

SENATE FINANCE COMMITTEE  
April 2, 2009  
9:12 a.m.

9:12:05 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:12 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice-Chair  
Senator Johnny Ellis  
Senator Donny Olson  
Senator Joe Thomas

MEMBERS ABSENT

None

ALSO PRESENT

Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor; Dan Spencer, Director, Division of Administrative Services, Department of Public Safety; Larry Persily, Staff, Representative Hawker; Jo Ellen Hanrahan, Analyst, Office of Budget and Management, Office of the Governor; Chris Ashenbrenner, Council on Domestic Violence and Sexual Assault; Alison Elgee, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services; Mike Maher, Director, Division of Administrative Services, Department of Revenue; Bryan Butcher, Director, Government Affairs and Public Relations, Alaska Housing Finance Corporation, Department Of Revenue.

PRESENT VIA TELECONFERENCE

John Mallonee, Acting Director, Child Support Enforcement Division, Department of Revenue.

SUMMARY

SB 161 "An Act making supplemental appropriations and capital appropriations; amending appropriations; and providing for an effective date."

#sb161

SENATE BILL NO. 161

"An Act making supplemental appropriations and capital appropriations; amending appropriations; and providing for an effective date."

SB161 was HEARD and HELD in Committee for further consideration.

[9:12:14 AM](#)

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, mentioned the items not included in SB 161 known as the Economic Stimulus Bill. She noted that the Office of Management and Budget (OMB) gleaned additional information regarding the requirements for receipt and expenditure of the federal funds along with application eligibility including costs and long term benefits for Alaska. Initially the Governor presented the legislation without many of the federal stimulus items due to questions regarding fund requirements. She remarked that the Governor submitted the required certification identified as Section 1607 Certification dated the 31<sup>st</sup> of March, 2009 in order to meet the timelines required by law. The legislature adopted a resolution regarding acceptance of federal stimulus funds. She suggested the next step is the appropriation bill. She emphasized the Governor's appreciation for the legislature's efforts during public hearings on SB 161.

Co-Chair Stedman informed that the first order of business was Page 3, Item #26 of the spreadsheet titled "Items Not Included in the March 19 Economic Stimulus Bill" dated March 30, 2009 (Copy on File).

[9:18:39 AM](#)

DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, discussed item #26 identifying it as a \$50 thousand item originating from the municipality of Anchorage as a direct grant from the Department of Justice. He explained that funds are used to enhance law enforcement's response to online child victimization and child pornography cases. He expected additional stimulus funds of \$400 thousand to flow directly to the Municipality of Anchorage. The funding encompasses overtime and supplies, but not additional personnel. He anticipated a final agreement with the Municipality of Anchorage for receipt of federal stimulus funds.

Co-Chair Stedman asked for clarification of the additional personnel issue. Mr. Spencer responded that existing funding covers overtime, supplies, and travel costs related to the combined effort of the Municipality of Anchorage and the Department of Public Safety's work on the enforcement of

internet crimes against children, yet neglects the inclusion of a personnel position.

Co-Chair Stedman recounted concern regarding the budget and the potential of "strings attached" or unfunded mandates to the receipt of federal economic stimulus funds. He inquired about the department's position on potential budgetary impacts. Mr. Spencer replied that the department did not see potential budgetary impacts in receiving federal stimulus funds.

Co-Chair Hoffman understood that the only eligible applicant is the Anchorage police department. He asked why the police department sub-grants the funds to the state as opposed to using the funds themselves. Mr. Spencer answered that the Anchorage police department currently employs a similar grant. The economic stimulus grant allows the Anchorage police department to employ additional enforcement staff.

[9:21:47 AM](#)

Co-Chair Stedman asked if the department found unknown "strings attached" to item #26. Mr. Spencer repeated that the department did not find any "strings attached" to item #26.

LARRY PERSILY, STAFF, REPRESENTATIVE HAWKER, addressed item #26 at \$50 thousand stating that he and the House Finance Committee found no "strings attached."

Senator Thomas stated that the concern about item #26 was the requirement of state money supplanting federal stimulus money. He asked if the department's opinion changed regarding the issue. Mr. Spencer responded that the department's opinion about the item changed due to the reduction of allowable overtime compensation.

[9:24:15 AM](#)

Mr. Spencer addressed item #27 and funding for the Alaska State Troopers. Item #27 addresses personal service costs of new trooper positions, travel, training, supplies and sub-grants to other state agencies and to units of local government for the funding of projects supporting the approved Justice Assistance Grant (JAG). The funds include \$5,821,000 for the JAG program, with \$1,282,000 specifically directed to local governments. This formula is similar to that of current grants received on regular annual programs. The plan passes \$150 thousand annually to the Department of Law (DOL) with the expectation of one attorney position. A small amount of funding is designated to the crime lab for supplies and equipment related to the investigations. A small sum is related to internet crime, but the focus is sexual assault and child abuse cases. The department's

preference is that new positions exhibit their worth by the end of three years and thereby continued. The commitment is for long range planning and investigative resources. All necessary trooper positions are taken. Added positions increase patrol and investigative capacity providing proactive law enforcement.

[9:29:53 AM](#)

Mr. Spencer informed that the funds in item #27 are directed toward equipment costs, software improvements, and municipalities. He stated that the Governor and the legislature make decisions regarding use of the funds. He noted that the application is due April 9, 2009.

Co-Chair Stedman requested clarification about the application process. He asked if the application process was covered in the Governor's letter to President Barack Obama. Mr. Spencer responded that the Governor's letter to the President mentioned ongoing work with the legislature on various programs. Co-Chair Stedman clarified that the application was not yet submitted.

Co-Chair Hoffman requested the portion of domestic violence and sexual assault efforts focused on Alaska's rural areas. Mr. Spencer answered that item #27 prioritizes areas of high domestic and sexual assault incidence giving rural areas significant focus.

[9:32:36 AM](#)

Co-Chair Hoffman stated that he recognized the severity of childhood sexual abuse and opined that the control of alcohol abuse is equally important. He opined that alcohol abuse is the root of both the sexual abuse and domestic violence problems. He supported the use of one time funds to stem the flow of alcohol into rural areas thereby reducing the incidence of domestic violence, child sexual abuse, and virtually all other crimes in rural Alaska.

Mr. Spencer acknowledged the issues expressed by Co-Chair Hoffman. Co-Chair Hoffman opined that the enforcement of alcohol abuse programs is passive. He requested increased enforcement in the Bethel area. Mr. Spencer admitted that he lacked information regarding Bethel.

[9:35:48 AM](#)

Co-Chair Hoffman repeated that law enforcement efforts in the Bethel area remain inadequate and ineffective.

Co-Chair Stedman requested the opinion of Mr. Persily on item #27. Mr. Persily announced that \$5.8 million are allotted to the state, with \$1.25 million designated to

local governments. The \$3.8 million for 19 different cities and boroughs in the state is an allocation set by the Department of Justice. He stated that the municipalities have a May 18, 2009 deadline for funds not subject to legislative appropriation. The funds travel directly to the municipalities including Fairbanks, Anchorage, Bethel, Wasilla, Palmer, North Slope Borough, Dillingham, and Sitka.

Co-Chair Stedman noted concern about the growing operating account. He asked if the department increased the trooper count by six or more over the next several years through its natural evolution, or were the changes contemplated in planning sessions with the Department of Public Safety. Mr. Spencer answered that the expectation is for long range planning sessions in the upcoming summer. Based on the crime rates observed and required allocations for investigative resources, the positions are necessary.

Co-Chair Stedman clarified that the department requires the positions regardless of the stimulus package. He asked the amount of positions were available in the public safety trooper arena. Mr. Spencer answered that vacant trooper positions do not exist.

[9:38:53 AM](#)

Co-Chair Stedman noted the process confuses legislators and citizens. The Governor amended the 2010 budget. He cited the 1,957 increase of full time employees across the state. He stated that 6 trooper positions and one attorney position remain imbedded in the overall evolution of employee growth. This equates 392 new positions added each year since 2007. He opined that the stimulus package addresses approximately 18 new positions. The natural evolution adds nearly 400 positions each year. The potential increase in the operating budget results from "strings attached" to the federal stimulus dollars. The state increases its employee count by 2 percent each year. The proposed plan impacts the employee count minimally and the six troopers requested exist in next year's operating budget request regardless of the stimulus package.

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Mr. Spencer agreed that a request for position funding is required pending the disapproval of federal stimulus funds for the requested positions. Co-Chair Stedman appreciated the public discussion prior to important policy decisions.

Mr. Spencer addressed item #28 or victim assistance formula grants of \$545 thousand for the Council on Domestic Violence and Sexual Assault. The council submitted an application. The funding allocations are statutorily mandated. The focus areas are determined by the council subject to the guidance

from the Governor and the legislature through a competitive grant application process.

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Mr. Persily stated that a review performed by the House Finance Committee identified item #28 as a "one time" boost with strong support. No problems or questions were identified. Co-Chair Stedman asked about "strings attached" to item #28. Mr. Persily responded that reporting requirements were the only identified "strings attached."

Co-Chair Stedman asked about the application process for both items #28 and #29. Mr. Persily answered that the applications for items #28 and #29 were submitted.

Co-Chair Stedman mentioned the requested employee count increase of 18-20 positions with the stimulus package. The amended budget for FY10 includes a 148 position count increase. He encouraged focus on the scale of the stimulus package request, which is counter to press information.

JO ELLEN HANRAHAN, ANALYST, OFFICE OF BUDGET AND MANAGEMENT, OFFICE OF THE GOVERNOR, addressed reporting and tracking requirements. She opined that the level of tracking increase requires more detail when dealing with federal stimulus funds. She mentioned that the potential uses of fiscal stabilization funds to offset the cost of the increased reporting and tracking requirements. She informed that the requirements are frequently beyond that which is normally required in a federal program.

[9:49:42 AM](#)

Mr. Spencer mentioned three other competitive grant programs not included on the spreadsheet. The programs with the Department of Justice include counterparts in the federal stimulus program. This particular program allocates \$1 billion nationwide for additional police officers in the event that police officers are dismissed due to state or local budget reductions. This program comes with an immediate cost to grant applicants. He opined that there were many "strings attached."

[9:53:06 AM](#)

Co-Chair Hoffman asked about the application process. Mr. Spencer responded that the process includes a proposal. The scoring criteria for the stimulus bill are unknown. He speculated that Alaska is ineligible for the grant.

Mr. Spencer expressed interest in yet another funding source. This item addresses rural drug crimes, particularly those with a federal prosecution nexus. The third

application encompasses rural law enforcement. The goal is three troopers for Village Public Safety Officers (VPSO) oversight. The operating budget proposal presented by the Governor and adopted by the committee included recommendations for 15 additional VPSO positions in FY10 and the proposal from the task force requests another 15 positions in FY11.

[9:56:41 AM](#)

Senator Thomas asked if the justice assistance grants include additional costs. Mr. Spencer answered that the grants for the justice assistance cover all of the costs.

Senator Thomas asked about denied applications for the Police Grants Program and the lack of concern about "strings attached" during the prior application processes.

Senator Olson addressed items #3 and #4 and funds addressing victims through the Council for Domestic Violence. He inquired about the amount of money allocated for shelters. Mr. Spencer answered that a significant amount, perhaps most funds aid shelters for the victims of domestic violence. Senator Olson asked if approximately fifty percent of the funds will go to shelters in need of funding.

[9:59:18 AM](#)

Mr. Spencer stated that the requirements of the program identify the types of services eligible for funding, with most services in Alaska provided by the shelters.

CHRIS ASHENBRENNER, COUNCIL ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT, announced that a great majority of the eligible funds exist for victim's service programs. The STOP violence against women formula grant program addresses law enforcement, prosecution, and victim services including shelters.

Senator Ellis stated that the Alaska Women's Aid in Crisis shelter in Anchorage must close without available funding. He understood that the shelter required a new boiler. He requested information regarding an emergency fund for a shelter in need of a new boiler.

Ms. Ashenbrenner responded that capital improvement or emergency funds are unavailable to women's shelters. She advocated for the use of federal funds for emergency purposes funding energy efficiency in the shelters. The use of "one time" funds in this way provides savings to the organizations in the long run.

Co-Chair Hoffman understood that funds exist for rural areas. He opined that the federal stimulus package neglected

rural Alaska. Mr. Spencer requested clarification about the fund source that Co-Chair Hoffman referred to.

[10:03:16 AM](#)

Co-Chair Hoffman explained that he understood the flexibility of local governments applying for funds. He felt that rural Alaska received inadequate attention under the stimulus package submitted by the state.

Mr. Spencer answered that investigators are responsible for the entire state. The investigators travel as needed to all regions of Alaska, including the rural areas.

Co-Chair Hoffman opined that the state should take a regional approach to addressing the issues.

Mr. Spencer offered an upcoming response for the committee regarding the issue of rural inclusion in federal stimulus applications. Co-Chair Stedman stated that the committee would anxiously await the response.

[10:05:42 AM](#)

Ms. Hanrahan moved on to the Department of Revenue's requests. The state receives federal funding for the state match allowing eligibility for additional state dollars. The American recovery act allows a state use of federal incentive receipts as a portion of their state match. The state is also eligible for additional federal funds in the form of earned incentive receipts. The American Recovery Act allows the Child Support Services Division use of the existing federal incentive receipts as state match. The state is eligible for \$3.2 million in the next two years.

Co-Chair Stedman asked about the portion referred to by Ms. Hanrahan. Ms. Hanrahan answered the transaction allows the division to receive \$2.7 million in economic stimulus funds reducing receipt supported services. Co-Chair Stedman asked the identifying number listed on the handout. He asked if this was the item marked \$585 thousand. Ms. Hanrahan answered that both the unmarked item and item #30 accomplish the same goal, but the transactions for technical budgetary reasons must list separately. In addition, a \$400 million general fund match is required.

Mr. Persily clarified that the original FY10 budget request submitted by the Governor requested state funds to replace the loss of federal funds. For at least 15 years prior to 2008, the federal government allowed states the use of these incentive monies for successful child support operations. The federal government allowed states use of the federal incentive money in a two for one matching federal dollars

for child support operations. In FY08, a change in federal law took affect and it is no longer possible to turn federal dollars into matching funds. This budget request for state funds makes up for that loss by reducing the need for state money in child support operations.

[10:11:07 AM](#)

Ms. Hanrahan noted that this is merely a switching of funds and there is little change in total fund authorization for the Child Support Services Division. Co-Chair Stedman detailed that the state merely supplants state funds while receiving some federal funds. Ms. Hanrahan acknowledged that the state reduces receipt quoted services and regular federal authorization. Co-Chair Stedman asked about the application for these two items. Ms. Harnahan admitted that she lacked information about the application process for the two items. She remarked that federal incentive receipts remain eligible as state match for the period of October 1, 2008 through September 30, 2010.

JOHN MALLONEE, ACTING DIRECTOR, CHILD SUPPORT ENFORCEMENT DIVISION, DEPARTMENT OF REVENUE (testified via teleconference), stating that no formal application exists. He informed that the grant is open ended and based on actual expenditures.

Co-Chair Hoffman asked about the sections for child support services. He inquired about applying for one section alone. Mr. Mallonee answered that the application requires multiple sections.

[10:14:22 AM](#)

Ms. Hanrahan explained that the federal language expires in 2010. The federal incentive funds then expire as state match for the Child Support Services Division.

Co-Chair Stedman introduced item #35 and the Alaska Housing Finance Corporation (AHFC) State Energy Program.

BRYAN BUTCHER, DIRECTOR, GOVERNMENT AFFAIRS AND PUBLIC RELATIONS, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, discussed item #35 and the \$28 million contingent on the application of a statewide energy code. The United States Department of Energy (DOE) funds for State Energy Program (SEP) special projects such as building technologies, codes and standards, wind and power technologies, renewable energy for remote areas, and transportation technologies. He explained the state has eight years to comply and compliance following the eight year period means that a minimum of ninety percent of the state is deemed energy efficient. He stated that the Alaska Energy Authority (AEA) is influential. He stated that the

money is strictly residential developing standards for public and commercial buildings. Since 1992, AHFC has complied with the building efficiency standards by statute and financing cannot occur without meeting those codes. He suggested that the policy decision splitting the policy code lies in the hands of the legislature and the Governor.

[10:20:18 AM](#)

Co-Chair Stedman asked about potential "strings" attached. He mentioned the requirement of achieving 90 percent energy efficiency in eight years. He requested the difference between commercial and residential and how the arrival of ninety percent efficiency is calculated. Mr. Butcher answered that the percentage of energy efficiency is determined by square footage and applies to homes built or renovations performed using federal funds.

Mr. Persily informed that the law states that within eight years of enactment or 2017, at least ninety percent of new and renovated commercial and residential square footage must comply with energy efficiency standards. This lumps residential and commercial together.

[10:22:29 AM](#)

Co-Chair Stedman asked about whether the expected changes are large or small. Mr. Butcher responded that the residential aspect includes most communities that have building codes including Anchorage, Fairbanks, and Kenai. Many rural Alaskan loans are handled by Alaska Housing Finance Corporation (AHFC). Co-Chair Stedman understood that the star rating system was obsolete.

Mr. Persily added that large commercial buildings in Anchorage meet the energy efficiency standards required by the Act.

Co-Chair Stedman asked about the state meeting hall in Anchorage and its level of energy efficiency. Senator Ellis informed that state funds were not used for the Dena'ina convention center in Anchorage. Mr. Persily offered to research the current standards of the building.

[10:24:41 AM](#)

Mr. Butcher informed that AHFC addresses residential aspects of the item. Most banks have interest in borrowing on buildings with efficiency standards already met.

Co-Chair Stedman asked how burdensome the "strings attached" with item #35 are to Alaskan citizens. Mr. Butcher answered that the cost of a rating is \$300 required to obtain an AHFC loan. He stated that he had been told by builders that \$5-8

thousand must be spent on an average building to qualify as energy efficient.

Co-Chair Stedman asked about building codes. Ms. Hanrahan answered that 13 communities in Alaska require building codes. Anchorage and Fairbanks are now upgraded with the energy building code. The American Recovery Act insists on using the 2009 energy codes. She stated that the cost for the inspectors to travel is covered by an energy rater for 40 out of 385 communities. Co-Chair Stedman requested a list of the stated figures. Ms. Hanrahan agreed to comply.

Co-Chair Stedman asked about building codes and whether most metropolitan areas are under the new building codes. Ms. Hanrahan answered that only two communities have an energy code in force.

[10:28:14 AM](#)

Co-Chair Stedman stated that Ketchikan, Wrangell, Sitka, and Petersburg have building codes. He asked about South East Alaska and the existing building codes.

Ms. Hanrahan stated that a building code is different from an energy code. She listed the communities with building codes as Anchorage, Juneau, MatSu, Fairbanks, Kenai, Ketchikan, Kodiak, Nome, Palmer, Petersburg, Valdez, and Wrangell, and Skagway.

Co-Chair Stedman requested a breakdown from AHFC and their portion of the building and energy code requirements.

[10:30:14 AM](#)

Senator Thomas realized that resistance to the expansion of building and energy codes exists. He inquired about accepting federal funds with the expectation of saving state money in the long term. Mr. Butcher proposed the question "is the benefit of the energy code worth the state expense and inconvenience." He opined that this program required additional information.

Co-Chair Hoffman asked about new construction funds. He asked if the blueprints must meet the new requirements in addition to an energy rating for verification. Mr. Butcher responded that the state must submit an energy rating with proper paperwork to AHFC confirming the four star plus rating.

Co-Chair Hoffman asked if the requirements applied to new construction. Mr. Butcher responded that the requirements apply to new construction and renovation.

Co-Chair Stedman asked if this applied to all new residential construction or only that financed through AHFC.

[10:34:04 AM](#)

Mr. Butcher answered that any new construction requires the state energy standard.

Co-Chair Stedman asked about a newly built recreation cabin and whether that would require building to the energy efficient codes.

Mr. Butcher stated that AHFC finances owner occupied homes, not recreational homes.

Mr. Persily stated that the research in House Finance shows that if the state adopts an energy efficiency code, the state could allow exemptions for cabins without running water or electricity. Co-Chair Stedman asked about the existing program and complimentary synergy existing with that which is already in place for Alaska.

Mr. Butcher suggested that the residential aspect requires little change, but the commercial side is unfamiliar.

Co-Chair Stedman asked if the \$20 million would be supplanted by these federal stimulus funds.

[10:37:00 AM](#)

Ms. Hanrahan stated that there are no exemptions from the law for the state. She opined that ninety percent compliance with energy requirements was extremely high. She explained that the law did not state the requirement based on square footage, but instead on the requirement of ninety percent compliance of new construction or renovated space. The measurement of percentage whether it is square footage, population, or number of units is yet unknown. Final guidance is not yet available from the Federal Government regarding this program.

Co-Chair Hoffman addressed high energy costs in Alaska. He suggested that Alaska may comply, as opposed to states with warmer climates. Mr. Persily added that the energy code law suggests that states must meet or exceed either the standards for the international energy conservation code or achieve greater energy savings.

Co-Chair Hoffman asked if funds are redirected to energy projects in other states if Alaska chooses not to accept them. He inquired if Alaska might receive additional funds that are not accepted by other states. Ms. Hanrahad did not understand the question.

Co-Chair Hoffman restated the question "if other states forgo their dollars, can Alaska access them?" He explained the advantage of accessing unclaimed stimulus dollars.

[10:41:38 AM](#)

Ms. Hanrahan answered that she was unsure whether unused funds are allocated to other states. She promised a follow up report to the committee.

Senator Thomas inquired about proof of ninety percent compliance and a potential penalty for lack of compliance. Mr. Butcher stated that a portion of the funds in item #35 develop software allowing tracking of compliance levels.

Mr. Persily stated that he had a conversation with a member of the department of energy headquarters who presented the question "what if Alaska is at 70 percent compliance in eight years."

Ms. Hanrahan stated that she receives different answers from various sources encouraging conservative decisions and written documentation from legal council.

[10:43:44 AM](#)

Co-Chair Stedman addressed item #36 and weatherization. Mr. Butcher informed that the AHFC weatherization program assists low and moderate income families in attaining decent and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety, furnace and electrical repairs, education, chimney and woodstove repairs, and the installation of egress windows during bedroom window replacement. He noted that \$18 million is administered along with the \$200 million received last year from the legislature. The funds were used to increase the limit from 150 to 200 percent of the Federal Poverty Limit (FPL) upgrading the definition of low income. The previous amount of federal funds placed into a home was \$2500 currently updated to \$6500. The funds are administered as a portion of the \$200 million. The program is exempt from Davis-Bacon wages because they are cost prohibitive. Currently, the exemption is questioned.

Co-Chair Stedman addressed potential repairs and the impact of Davis-Bacon wages.

Mr. Butcher stated that the wages apply internally to the five weatherization providers responsible for energy audits. The consumer hiring a contractor is not affected.

Co-Chair Stedman asked if contractors pay Davis-Bacon wages. Mr. Butcher reminded that the exemption currently exists.

[10:48:09 AM](#)

Senator Thomas suggested that this proves an excellent opportunity to change and spread the money around. Ms. Hanrahan addressed the Davis-Bacon wage issue as a national issue that is applicable to all funds spent for the American Recovery Act must meet the Davis-Bacon Act. The federal OMB is currently addressing the issue.

Co-Chair Hoffman asked about the administration's position on the acceptance of the weatherization dollars. Ms. Hanrahan answered that the Governor's position is unchanged. Her belief is that these are items that increase the budget and place a burden on Alaskans, but remain open for discussion with the legislature.

Co-Chair Hoffman asked the administration's position regarding building code requirements. Ms. Hanrahan responded that all requests are available for discussion by the legislature.

[10:50:32 AM](#)

Mr. Butcher addressed item #37 and the implementation of energy efficiency and conservation block grants. The U.S. DOE funds for energy efficiency and conservation activities for communities, including but not limited to developing/implementing an energy efficiency and conservation strategy. The DOE retain technical consultant services to assist in the development of such a strategy. He mentioned the varying grants. The amount of funds has been amended to \$9.5 million. In addition, \$4.3 million of direct grants exist through municipalities.

Mr. Persily expanded that the law states that 60 percent of the \$9.5 million allocation must be granted to communities that do not qualify for funding directly from the DOE. He stated that there are 20 communities receiving funding directly from DOE. Mr. Butcher noted that two percent was designated for Indian tribes and two percent is competitive. Mr. Persily stated that the funds going directly to the communities, the \$4.3 million is not subject to the state's application or going through the legislature.

Co-Chair Hoffman asked how the amount was determined throughout the communities. Mr. Persily answered that it was through federal law or allocation.

[10:53:06 AM](#)

Co-Chair Stedman recessed until 1:30

[10:54:06 AM](#)      RECESSED  
[1:37:30 PM](#)      RECONVENED

Mr. Persily informed that the new Dena'ina Convention center in Anchorage does indeed conform to energy code standards. He spoke with the engineer of record for the new building who explained that the standards have become commonplace in the industry and tend to save money.

Co-Chair Stedman began with the Department of Health and Social Services.

ALISON ELGEE, ASSISTANT COMMISSIONER, FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, addressed item #12 regarding health information technology. She spoke to the concept of transitioning providers to electronic medical records while providing an exchange environment where medical records are safely transferred from one entity to another while avoiding duplication of expensive testing. The \$2 million item is a placeholder. The item is an area of the economic stimulus funding with little provided guidance. She stated that little information is available from the federal government regarding potential "strings attached."

Ms. Elgee stated that she was unaware of "strings attached." The time horizon is longer than other items of the Economic Stimulus bill as it is available through 2015. The proposal in the bill carries a match rate of ten percent initially for administrative functions. The match rate then increases throughout the time horizon by 10 percent per year.

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Co-Chair Stedman acknowledged the four positions for item #12 and the general fund match of \$40 thousand, which he considered "strings attached." He mentioned that Senator Paskavan sponsored SB 133 which creates an electronic health information exchange system. He wondered about the connection between SB 133 and SB 161.

Ms. Elgee responded that SB 133 addresses a similar subject matter, the creation of a health information exchange. The suggested fiscal note for SB 133 utilized the Economic Stimulus funding. The fiscal note projects the real cost of creating the information exchange without clarification from the federal government about whether the federal funds are available to the state. The money seen on the spreadsheet (Copy on File) was intended as a placeholder as there is a significant planning effort in terms of meeting the Health Insurance Portability and Accountability Act (HIPPA) requirements involved in insuring privacy of patient records.

Co-Chair Stedman asked if the department supports SB 133. Ms. Elgee responded that the department supports the concept

of SB 133, although she could not make a statement regarding the Economic Stimulus funding due to all of the unknowns.

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Mr. Persily noted that the state administers grants for healthcare providers across Alaska. One provision of the stimulus bill is the eligibility of up to \$67,750 per health care provider for implementation of electronic medical records.

Senator Olson asked electronic medical records for rural Alaska. Ms. Elgee answered that the state recognized significant band width issues associated with rural Alaska. She informed that anon-profit group; The Alaska Health Network conducted a study estimating the need of \$13 million as a solution to the band width problems faced by rural Alaska. Mr. Persily noted that \$7.2 billion in the economic stimulus bill are administered as grants or loan guarantees for rural areas.

Senator Olson asked if competitive grants existed among the three telecommunications companies in Alaska. Mr. Persily answered that two federal agencies run the competitive grant programs.

[1:47:08 PM](#)

Co-Chair Stedman addressed item #13 and the public assistance for child care benefits. Ms. Elgee stated that the funding includes approximately \$4 million. One requirement states that Alaska may not supplant state funding with this increase. A portion of the funding must targeted quality expansion of infant and toddler care programs. The balance of funding improves access to childcare assistance for rate reimbursement charged for childcare or expanding eligibility.

Mr. Persily stated that the House Finance Committee had no problems and found no "strings attached" to item #13.

Ms. Elgee addressed item #14 and the public assistance Supplemental Nutrition Assistance Program (SNAP) formerly known as the food stamp program. Included is an increase in food stamp benefits for all recipients. The funding addresses administrative costs for outreach and necessary program changes. Mr. Persily noted the lack of "strings attached" to item #14.

[1:50:27 PM](#)

Ms. Elgee addressed item #15 and the Women, Infant, and Children (WIC) nutrition program administered through the Department of Public Assistance. This program eligibility is

caseload driven. She estimated the availability of \$177 thousand pending Alaska's eligibility.

Mr. Persily added that research in the House Finance Committee showed no negative impacts or "strings attached."

Ms. Elgee addressed item #16 and increased funding for immunization, prevention and wellness, and infection reduction grants. Mr. Persily stated that the House Finance Committee found zero "strings attached" minus the ongoing issue of proper accounting, reporting, and following of the rules.

Ms. Elgee addressed item #17, an expansion of the Individuals with Disabilities Education Act which expands the state's infant learning program. Infrastructure improvements such as converting providers to electronic education records and improving Medicaid claiming opportunities are the focus.

Mr. Persily stated that the House Finance Committee found no "strings attached" to item #17.

[1:53:09 PM](#)

Ms. Elgee addressed item #18 and the expansion of the grant program through the administration on aging for home delivered and congregate meals provided throughout senior centers. The amount is \$485 thousand administered as grants to those senior centers already part of the existing commission on aging grant program. Mr. Persily stated that item #18 remains available throughout the federal stimulus period only.

[1:54:06 PM](#)

Co-Chair Stedman introduced item #34 from the Department of Environmental Conservation.

MIKE MAHER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, addressed item #34 and the Air Non-point mobile source stimulus. The item allows the department the provision of grants predominantly to rural areas of Alaska for diesel emission reduction. The item allows for the replacement of diesel generators, school buss fleets, and the conversion of vehicles from diesel power to natural gas or propane. The small program requires no additional positions. The program requires grant authority. Co-Chair Stedman clarified that the grant requires statutory work.

Mr. Persily stated that this program has available funds for municipalities. The purpose of the item is the reduction of emissions and energy savings. Co-Chair Stedman asked if this was a "one time" grant. Mr. Maher responded that additional

funding might exist downstream, although exact amounts are unknown.

SB161 was HEARD and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 1:57 PM.