

SENATE FINANCE COMMITTEE
March 22, 2010
9:05 a.m.

[9:05:23 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:05 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Dennis Egan
Senator Donny Olson

MEMBERS ABSENT

Senator Johnny Ellis
Senator Joe Thomas

ALSO PRESENT

Senator Bettye Davis; Doug Wooliver, Administrative Attorney, Alaska Court System; Esther Cha, Staff, Senator Lesil McGuire; Jay Livey, Staff, Co-Chair Hoffman; Senator Kevin Meyer; Andrea Story, Juneau School Board; Eddy Jeans, Director, School Finances and Facilities, Department of Education and Early Development

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 144 MUSK OXEN PERMITS

CSSB 144 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero FN 1 DFG.

SB 215 PIONEERS HOME RX DRUG BENEFIT

SB 215 was REPORTED out of Committee with no recommendation and with zero FN 1 DHS.

SB 219 TRAUMATIC BRAIN INJURY: PROGRAM/MEDICAID

SB 219 was heard and HELD in Committee for further consideration.

SB 237 SCHOOL CONSTRUCTION DEBT REIMBURSEMENT

SB 237 was heard and HELD in Committee for further consideration.

SB 238 MEDICAID FOR MEDICAL & INTERMEDIATE CARE

SB 238 was REPORTED out of Committee with no recommendation and with zero FN 1 DHS.

SB 246 INCREASING NUMBER OF SUPERIOR CT JUDGES

SB 246 was REPORTED out of Committee with no recommendation and with FN 1 CRT and zero FN 2 CRT.

SB 257 YOUTH COURTS AND CRIMINAL FINES

SB 257 was REPORTED out of Committee with a "do pass" recommendation and with zero FN 1 CRT, zero FN 2 DHS, and zero FN 3 LAW.

[9:05:46 AM](#)

#sb144

SENATE BILL NO. 144

"An Act relating to hunting permits and tag fees for musk oxen."

[9:06:35 AM](#)

Senator Hoffman MOVED to ADOPT the CS for SB 144, labeled 26-LS0666\E, Kane, 3/16/10. Co-Chair Stedman OBJECTED.

Co-Chair Stedman explained that the committee substitute makes a conforming technical change by adding the word "and" on page 1, line 15, and on page 2, line 8.

Co-Chair Stedman WITHDREW his objection. There being NO OBJECTION, the CS was adopted.

Co-Chair Stedman noted a zero fiscal note from the Department of Fish and Game.

Senator Olson, sponsor of the bill, summarizing that the bill clears up the paperwork for hunters of Musk Oxen. The new stocks of Musk Oxen are treated differently now that they are transplanted. The bill was requested by the Department of Fish and Game in Nome.

[9:08:27 AM](#)

Co-Chair Hoffman MOVED to report CSSB 144 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 144 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero FN 1 DFG.

[9:09:18 AM](#)

#sb215

SENATE BILL NO. 215

"An Act requiring the Department of Health and Social Services to accept federal prescription drug benefits or to provide comparable benefits for residents of the Alaska Pioneers' Home."

Co-Chair Stedman reported that this was the second hearing on the bill. He asked if there were any questions. He noted one zero fiscal note from the Department of Health and Social Services.

Co-Chair Hoffman MOVED to report SB 215 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 215 was REPORTED out of Committee with no recommendation and with zero FN 1 DHS.

[9:10:40 AM](#)

#sb238

SENATE BILL NO. 238

"An Act amending the eligibility threshold for medical assistance for persons in a medical or intermediate care facility."

[9:10:55 AM](#)

SENATOR BETTYE DAVIS, sponsor of SB 238, thanked the committee for considering the bill.

Co-Chair Hoffman MOVED to report SB 238 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 238 was REPORTED out of Committee with no recommendation and with zero FN 1 DHS.

[9:11:55 AM](#)

#sb246

SENATE BILL NO. 246

"An Act increasing the number of superior court judges designated for the third judicial district; and providing for an effective date."

[9:12:08 AM](#)

Co-Chair Stedman reported that the bill was requested by the Court System and introduced by the Rules Committee. It is the second hearing on the bill. The Court System provided information in a letter dated March 16, detailing the number of cases filed per district and how many judges have been added in the last ten years (copy on file).

DOUG WOOLIVER, ADMINISTRATIVE ATTORNEY, ALASKA COURT SYSTEM, explained that the Court System provided information going back to 2000 listing all superior court filings by district. The numbers vary by district. The third district, where a judge is being requested, has seen an increase in case filings. The request for the judge has more to do with the additional work load rather than the number of cases.

Co-Chair Stedman reviewed the two fiscal notes, one zero note from the Judicial Council and one fiscal note from the

Court System for \$499,100 in general funds for the new judge and support staff.

Mr. Wooliver voiced appreciation for the committee's consideration of the bill.

[9:13:54 AM](#)

Co-Chair Hoffman MOVED to report SB 246 out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SB 246 was REPORTED out of Committee with no recommendation and with FN 1 CRT and zero FN 2 CRT.

[9:14:32 AM](#)

#sb257

SENATE BILL NO. 257

"An Act relating to funding for youth courts; and relating to accounting for criminal fines."

Co-Chair Stedman related that this was the second hearing on the bill.

Senator Egan, sponsor, thanked the committee for listening to the presentation on the bill and continuing to provide funding for Alaska's Youth Courts.

Co-Chair Stedman noted three zero notes, one from the Department of Law, one from the Department of Health and Social Services, and one from the Court System.

Co-Chair Hoffman MOVED to report SB 257 out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SB 257 was REPORTED out of Committee with a "do pass" recommendation and with zero FN 1 CRT, zero FN 2 DHS, and zero FN 3 LAW.

[9:16:20 AM](#)

#sb219

SENATE BILL NO. 219

"An Act establishing a traumatic brain injury program and registry within the Department of Health and Social Services; and relating to medical assistance coverage for traumatic brain injury services."

[9:16:27 AM](#)

Co-Chair Stedman said that this was the second hearing on the bill.

Co-Chair Hoffman MOVED to ADOPT the CS for SB 219, labeled 26-LS1312\S, Mischel, 3/2/10.

Co-Chair Stedman OBJECTED. He noted that, at the direction of the sponsor, the definition of case management service on page 2, line 3 has been amended. There is a document in members' packets that summarizes that change.

ESTHER CHA, STAFF, SENATOR LESIL MCGUIRE, explained the changes in the bill. On Section 3, page 2, the definition of case management services for traumatic or acquired brain injury was amended to "services furnished to individuals who reside in a community setting or who are transitioning to a community setting, to gain access to needed medical, social, educational, and other available services."

Ms. Cha related that the subsections from AS 47.07.030 (A), (B), (C), and (D) were deleted from Version E of the bill. The change is shown on page 2, line 25, through page 3, line 5. This change was based on testimony from the Department of Health and Social Services. The original definition was slightly amended in the Health and Social Services Committee hearing; however, the department's attorney general stated that the definition of case management would still conflict with the federal definition. The department was uncertain whether or not Medicaid and Medicare Services would be affected, jeopardizing the ability to get matching federal funds. The definition change is verbatim from federal statutes and should not complicate the process when the department submits an amendment to the state's Medicaid plan.

Co-Chair Stedman WITHDREW his objection to the adoption of the CS. There being NO OBJECTION, it was so ordered.

AT-EASE [9:19:18 AM](#)

RECONVENED [9:22:05 AM](#)

Senator Huggins MOVED to adopt Amendment 1:

Page 4, lines 6-7

Delete "and laws pertaining to the prevention of traumatic or acquired brain injury and"

Insert "pertaining"

Co-Chair Stedman OBJECTED.

Senator Huggins proposed an Amendment to Amendment 1:

Change "page 4" to "page 3"

Change "lines 6-7" to "lines 27-28"

Co-Chair Stedman OBJECTED for discussion purposes.

Senator Huggins explained the changes. Co-Chair Stedman noted that Amendment 1 was written to Version E of the bill and the committee has adopted Version S.

Co-Chair Stedman WITHDREW his OBJECTION to the amendment to Amendment 1. There being NO further OBJECTION, the amendment to Amendment 1 was adopted.

Senator Huggins explained Amendment 1. He said the amendment addresses previous testimony regarding helmets. The amendment removes the mandated helmet provision.

[9:23:49 AM](#)

Senator Olson asked if the bill allows the wearing of a helmet at the discretion of the rider. Co-Chair Stedman concurred.

AT-EASE [9:24:32 AM](#)

RECONVENED [9:25:30 AM](#)

Senator Olson spoke of a concern regarding a helmet law, which unfairly penalizes people in his district who ride snowmobiles. He wished to study the bill further to ensure that it did not adversely affect his district.

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

SB 219 was heard and HELD in Committee for further consideration.

[9:27:18 AM](#)

#sb237

SENATE BILL NO. 237

"An Act extending the deadline for authorizing school construction debt reimbursed by the state."

Co-Chair Stedman stated that it was the first hearing on the bill.

Co-Chair Hoffman MOVED to ADOPT the CS for SB 237, labeled 26-LS1342/S.

Co-Chair Stedman OBJECTED.

[9:27:43 AM](#)

JAY LIVEY, STAFF, CO-CHAIR HOFFMAN, explained the changes in Version S. He stated that the purpose of the CS is to address the way in which state funds are used to pay for school construction. The objectives are to provide a more predictable method of funding for both the Regional Educational Attendance Areas (REAA's) and municipal districts. He explained that the first two sections of the bill address the construction of REAA schools.

Mr. Livey reported that Section 1 contains legislative findings which refer to the Kasayulie vs. Alaska court case. This case was introduced seven or eight years ago, but has not been finally settled. In the case, the judge noted that the state has a statutory process for funding municipal schools through the debt service program, but it had no comparable program for funding REAA schools. The court also found that this situation created an unfair environment in terms of money available. The sponsor also believes that it creates an unfair environment in which REAA funding planners have considerable uncertainty about funds available and makes it difficult to plan for future construction of buildings.

[9:30:00 AM](#)

Mr. Livey highlighted Section 2 of the bill, which addresses the above-mentioned deficiency by creating a fund

from which REAA construction dollars are dispersed. Money is deposited in the fund according to a formula which is linked to the outstanding debt amount for municipal schools.

Mr. Livey explained how the formula works. The outstanding debt amount for municipal schools represents what the state's obligation currently is for the amount of money to fund for new construction in schools. As noted in the findings section, this amount is about \$1.2 billion and is expected to remain the same over the next two years. The findings section also notes that about \$515 million has been spent in the last ten years on REAA's schools. In addition, there is a backlog of about ten or eleven REAA schools that need to be funded over the next few years. He stated that spending amounts in municipal schools is higher than the amount spent in REAA schools by about 28 percent. If the outstanding debt amount of \$1.2 billion is multiplied by 28 percent, and that total is multiplied by the percent of all REAA students, which is about 12 percent, the result is about \$40 million per year. The bill proposes using this formula to fund REAA construction.

Mr. Livey described aspects of the fund. The money would be spent from the fund by the Department of Education in the same manner as they would decide to fund REAA schools currently. All requirements would be approved by the department. The balance of the fund would not exceed \$100,000,000.

Mr. Livey emphasized that the funding would provide some certainty to REAA construction planners and to the Department of Education.

[9:33:29 AM](#)

Mr. Livey explained that the third section of the bill addresses municipal districts. Currently, the state reimburses municipal districts at 70 percent of their outstanding debt for school construction; however, the statute must be renewed every three years. The bill proposes to make 70 percent permanent in order to reduce funding uncertainty among district planners.

[9:34:16 AM](#)

Co-Chair Hoffman shared information as to how the bill would address three of the backloged school within the \$344 million backlog of eleven schools. He hoped that the remaining eight schools could be addressed over the next two years. He noted that \$40 million is the minimum amount and the legislature can provide more funding if it desires.

Co-Chair Stedman WITHDREW his objection to adopting the CS. There being NO further OBJECTION, it was so ordered.

Co-Chair Stedman suggested that the sponsor define the rural attendance area.

[9:35:55 AM](#)

SENATOR KEVIN MEYER, sponsor, related that the bill started out as a simple extension of the current 70/30 debt reimbursement program. The bill is normally extended for two or three years at a time and an attempt is made to incorporate rural schools with construction needs. The bill formulizes a process already in place and puts it into statute. He voiced support for the new CS and the suggested changes.

Co-Chair Stedman asked where in the state schools are needed. Senator Meyer could only speak for the Anchorage schools, where there is a backlog of requests. The 70/30 program is in place for all municipal and urban schools and is available every year.

[9:38:47 AM](#)

Co-Chair Stedman spoke of the needs in Southeast Alaska being "kids and jobs".

Senator Huggins discussed the need in MatSu for 4-6 backloged schools.

[9:39:25 AM](#)

Co-Chair Hoffman spoke of conversations with superintendents in Anchorage and Fairbanks and hoped that they were looking favorably at the legislation. He hoped to assuage concerns over construction of urban and rural schools.

Co-Chair Stedman noted one fiscal note from the Department of Education showing the cost of debt reimbursement starting in FY 2013 at \$3,700,000.

[9:40:42 AM](#)

ANDREA STORY, JUNEAU SCHOOL BOARD, spoke in favor of the bill on behalf of the Board. She reported that the bill has been very successful in helping with major maintenance in Juneau. She spoke of efforts of the school district to keep up on building construction and maintenance needs. She pointed out that Alaska Association of School Boards also supports the legislation. She hoped to see both urban and rural schools flourish because schools are the centers of communities.

[9:42:12 AM](#)

EDDY JEANS, DIRECTOR, SCHOOL FINANCES AND FACILITIES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, offered to answer questions. When asked by Co-Chair Stedman if the department supported the bill, he reported that the department is neutral on the bill.

Senator Olson asked what changes in construction are expected as a result of the bill. Mr. Jeans related that with the inclusion of the amendment, a request from the administration would be forthcoming on an annual basis for at least one school construction project. The legislature, over the past ten years, has funded a number of construction projects in rural Alaska. He thought construction and major maintenance needs around the state have been addressed fairly well the last ten years, much better than the ten years prior.

Senator Olson inquired if the Kasayulie vs. Alaska case would have an effect on the state's actions. Mr. Jeans said that was difficult to answer because the case has been dormant for a number of years, partly because the legislature has provided funding for rural schools.

[9:44:43 AM](#)

Co-Chair Hoffman agreed that the legislature has addressed rural school needs; however, the administration has not supported rural school construction for the past ten years. Every single year the administration has requested the

money needed to pay bond indebtedness and the legislature has funded it.

Co-Chair Stedman requested information on what was spent in rural and non-rural areas on school construction in the past 20 years. Mr. Jeans offered to provide that information.

SB 237 was heard and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 9:47 AM.