

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

Anchorage, Alaska
September 17, 2010
1:19 p.m.

MEMBERS PRESENT

Senator Kevin Meyer, Chair
Senator Lyman Hoffman
Senator Linda Menard
Representative Mark Neuman
Representative Bill Thomas
Representative Mike Doogan
Senator Donald Olson (Alternate) (via teleconference)

MEMBERS ABSENT

Representative Mike Hawker, Vice Chair
Representative Bill Stoltze
Representative Nancy Dahlstrom (Alternate) (Resigned 5/31/10)
Representative Chris Tuck (Alternate)
Senator Charlie Huggins
Senator Bert Stedman

OTHER LEGISLATORS PRESENT

Representative Mike Chenault (via teleconference)

COMMITTEE CALENDAR

APPROVAL OF MINUTES
REVISED PROGRAM - LEGISLATIVE (RPLs)

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DAVID TEAL, Legislative Fiscal Analyst

Legislative Finance Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information to the Joint Committee on Legislative Budget and Audit during discussion of the RPLs.

ANNA KIM, Director
Administrative Services
Department of Education and Early Development (EED)
Juneau, Alaska

POSITION STATEMENT: Answered questions during discussion of the RPLs.

ACTION NARRATIVE

[1:19:31 PM](#)

CHAIR KEVIN MEYER called the Joint Committee on Legislative Budget and Audit meeting to order at 1:19 p.m. Representatives Thomas, Neuman, and Doogan, and Senators Hoffman, Menard, and Meyer were present at the call to order. Senator Olson (via teleconference) arrived as the meeting was in progress. Representative Chenault (via teleconference) was also in attendance.

APPROVAL OF MINUTES

[1:20:49 PM](#)

CHAIR MEYER announced that the first order of business would be the approval of minutes for the August 20, 2010 Joint Committee on Legislative Budget and Audit meeting.

[1:21:29 PM](#)

There being no objection, the minutes from the meeting of August 20, 2010 were approved.

REVISED PROGRAM - LEGISLATIVE (RPLs)

[1:21:42 PM](#)

CHAIR MEYER announced that the next order of business would be the consideration of RPL 05-1-0085.

[1:21:57 PM](#)

DAVID TEAL, Legislative Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, testified about RPL 05-1-0085 from the Department of Education and Early Development (EED). He stated that this RPL left many unanswered questions regarding federal policy and the distribution of money to the state with allocations to the school districts. He reported that the request was for \$23.54 million, noting that this was not American Recovery and Reinvestment Act (ARRA) funding, but instead regular funding, and that EED would allocate the money to school districts in the same proportion as for Title I (low income assistance) money. He noted that this is "one-time money" and must be spent or obligated during the current school year. He directed attention to the table and graph [included in the members packets] showing the allocations.

[1:23:41 PM](#)

SENATOR HOFFMAN asked if the allocation is, indeed, distributed according to Title I.

MR. TEAL replied that it is.

[1:23:57 PM](#)

REPRESENTATIVE NEUMAN asked what concerns Mr. Teal has with this RPL.

[1:24:16 PM](#)

MR. TEAL, in response, said that he is unsure how much the committee wanted to discuss about the RPL. He declared that there are "some real oddities here, written into the RPL" which included a statement which declared that should the governor not

request the money, it will be given to the school districts' anyway.

CHAIR MEYER reflected that, regardless of discussion, it appears that the money will be coming.

REPRESENTATIVE NEUMAN offered his agreement.

[1:25:19 PM](#)

REPRESENTATIVE DOOGAN questioned that the legislation "allows for greater funding flexibility in terms of compensation, benefits, and other expenses at the school level." He asked Mr. Teal to elaborate.

[1:26:00 PM](#)

MR. TEAL, in response, shared that this is an education jobs bill, to create or retain jobs in education. He pointed out that the prior year's appropriations bill, passed by the Alaska State Legislature, said that "one-time money" such as this cannot be used for hiring, as that would not be "one-time money." He declared the point of discussion to be what Alaska could use the money for. He opined that the federal government instructs that a state cannot tell the school districts' how to spend the money. He offered his belief that the Alaska State Legislature instructions to the school districts' may conflict with the federal intent.

CHAIR MEYER asked about the consequence from a conflict.

MR. TEAL opined that there would not be any consequence.

[1:28:01 PM](#)

ANNA KIM, Director, Administrative Services, Department of Education and Early Development (EED), in response to a question from Senator Hoffman, replied that EED supported the RPL allocation under Title I.

[1:28:22 PM](#)

REPRESENTATIVE DOOGAN asked to clarify that the federal government will not request this money to be returned because it was not spent in compliance with the federal guidelines.

MS. KIM replied that this was not the case. She said that by accepting the money, Alaska will be held to the reporting, monitoring, and compliance requirements outlined in ARRA Section 1512. She stated that should it be determined that Alaska is not in compliance, there is a possibility that the money would need to be returned.

REPRESENTATIVE DOOGAN asked if Alaska would be out of compliance because of the stated position of EED and the Administration not to "hire any new people with this money".

[1:29:52 PM](#)

MS. KIM offered her belief that neither EED or the administration had made any such statement.

[1:30:03 PM](#)

MR. TEAL reiterated that this is federal money, not ARRA money, and should not be held to ARRA restrictions.

[1:30:35 PM](#)

MS. KIM replied that this RPL would still be responsible to the ARRA Section 1512 reporting requirements, as well as the possibility of additional federal reporting requirements from the Secretary of Education.

[1:31:10 PM](#)

REPRESENTATIVE NEUMAN offered his belief that the money will go to the school districts regardless. He expressed that going through the State of Alaska would include more restrictions and guidelines. He suggested that the committee not approve the RPL.

CHAIR MEYER opined that there could be other ramifications to that course of action.

[1:31:44 PM](#)

MS. KIM suggested that the money may not be allocated directly to the school districts. She explained that the application process includes an application from the governor, and distribution through EED.

CHAIR MEYER opined that it was better to be administered by the State of Alaska, which would offer some control of its use.

MS. KIM concurred.

[1:32:37 PM](#)

MR. TEAL pointed out that the request was for federal receipts. He suggested that any funds which might be subject to the ARRA reporting requirements should be classified as ARRA funds.

[1:33:29 PM](#)

SENATOR HOFFMAN moved to accept RPL 05-1-0085 as presented.

SENATOR MENARD seconded the motion.

[1:33:47 PM](#)

There being no objection, RPL 05-1-0085 was approved.

[1:33:58 PM](#)

CHAIR MEYER announced that the next order of business would be consideration of RPL 45-1-1101.

[1:34:29 PM](#)

MR. TEAL explained that RPL 45-1-1101 was a request from the University of Alaska (UAA) to spend ARRA funding of \$585, 997 for a grant to educate a Health Care Research Workforce in

Alaska to Reduce Health Disparities. He noted that the award period extended from September, 2010 through August, 2011.

[1:35:06 PM](#)

SENATOR HOFFMAN moved to accept RPL 45-1-1101 as presented.

[1:35:18 PM](#)

There being no objection, RPL 45-1-1101 was approved.

[1:36:01 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 1:36 p.m.