Part B - Mentorship Program

DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Family Preservation
ADD: \$200.0 GF (1004)

ADD: It is the intent of the Legislature that the Office of Children's Services shall effectively use these funds to address the stated foster youth stability and success goals stated below:

EXPLANATION: \$200,000: Competitive grant to non-profit agencies to match volunteer mentors statewide with foster youth and youth coming out of care for ages of 16 ½ through 21. OCS shall identify the youth to be

served, and coordinate with the grantee that recruits, screens and trains the volunteer mentors.

Part C - Homeless Prevention

DEPARTMENT: Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Foster Care Augmented Rate

ADD: \$100.0 GF (1004)

ADD: It is the intent of the Legislature that the Office of Children's Services shall effectively use these funds to address the stated foster youth stability and success goals stated below:

EXPLANATION: \$100,000: Housing assistance for youth facing the prospect of homelessness after receiving the existing short-term rental help currently offered by the Independent Living Program.

Part D - Maintain Current School Enrollment

DEPARTMENT: Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Foster Care Special Need

ADD: \$30.0 GF (1004)

ADD: It is the intent of the Legislature that the Office of Children's Services shall effectively use these funds to address the stated foster youth stability and success goals stated below:

EXPLANATION: \$30,000: These funds shall be used to permit foster youth who move between placements to stay, when in the youth's best interest, in their original school for the remainder of the school term. These funds shall not be used for those "homeless" youth already being provided school stability services under the Federal McKinney-Vento Act.

Part E - Maintain Current School Enrollment

DEPARTMENT: Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Foster Care Special Need (Maintain Current School Enrollment)

DELETE: \$50.0 GF (1004)

IncOTI

ADD: \$50.0 GF (1004)

ADD: It is the intent of the Legislature that the Office of Children's Services shall effectively use these funds to address the stated foster youth stability and success goals stated below:

EXPLANATION: The Health and Social Services House subcommittee approved One-Time funding in the amount of \$50,000 for transportation of foster youth. This amendment would place \$50,000 of general funds in the base budget.

Co-Chair Stoltze OBJECTED.

Representative Gara explained that Amendment 19 would support strong foster care programs. He informed the committee that currently there is \$150,000 in federal funding for job training and related services for youth coming out of foster care, which must be matched by the state at \$85,000. He claimed that each dollar spent prevents later expenditure.

Representative Gara stated that currently the University of Alaska extends ten scholarships each year for youth coming out of the foster care system; \$55,000 could increase the number of college scholarships by ten. Studies show that attending multiple schools creates instability and increases the possibility of failure; there is a nationwide movement to keep foster kids in the same school.

Co-Chair Hawker said that he did not want to leave any group out.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 19 was ADOPTED.

[4:34:30 PM](#)

Amendment 20

Co-Chair Hawker MOVED to ADOPT Amendment 20:

OFFERED BY: Representatives Hawker, Stoltze, Fairclough, Thomas, Austerman, Joule, Kelly, Doogan, Foster, Gara, Salmon

DEPARTMENT: Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Family Preservation
ADD: \$160.5 GF (1004)
ADD: Two Permanent Full-Time Positions

EXPLANATION: The Independent Living Program (ILP) is OCS' effort to assist youth, after they leave care, with work, school, job training, and life skills. After-care outcomes, from homelessness to criminal involvement, and lack of success, are troubling. The ILP, which covers over 350 youth from ages 17-21, cannot possibly work with only four statewide staff. OCS concedes current staff are overwhelmed, and unable to help adequately in individual cases.

Two additional staff would help effectively extend educational, work and life skill guidance to youth coming out of care.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker provided a brief summary of Amendment 20.

Representative Gara detailed that the state has an independent living program for youth coming out of foster care. The purpose of the program is to aid foster youth in the transition towards jobs, school, vocational education, and housing. He underlined that the program is understaffed; there are only four staff positions statewide to serve the 350 youth between ages 17 and 21 who qualify for the program. He pointed out that the Office of Children's Services has acknowledged that it cannot do the job with four staff members. The amendment would add two additional staff. He stressed that the amendment would make the state a better guardian of the youth.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 20 was ADOPTED.

[4:37:03 PM](#)

Amendment 21

Co-Chair Hawker MOVED to ADOPT Amendment 21 (26-GH2823\M.12, Bailey, 3/8/10):

OFFERED BY: Representatives Hawker, Stoltze, Joule, Fairclough, Thomas, Austerman, Kelly, Doogan, Foster, Gara, Salmon

Page 63, following line 7:

Insert a new bill section to read:

"*Sec. 15. DEPARTMENT OF EDUCATION and EARLY DEVELOPMENT. (a) The sum of \$960,000 is appropriated from the general fund to the Department of Education and Early Development, teaching and learning support, student and school achievement allocation, for support of the Alaska Native Science and Engineering Program for the fiscal year ending June 30, 2011.

(b) If the University of Alaska receives federal receipts for the Alaska Native Science and Engineering Program, the appropriation made in (a) of this section is reduced by the amount of federal receipts received by the University of Alaska, but the reduction may not exceed \$225,000."

Renumber the following bill sections accordingly.

Page 80, line 28:

Delete "25, 26, and 28"

Insert "26, 27, and 29"

Renumber the following bill sections accordingly.

Page 81, line 3:

Delete "Sections 34 and 36"

Insert "Sections 35 and 37"

Page 81, line 4:

Delete "sec. 37"

Insert "sec. 38"

EXPLANATION: This amendment provides funding that will allow the department to cooperate with the University of Alaska in funding the Alaska Native Science and Engineering Program (ANSEP) through grants and/or contracts with school districts and the University of Alaska.

Beginning with high school freshmen, structured programs lead students each step of the way through high school, into the undergraduate years, on to graduate school, and into professional life. The

funding in this amendment will provide a pre-college opportunity for students to build a strong foundation preparing them for success in science and engineering. The pre-college component targets high school students to enroll and successfully complete trigonometry, chemistry, and physics, ensuring they are academically ready for the university level engineering and science coursework.

This funding will match federal and private funding and will provide programmatic support for this nationally recognized model for excellence in science and engineering education. Because the amount of federal funding is unknown, the amendment includes language that reduces general funds by up to \$225,000 if the University receives federal grants for ANSEP.

Co-Chair Stoltze OBJECTED.

Representative Joule spoke in strong support of Amendment 21. He reviewed the history of the Alaska Native Science and Engineering Program (ANSEP). The program began in 1995 with one student at the University of Alaska; 149 Alaska Natives have graduated through the program with a Bachelor's degree in science; and currently, 250 students are enrolled in the program. He believed the program has been successful because it is non-traditional. The effort reaches into middle and high schools and works with students and districts to build confidence and master the disciplines of math and science. The Department of Education and Early Development has cooperated with the university to create a model program that has been adopted by several other states. Native people are prepared for good jobs. The program has been supported financially by private industry and Native corporations; the amendment would allow the state to participate in the effort.

Co-Chair Hawker asked whether the program served only Alaska Natives. Representative Joule replied that there are non-Natives in the program.

Co-Chair Stoltze stated his enthusiastic support for the amendment and listed groups that also supported it.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 21 was ADOPTED.

[4:41:44 PM](#)

Amendment 22

Co-Chair Hawker MOVED to ADOPT Amendment 22:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan, Foster, Gara, Salmon

DEPARTMENT: Department of Commerce, Community and Economic Development

APPROPRIATION: Community Assistance and Economic Development

ALLOCATION: Community and Regional Affairs

ADD: \$700.0 GF

EXPLANATION: This funding would support an operating grant to Ilisagvik College for work force development programs. These programs include a satellite vocational technical instructor, driver's education and CDL instructor, marine licensing, regulatory mandated trainings for vocational occupations, and a workforce development training manager. Ilisagvik College is the only two year college in Northern region and it has a proven track record of providing training and college prep for students across the state.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker explained Amendment 22 as part two of an education commitment to Ilisagvik College.

Representative Joule detailed that Ilisagvik College is an accredited institution (academic as well as vocational and technological) in Barrow. The institution is a public non-profit primarily funded by the North Slope Borough. The amendment would involve the state as well, beginning with a \$700,000 match for federal funds that are coming in.

Co-Chair Hawker emphasized that the amendment was about jobs for kids.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 22 was ADOPTED.

[4:43:55 PM](#)

Amendment 23

Co-Chair Hawker MOVED to ADOPT Amendment 23:

OFFERED BY: Representatives Hawker, Stoltze,
Thomas, Austerman, Fairclough, Joule, Kelly, Doogan,
Foster, Gara, Salmon

DEPARTMENT: Education and Early Development

APPROPRIATION: Teaching and Learning Support

ALLOCATION: Early Learning Coordination

ADD: \$600.0 GF 1004

INTENT: It is the intent of the Legislature that this funding be granted by the Department in the manner the Department determines will most effectively enhance pre-kindergarten educational development to: Best Beginnings for its early education, partnership grant and Imagination Library efforts; and/or to existing providers of Parents as Teachers pre-kindergarten efforts.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker detailed that Amendment 23 would provide additional support to the Department of Education and Early Development for pre-kindergarten programs such as Best Beginnings, the Imagination Library, and Parents as Teachers. He referred to earlier testimony regarding the programs.

Representative Gara pointed to a state pilot program on early education; for the present he thought current early education programs should be supported. He believed the Parents and Teachers and Best Beginnings programs were working well. He believed the department would determine how to use the funds most effectively.

Representative Kelly noted past criticisms of early education and government involvement. He spoke in support of Best Beginnings because it involves members of the private sector cooperating with one another. He commended Sue Hull [Best Beginnings Early Learning Council member].

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 23 was ADOPTED.

[4:47:29 PM](#)

AT EASE

[5:00:39 PM](#)

RECONVENED

Amendment 24

Representative Joule MOVED to ADOPT Amendment 24:

OFFERED BY: Representatives Joule, Hawker, Doogan, Gara

DEPARTMENT: Department of Commerce, Community and Economic Development

APPROPRIATION: Corporation, Businesses, and Professional License

ALLOCATION: Corporation, Businesses, and Professional License

ADD: \$63.0 RSS (1156) Inc OTI

EXPLANATION: The funding would be used to hire an additional investigator for the Big Game Commercial Services Board to ensure compliance with transporter license requirements. Over the last several years there has been increasing user conflict in game units and the Big Game Commercial Services Board needs an additional investigator to begin to work on the growing problem. The investigator would focus primarily on transporter issues in areas of the state having the greatest concerns and would compile a report to the Legislature to be presented in 2011. Enforcement measures will include inspecting transporter licenses and conducting inspections at places of business and in the field.

Representative Kelly OBJECTED.

Representative Joule explained that Amendment 24 would add \$63,000 to fund an investigator position (and investigator travel) for the Big Game Commercial Services Board. The investigator would collect data to ensure compliance with transporter license requirements. He noted that there currently was no data. A report would be generated and delivered to the legislature. He added that the funding was one-time only.

Representative Joule detailed that the investigator would travel to "hot spots" to inspect licenses, websites, advertisements, and places of business to check compliance related particularly to the proper use of the incidental clause. The incidental clause (found in the transporter definition) excludes some air taxis and air carriers from the license requirements.

Representative Joule pointed out that in 2008, there were 118 trips made by four transporters. The board estimates that each transporter took two to seven clients per trip, amounting to a total of between 236 and 826 clients. He emphasized that the intent is not to stop transporters but to get an idea of the numbers and to ascertain whether game is being used and reported accurately.

[5:05:22 PM](#)

Representative Kelly spoke in opposition to the amendment. He stated that the subcommittee for the Department of Natural Resources held a hearing and received much input from both sides of the issue. He noted that the guide areas are in the process of being divided into areas with assigned guides; currently the areas are open. The department has slowed the process down and agreed to wait for implementation. He voiced concerns regarding policy that could result in increased oversight and control. He was unsure what the position would do when people are already operating under rules in place. He did not think the amendment was the right approach.

Co-Chair Hawker asked whether the position funded was temporary and part-time (not benefited) and whether the funding was one-time only. He noted that Karen Rehfeld [Director of the Office of Management and Budget] nodded in the affirmative.

Representative Kelly reiterated concerns about temporary positions that seem to become permanent.

Representative Joule argued that policy could not be made until the full extent of the issue was known. He described personal experience and pointed out that one of the biggest problems was litter. He believed the funded position would help set policy.

Co-Chair Hawker acknowledged the controversial nature of the issue.

[5:10:54 PM](#)

A roll call vote was taken on the motion to adopt Amendment 24.

IN FAVOR: Foster, Gara, Joule, Salmon, Thomas, Doogan, Fairclough, Hawker

OPPOSED: Kelly, Stoltze

Representative Austerman was absent from the vote.

The MOTION PASSED (8/2). Amendment 24 was ADOPTED.

Co-Chair Stoltze stated that his opposition to the amendment was in line with past opposition to similar issues.

[5:12:32 PM](#)

Amendment 25

Representative Gara MOVED to ADOPT Amendment 25:

OFFERED BY: Representatives Gara and Doogan

DEPARTMENT: Office of the Governor

APPROPRIATION: Executive Operations

ALLOCATION: Executive Office

ADD: Intent Language

It is the intent of the Legislature that the Governor require Executive Agencies, and that the University President require senior staff to enhance their efforts where possible to find efficiencies in the way departments can achieve their program goals. In certain circumstances, the state will be best served by seeking high level agency management staff who may not have a background in an agency's core subject area, but have a background that will help the agency operate more effectively and efficiently in achieving its statutory and constitutional goals.

To this end, the Legislature intends that, where effective, agencies be directed to consider hiring senior management staff that have management or

workforce efficiency skills that can help them identify areas of waste or inefficient operations, and help recommend internal corrective actions that will save the public resources.

This statement is not intended to express displeasure with any particular state management staff. It is intended to help the state and University to achieve their mandates in the most efficient manner in the future as the state faces the potential of increasing fixed costs and declining revenues.

Co-Chair Hawker OBJECTED.

Representative Gara stated that Amendment 25 would encourage hiring of personnel with management experience in order to increase efficiency. He referenced committee agreement regarding saving money. He believed management personnel would better serve the state if they had management experience and could run offices more efficiently.

Representative Gara WITHDREW Amendment 25.

Co-Chair Hawker agreed that competent and experienced people should be hired but concluded that the language of the amendment was more philosophical than appropriate for a budget bill.

Representative Kelly complimented other people on the Best Beginnings program.

[5:17:07 PM](#)

Amendment 26

Representative Gara MOVED to ADOPT Amendment 26:

OFFERED BY: Representatives Gara, Doogan

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska

ALLOCATION: Budget Reductions/Additions—Systemwide

ADD: Priority Program Enhancement and Growth—\$5,462.3 GF (1004), \$1,988.4 Univ Rcpts (1048), \$446.3 Federal Rcpts (1002), \$380.0 I/A Rcpts (1007)

- Energy—\$475.0 GF (1004)

- Science, Technology, Engineering & Math (STEM)—Total \$983.7; \$707.6 GF (1004), \$243.7 Univ Rcpts (1048), \$32.5 Federal Rcpts (1002),
- Climate—Total \$1,508.0; \$594.5 GF (1004), \$476.0 Univ Rcpts (1048), \$275.0 Federal Rcpts (1002), \$162.5 I/A Rcpts (1007)
- High Demand Jobs—Total \$4,032.8; \$2,616.5 GF (1004), \$1,065.1 Univ Rcpts (1048), \$138.8 Federal Rcpts (1002), \$217.5 I/A Rcpts (1007)
- Student Success Initiatives—Total \$1,272.3; \$1,068.7 GF (1004), \$203.6 Univ Rcpts (1048)

EXPLANATION: The intent of this amendment is to provide additional funding for the University of Alaska's Priority Programs. University of Alaska's goal is to graduate an additional 640 students in high demand jobs by FY '15. This increment would provide resources to continue toward that goal by allowing UA to graduate an additional 170 students annually and increase retention of 100 students annually.

Co-Chair Hawker OBJECTED.

Representative Gara argued that Amendment 26 would fund something not otherwise funded in the budget. He explained that the university had an increment for \$11 million to move ahead with priority programs that it wants to grow, including coursework in the fields of healthcare, engineering, math, science, teaching, and climate change (where federal funds can be leveraged). He emphasized that Alaska is "ground zero" on climate change and should be the first place receiving funding to study the issue. The amendment would give roughly half of the original increment to the university. He believed the university effectively created jobs. He was concerned that healthcare and teaching jobs would be filled by people from outside Alaska if people were not trained.

Co-Chair Hawker pointed to the committee-as-a-whole meeting regarding the university and concurrence about "cherry-picking" funding. He believed the committee supported the university to prioritize needs and to live within its means. He expressed concerns about future funding ability. He noted funding to school districts as a model.

[5:22:35 PM](#)

Representative Fairclough stated that she did not support the amendment. She agreed that the committee-as-a-whole had discussed a formulaic approach for the university. She stated for the record that the university's budget had been increased by \$17 million. The university had been asked to prioritize spending.

Co-Chair Hawker MAINTAINED his OBJECTION.

Representative Gara maintained that the budget would be a status quo budget and that the university would not be able to enhance its high-demand programs without an additional increment.

A roll call vote was taken on the motion to adopt Amendment 26.

IN FAVOR: Gara, Salmon, Foster

OPPOSED: Joule, Kelly, Thomas, Doogan, Fairclough, Stoltze, Hawker

Representative Austerman was absent from the vote.

The MOTION FAILED (7/3). Amendment 26 was not adopted.

[5:25:53 PM](#)

Amendment 27

Representative Gara MOVED to ADOPT Amendment 27:

OFFERED BY: Representatives Gara, Doogan

DEPARTMENT: Health and Social Services

APPROPRIATION: Behavioral Health

ALLOCATION: Behavioral Health Grants

ADD: MH Trust:

ABADA-Grants for community based
substance abuse services, 1037
GF/MH, \$2,000.0

EXPLANATION: The amendment is intended to increase funding for Behavioral Health Grants. The increment is to be distributed to existing grantees to in a manner to most efficiently decrease waitlists for alcohol and substance abuse treatment.

Co-Chair Hawker OBJECTED.

Representative Gara informed the committee that Amendment 27 would address the shortage of alcohol and substance abuse treatment services in Alaska. He pointed to the length of waiting lists. He provided the example of a mother whose children were taken from her. She was on a waiting list for a year, during which time the state paid for foster care for her children (\$30 per day per child). She was successful at recovery and able to get her children back, but the year she spent on the waiting list cost the state significantly. He believed it would be more efficient to put money into treatment. He pointed to positive steps that had already been taken and urged more action, especially for people who were willing to get treatment.

[5:29:06 PM](#)

Co-Chair Hawker spoke in opposition to the amendment and stated concern about spending money without a long-term strategy. He agreed that substance abuse was a core issue and a root cause of domestic violence and sexual assault. He believed the initiative for domestic violence and sexual assault would include funds for enhancement of a better-managed process.

Representative Gara acknowledged work done by Representative Fairclough.

Co-Chair Hawker MAINTAINED his OBJECTION.

[5:31:29 PM](#)

A roll call vote was taken on the motion to adopt Amendment 27.

IN FAVOR: Salmon, Foster, Gara

OPPOSED: Joule, Kelly, Thomas, Doogan, Fairclough, Stoltze, Hawker

Representative Austerman was absent from the vote.

The MOTION FAILED (7/3). Amendment 27 was not adopted.

[5:32:24 PM](#)

Amendment 28

Co-Chair Hawker MOVED to ADOPT Amendment 28:

OFFERED BY: Representatives Hawker, Stoltze, Thomas, Austerman, Fairclough, Joule, Kelly, Doogan, Foster, Gara, Salmon

DEPARTMENT: Commerce Community & Economic Development

APPROPRIATION: Serve Alaska

ALLOCATION: Serve Alaska

ADD: \$125.0 General Fund Match, 1003

ADD: \$125.0 Federal Fund, 1002

EXPLANATION: This amount will increase Serve Alaska's operating budget enough to hire one new staffer. Increased staff capacity will allow the agency to access 1:1 federal funding available for administrative services. Increased capacity also gives Serve Alaska the opportunity to access up to \$1.4 million in new funds.

In 2005, the Corporation for National Community Service conducted a performance review of all its agencies, of which Serve Alaska is one. At that time, Serve Alaska provided services and funding for 3 grantees and 5 programs and the review found the agency was at maximum administrative capacity. Now, Serve Alaska provides services and funding for 5 grantees and 12 programs. New federal funds are available for Serve Alaska, should the agency create administrative capacity to manage the funds.

Co-Chair Stoltze OBJECTED.

Co-Chair Hawker noted that Amendment 28 would provide additional funding for the Serve Alaska program.

Representative Foster detailed that since 2005, Serve Alaska had leveraged over \$13 million to the state in federal grants. He pointed out that the state has provided less than \$500,000 in funding, or less than 10 percent of the total. Since 2001, Serve Alaska staff has not increased. The state's matching obligation has never been fully met. Since 2007, existing staff has more than doubled the number of programs administered; staff capacity is currently at a maximum. The amendment would be for administrative services and monitoring sub-grantees for

fiscal and program compliance, and expenses for commission meetings and training. The administrative services federal grant requires a one-to-one state match; with the grant the state could potentially access another \$1.4 million in federal funds due to the increase in administrative capacity. He stressed that without an additional staff person, the state would not be able to access additional federal funds.

Co-Chair Hawker clarified that the amendment is for administrative capacity to bring additional volunteers to the state. Representative Foster agreed.

Vice-Chair Thomas commented in support of the amendment.

Co-Chair Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 28 was ADOPTED.

[5:35:14 PM](#)

Amendment 29

Representative Foster MOVED to ADOPT Amendment 29:

OFFERED BY: Representatives Foster, Thomas, Doogan, Gara

DEPARTMENT: Commerce, Community & Economic Development

APPROPRIATION: Community Assistance & Economic Development

ALLOCATION: Community & Regional Affairs

ADD: \$343.9 General Funds (1004) and 1 PFT

EXPLANATION: The Division of Community and Regional Affairs (DCRA) is requesting an increase to add \$343.9 in general funds and one full-time position in the FY11 operating budget. The increase will pay for three Local Government Specialist (LGS) positions to provide local government advice and assistance as required in Article X of Alaska's state constitution. Two of the three positions were transferred in from within the Department.

The general funded LGS positions serve boroughs, cities, tribal governments, and community nonprofits that provide public services in rural communities. The LGS's provide public administration assistance on

elections, Title 29 compliance, power cost equalization, accessing revenue sources, Title 4 Local Option, gaming, personnel and financial management.

There are 466 entities in Alaska eligible for general funded LGS services. Of these, 386 are located where there is a population of 25 to 2,500. Forty percent (40%) of the 386 entities are not meeting basic management indicators. Currently, three existing general funded LGS's provide these entities assistance when a situation reaches a crisis level or when services are likely to be cut off.

Within the last year, LGS assistance has resolved about \$300.0 in tax issues for five communities, garnered PCE reimbursements for four communities, claimed \$300.0 in revenue sharing/PILT, negotiated repayment schedules for \$480.0 vendor debt in two communities (keeping the lights on), and saved .40/gallon on heating fuel and increased use of purchasing power agreements for five communities.

The addition of three fully funded LGS positions will allow DCRA to move the program from crisis response mode to working with the communities' requests for training and assistance that prevents crisis.

Co-Chair Hawker OBJECTED.

Representative Foster provided an overview of Amendment 29. He explained that there were 386 entities in Alaska [boroughs, cities, tribal governments, and community nonprofits] with populations between 25 and 2,500. Forty percent of those entities are not meeting basic management indicators, including unmet audit requirements, unresolved audit findings, no worker's compensation insurance policy in effect, federal tax liens, no adopted budget, and no election held. Currently, there are three local government specialists (LGSs) providing entities with assistance when there is a crisis. The amendment would allow \$343,900 for the hiring of three more LGSs who could help to train and assist entities before they reach a crisis point.

Co-Chair Hawker believed the amendment brought forward a budget proposal in the governor's original budget that was not accepted by the subcommittee. Representative Foster concurred.

Co-Chair Hawker thought a technical correction to the amendment was needed. The amendment proposes adding one permanent position; the other two already exist in the department. The amendment would provide funding for the other two positions and for adding one position. Representative Foster agreed.

Co-Chair Hawker noted concerns in the committee about the issue.

[5:37:58 PM](#)

Vice-Chair Thomas reported that the Southeast mayors had expressed concerns. He MOVED a conceptual amendment to Amendment 29:

Delete \$343.9 and add \$250.0
Delete "and 1 PFT" (full-time position)

Co-Chair Hawker offered support of the conceptual amendment.

There being NO OBJECTION, the amendment to Amendment 29 was ADOPTED.

Co-Chair Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 29 as amended was ADOPTED.

Co-Chair Hawker commented that the communities needed the assistance offered by the amendment.

[5:41:37 PM](#)

Amendment 30

Representative Foster MOVED to ADOPT Amendment 30:

OFFERED BY: Representatives Foster, Doogan
DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Community Assistance & Economic Development
ALLOCATION: Community and Regional Affairs
ADD: \$150.0 General Fund, 1004

EXPLANATION: Increment for Alaska Legal Services Corporation (ALSC) will replace reductions placed on Community Initiative Grant in FY10 and bring funding in line with FY09 levels. The Board has set the priority to maintain an office in all communities with a superior court judges. With current funding ALSC will be unable to staff attorneys for the offices in Kenai, Kotzebue, and Nome. This funding would provide an attorney for two of these offices.

Co-Chair Hawker OBJECTED.

Representative Foster provided details regarding Amendment 30. The current funding for the Alaska Legal Services Corporation (ALSC) will not provide for attorneys in Nome, Kotzebue, or Kenai, and the offices are at risk. The funding for ALSC in FY 09 was \$200,000 from the Department of Commerce, Community, and Economic Development, with \$317,000 in grants, or \$517,000; in FY 10, the amount was \$200,000 plus \$154,000 in grants. The grants were reduced due to caps. The amendment would add another \$150,000 so that the amount would be closer to the FY 09 amount.

Representative Foster continued that in past years, state aid for legal support has been substantially greater. For example, in FY 84 the governor's funding was for \$1.2 million. Nine offices have been closed since then due to reduced funding. He wanted to avoid more closures.

Co-Chair Hawker MAINTAINED his OBJECTION. He detailed his opposition to the amendment. He had been present during the FY 09 general funding; the legislature had funded money into the faith-based initiatives sections of the Department of Health and Human Services, and ALSC received most of the money. He stated that that was not the intent. He believed the money should be more judiciously allocated. He pointed to reservations about the efficiency of ALSC operations and concerns about litigation that some feel the state should not be involved in. He spoke to concerns about how ALSC was coordinating the pro bono activities of the Alaska Bar Association.

[5:46:47 PM](#)

Co-Chair Hawker urged better coordination of pro bono activities through a different source. He noted money in the Department of Law's budget for services that ALSC has

attempted to provide in communities. He added that the request had come forward late in the process.

Representative Fairclough pointed out that a recommendation supporting Amendment 18 had suggested that the governor use the Alaska Network on Domestic Violence and Sexual Assault; while the Council on Domestic Violence and Sexual Assault (CDVSA) might be a conduit, legal services are coordinated through the network.

Representative Gara spoke in support of Amendment 30. He stressed that the state used to support legal services, which are for the lowest income people who cannot afford an attorney. The services are used to get a restraining order in domestic violence situations. He gave the example of a client who needed protection. He spoke to the work done by ALSC, which is underpaid. The program used to be supported by VISTA. He believed the steady decrease in funding has been to the public's detriment.

Representative Gara maintained that the people doing free work, including lawyers, were already overloaded. He argued that the state funds free attorneys for a person who commits a crime, and that people who have not committed a crime also have a right to representation.

Co-Chair Hawker noted that the state support for ALSC in the FY 11 budget was the same as it was in the FY 10 budget.

[5:51:19 PM](#)

Co-Chair Stoltze commented on constituent complaints related to ALSC and custody cases. He questioned the state picking a side on such subjective issues.

A roll call vote was taken on the motion to adopt Amendment 30.

IN FAVOR: Salmon, Doogan, Foster, Gara
OPPOSED: Kelly, Thomas, Fairclough, Joule, Stoltze, Hawker
Representative Austerman was absent from the vote.

The MOTION FAILED (6/4). Amendment 30 was not adopted.

[5:53:29 PM](#)

Amendment 31

Representative Foster MOVED to ADOPT Amendment 31:

OFFERED BY: Representatives Foster, Doogan

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska

ALLOCATION: Fairbanks Campus

ADD: \$614.0 General Fund, 1004

ADD: \$27.0 University Receipts (DGF), 1048

EXPLANATION: The Marine Advisory Program, a unit in the School of Fisheries and Ocean Sciences, has been providing extension and educational services in rural, coastal Alaska for 45 years. The program serves as an extension arm of the Alaska Sea Grant College Program and has university faculty located in 10 coastal communities. The faculty provides information, technical assistance and workforce development opportunities in a variety of subjects, including the impact of climate change on local marine resources.

Currently, 30% of MAP's positions (located in Unalaska, Petersburg, Cordova and Nome) are funded either by short term grants due to sunset in 2009, are vacant while waiting for funding (Bristol Bay), or there is no MAP agent at all (Kodiak). This request is to solidify funding for MAP faculty in these sites by moving them to regular UAF funded faculty positions.

Co-Chair Hawker OBJECTED.

Representative Foster explained that Amendment 31 was related to the Marine Advisory Program (MAP); an addition of \$614,000 in general funds to the University of Alaska would support six coastal MAP offices in Dillingham, Unalaska, Kodiak, Nome, Cordova, and Petersburg. The funds would allow the program to continue to use the statewide network of agents to work with coastal communities on issues of critical importance, including the economic development of fisheries, seafood processing, tourism, shellfish farming, and other businesses. The intent was to keep Alaskan communities economically strong. The Marine Advisory Program would be enabled to work with youth and

adults of coastal communities to expand educational opportunities, build workforce capacity, and enhance participation by local residents in the public process. In addition, residents would be linked to university, state, and federal resources, as well as to relevant research that could help communities address natural resource issues and local concerns.

Representative Foster referenced previous concerns about whether the university would use the \$614,000 allocation for MAPs or use it for other priorities. He pointed out that the university has said it will allocate the funds to the Marine Advisory Program.

Co-Chair Hawker acknowledged that there had been much testimony advocating for the program. He maintained that the legislature was not denying the program because it lacked value. He stressed that the issue was the university budget. He provided history about the conversation related to funding methodology and emphasized that the university would have to prioritize using the formulaic approach.

Co-Chair Hawker pointed out that the money being discussed was for only a portion of the program, not the entire program; MAP itself was not at stake. He stated that there were 120 vacant positions that were fully funded at the university; the decision was in their hands.

Co-Chair Stoltze queried the university's commitment to the program. Representative Foster replied that there had been some communication.

Co-Chair Hawker took that as a commitment by the university and believed the program would be taken care of through other means.

6:00:29 PM

Co-Chair Hawker MAINTAINED his OBJECTION.

A roll call vote was taken on the motion to adopt Amendment 31.

IN FAVOR: Salmon, Foster, Gara

OPPOSED: Thomas, Doogan, Fairclough, Joule, Kelly, Stoltze, Hawker

Representative Austerman was absent from the vote.

The MOTION FAILED (7/3). Amendment 31 was not adopted.

Amendment 32

Co-Chair Hawker informed the committee that Amendment 32, related to oil and gas issues, would be addressed at a subsequent meeting.

Amendment 33a

Representative Gara MOVED to ADOPT Amendment 33a:

OFFERED BY: Representatives Gara, Doogan

DEPARTMENT: Commerce, Community & Ec. Development

APPROPRIATION: Community Assistance and Ec. Dev.

ALLOCATION: Office of Economic Development

DELETE: \$125,000 General Fund (1004)

EXPLANATION: The governor requested \$250,000 increment to develop policy on business and economic development. It is not clear why policy development cannot occur with executive agency staff, and the policy experts who exist in the department, Governor's office, and Lt. Governor's office. This amendment reduces the increment to \$125,000.

Co-Chair Hawker OBJECTED.

6:02:05 PM

AT EASE

6:08:23 PM

RECONVENED

Representative Gara explained that Amendment 33a would fund one of the two new positions for the Department of Commerce, Community, and Economic Development to develop policy.

Co-Chair Stoltze voiced support for the amendment.

Co-Chair Hawker spoke in support of the amendment. He explained that it offered half the money requested by the governor in the amendments. He referred to questions whether the original request had been properly documented. He supported responsible reductions.

Co-Chair Hawker WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 33a was ADOPTED.

ADJOURNMENT

The meeting was adjourned at 6:13 PM.