

SENATE FINANCE COMMITTEE
March 23, 2010
9:08 a.m.

[9:08:25 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:08 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Tim Grussendorf, Staff, Co-Chair Lyman Hoffman; Tim Benintendi, Staff, Senator Olson; Denise Liccioli, Staff, Senator Donny Olson; Joe Hardenbrook, Staff, Senator Joe Thomas; Miles Baker, Staff, Senator Bart Stedman; Jesse Kiehl, Staff, Senator Dennis Egan

PRESENT VIA TELECONFERENCE

None

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 302 was heard and HELD in Committee for further consideration.

SENATE FINANCE SUBCOMMITTEE CLOSEOUTS:

DEPARTMENT OF FISH AND GAME
OFFICE OF THE GOVERNOR
LEGISLATURE
UNIVERSITY OF ALASKA
DEPARTMENT OF ADMINISTRATION
DEPARTMENT OF HEALTH and SOCIAL SERVICES
DEPARTMENT OF PUBLIC SAFETY
DEPARTMENT OF MILITARY and VETERANS AFFAIRS
DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
DEPARTMENT OF LAW
DEPARTMENT OF REVENUE
DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
ALASKA COURT SYSTEM
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT
DEPARTMENT OF CORRECTIONS
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

#hb300

#hb302

CS FOR HOUSE BILL NO. 300(FIN)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

CS FOR HOUSE BILL NO. 302(FIN)

"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."

[9:09:22 AM](#)

Co-Chair Hoffman explained the process for hearing the Senate Finance Committee's budget subcommittee reports.

DEPARTMENT OF FISH AND GAME SUBCOMMITTEE

[9:09:56 AM](#)

TIM GRUSSENDORF, STAFF, CO-CHAIR LYMAN HOFFMAN, began with the Department of Fish & Game's recommendations. He listed the budget action and other subcommittee action by region:

The Senate Finance Budget Subcommittee for the Department of Fish and Game submits an Operating Budget to the Senate Finance Committee for FY 11 as follows:

Fund Source	10 Mgt Plan	Gov Amd+	Sen Sub	Difference (G- S)
Unrestricted GF	57,219.8	58,058.0	59,955.6	1,897.6
Designated GF	11,502.3	12,421.5	11,047.0	(1,374.5)
Other	55,555.7	56,896.2	57,346.3	450.1
Federal Funds	56,836.2	61,602.3	61,202.3	(400.0)
TOTAL	181,114.0	188,978.0	189,551.2	573.2

Positions	10 Mgt Plan	Gov Amd	Sen Sub	Difference (G- S)
PFT	910	912	915	3
PPT	766	760	762	2
Temp	66	65	65	-

The Subcommittee held one meeting with the Department and took the following actions:

Budget Action

Accepted the Governor's amended proposal with the following adjustments and comments:

- Denied the Governor's request to consolidate the Commercial Fisheries division into one component.
- Denied \$400.0 of Wildlife's \$3.5 million federal funds increment request.

OTHER SUBCOMMITTEE ACTION

- **Commercial Fisheries Appropriation:** Cut \$924.4 of Test Fisheries Receipts from various Commercial Fisheries allocations to align Test Fisheries receipts authorization with anticipated expenditures. (See attached reports for details.)

- **SE Region:**
 - Added \$50.0 of GF to SE Region Fisheries Management for a collaborative effort with the industry and fishermen to better determine the SE Red King Crab biomass.
 - Added \$600.0 UGF for Southeast Region Stock Assessments, Monitoring, and Other Projects
- **Central Region:** Added \$523.0 of UGF and 1 PFT for Salmon Research and Management Projects
- **AYK Region:** Added \$400.0 of UGF and 3 pcns (2 PFTs and 1PPT) for Salmon Research and Management Projects.
- **Subsistence Division:**
 - Added \$84.6 of UGF for a F&G Regional Regulatory Program Assistant position in Bethel to coordinate local fish and game advisory committees.
 - Added \$260.0 of UGF for Yukon Chinook Salmon Disaster Research

Co-Chair Hoffman reported that the state has a constitutional mandate to manage for sustained yield. The members of the subcommittee maintain that if the state is truly managing for sustained yield, there would not be problems with low runs of fishery stocks throughout the state. The subcommittee is adding funds to address some of the problems on the Yukon River, in Southcentral Alaska, and in Southeast Alaska. This is the largest increase the department has had in over two decades; however, at \$1.6 million it is small compared to the over \$50 million increase to education's budget.

[9:13:43 AM](#)

OFFICE OF THE GOVERNOR SUBCOMMITTEE

Mr. Grussendorf reported on the budget action, which matches the governor's amended request:

The Senate Finance Budget Subcommittee for the Office of the Governor submits an Operating Budget to the Senate Finance Committee for FY 10 as Follows:

	10 mgt.			
Fund Source	plan	Fy11 Gov Amd	Sen Sub	Sen to Gov

General Funds	\$22,485.0	\$ 26,639.4	\$ 26,639.4	-
Federal Funds	\$187.6	\$189.9	\$ 189.9	-
Other Funds	\$ 834.5	\$754.1	\$ 754.1	-

Positions	10 mgt plan	11 Gov Amd.	Sen. Sub	Sen to Gov
PFT	156	156	156	-
PPT	0	0	0	-
Temp	23	52	52	-

The Subcommittee held one meeting with the Department and took the following actions:

Budget Action

The Senate Finance Budget Subcommittee on the Office of the Governor submits an operating budget for FY11 as follows:

- The Sub-Committee budget authorizes no additional general funds than the Governor's Amended FY11 request.
- The FY11 subcommittee budget requests a total increment from FY11 Adjusted Base of \$3,845.0 general funds and 29 additional temporary employees described below.
- The Governor requested a status-quo budget for FY11 with two significant one-time increments and two minor increments associated with REAA.
- elections and redistricting. \$3,693.8 was requested along with 29 part time positions to run the 2010 elections. The amount of this funding is consistent with the prior election cycle.
- \$6,500.0 was requested for continuing in-state gas line work in the language section of the budget. As this has been an issue important to the legislature and perceptions differ on the project, in the context of overall gas monetization activities, it is not funded in the subcommittee close-out report and will be considered along with all other FY11 gas-line appropriation requests in the Standing Committee.

Senator Olson inquired about the 29 additional temporary employees. Mr. Grussendorf said that number is consistent with prior election cycles.

[9:15:49 AM](#)

LEGISLATURE SUBCOMMITTEE

Mr. Grussendorf shared the budget action:

The Senate Finance Budget Subcommittee for the Legislatures Operating Budget submits this recommendation to the Senate Finance Committee for FY 11 as follows:

Fund Source	10 mgt. plan	11 Gov Amd	Sen Sub	Difference
General Funds	\$ 65,730.0	\$68,249.0	\$ 67,111.6	\$1,137.0
Federal Funds	0	0	0	0
Other Funds	\$340.0	\$340.0	413.0	\$73.0

Positions	10 mgt plan	11 Gov Amd.	Sen. Sub	Sen to Gov
PFT	246	246	247	1
PPT	280	280	281	1
Temp	0	0	0	0

Budget Action

The Senate Finance Budget Subcommittee on the Legislature submits an operating budget for FY11 as follows:

- The committee authorizes \$1,137.0 less general funds and 5 less employees than the Legislature's initial FY11 request.
- The subcommittee proposal accepts both the decrement for the amount no longer needed for long term per diem and the corresponding transaction increasing legislator salary and benefits as recommended by the State Officers Compensation Commission.
- The increase proposed for legislator's annual allowance accounts has not been accepted pending further deliberations and final determinations by Legislative Council.
- Line Item Transfers for budget realignment and authorization for increased I/A Rcpts have been authorized for Legislative Budget and Audit (LB&A) and Legislative Council.
- The 4 positions associated with LB&A's request for additional auditors are not authorized at this time.

The Legislative Auditor is directed to first reassess the effectiveness of contract audit services. Should this assessment conclude the need for additional personnel, the Chair and Vice Chair of the LB&A committee may authorize such action.

- \$600.0 excess GF spending authority in the LB&A appropriation was transferred to the Legislative Council appropriation to provide assurance that sufficient authority exists there to absorb all other additional GF funding requests without increased budget authority.
- The Subcommittee approved the PPT position for the Select Committee on Legislative Ethics

[9:17:48 AM](#)

UNIVERSITY OF ALASKA SUBCOMMITTEE

Mr. Grussendorf listed the budget action:

The Senate Finance Budget Subcommittee for the University submits an Operating Budget to the Senate Finance Committee for FY 11 as Follows:

Fund Source	10 Mgt Plan	FY11 Gov Amd	Sen Sub	Sen Sub to Gov
General				
Funds	\$617,040.4	\$640,989.7	\$640,973.0	(\$16.7)
Federal				
Funds	\$131,558.5	\$132,798.7	\$132,798.7	-
Other Funds	\$ 74,608.0	\$ 76,146.0	\$ 76,146.0	-

Positions	10 Mgt Plan	FY11 Gov Amd	Sen Sub	Sen Sub to Gov
PFT	4,694	4,694	4,694	0
PPT	222	222	222	0
Temp	0	0	0	0

The Subcommittee held one meeting with the University and took the following actions:

Budget Action

- Changed structure from one appropriation in Gov Amd to seven appropriations (matching FY10)
- Transferred 3% of Federal Receipts, Unrestricted GF, and University Receipts from all appropriations (except the Small Business Development Center) into the Budget Reductions/Additions - Systemwide

appropriation to provide program funding flexibility under the seven-appropriation scenario. The total transferred is \$22.5 million. This is a net zero change in the overall budget.

- Accepted all Federal Receipts and Other Funds as requested in Gov Amd
- Accepted all Designated GF (University Receipts and VoTech Ed) as requested in Gov Amd
- Funded all GF Match and GF/MH as requested in Gov Amd and provided a Statewide University Increment of \$4.5 million in General Funds
- Funded \$1.2 million GF for the Alaska Native Science & Engineering Program at the Anchorage Campus
- Funded \$314.2 GF specifically for Anchorage Fixed Cost Priorities
- Funded \$300.0 GF for the Marine Advisory Program at the Fairbanks Campus
- Funded \$75.0 GF for Alaska Summer Research at the Fairbanks Campus
- Funded \$150.0 GF for Individual Technology Based Math and the Summer Bridge Program at the Fairbanks Campus
- Funded \$260.8 GF for University of Alaska Community Campuses for Additional Lease Cost Increases (split between the College of Rural and Community Development and the Cooperative Extension Service allocations)
- Approved Intent 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.

[9:21:07 AM](#)

Co-Chair Hoffman pointed out that these budget actions were made by a committee of the whole.

[9:21:30 AM](#)

DEPARTMENT OF ADMINISTRATION SUBCOMMITTEE

TIM BENINTENDI, STAFF, SENATOR OLSON, explained the results of the subcommittee's work including fund source, funds, positions, and budget action:

After five substantive hearings with the Department of Administration, the SFC Administration Subcommittee submits this operating budget to the Senate Finance Committee for FY11:

FUND SOURCE:

	<u>FY10</u> <u>Mgt Plan</u>	<u>Gov Amd</u>	<u>Sen Sub</u> <u>SenSub to GovAmd</u>	<u>Difference</u>
GENERAL FUNDS:	95,992.3	97,667.7	97,885.6	217.9 / .2%
FEDERAL FUNDS:	4,420.8	3,933.6	3,933.6	0.0
OTHER FUNDS:	194,276.8	197,451.4	197,433.5	(17.9) / 0%
TOTAL FUNDS:	294,689.9	299,052.7	299,252.7	200.0

FUNDS:

The Subcommittee approved a net increase in TOTAL FUNDS of \$200.0, the difference between Gov. Amend. and Sen. Subcom.

POSITIONS:

The Department eliminated 1 PFT position compared to FY10 Mgt. Plan, 2 PPT's, and 2 Temporary positions, and the Subcommittee **ACCEPTED** these changes.

	<u>FY10</u> <u>Mgt. Plan</u>	<u>Gov Amd</u>	<u>Sen Sub</u>
PFT	1,070	1,069	1,069
PPT	20	18	18
TEMP	34	32	32
TOTAL:	1,124	1,119	1,119

BUDGET ACTION:

DENIED GF fund source changes for health insurance increases for non-covered employees - **\$32.1**: \$12.3 (Admin. Hearings); \$7.7 (Office of Commissioner); \$1.9 (Administration Services); \$1.0 (Personnel); \$1.2 (Lease Administration); \$4.2 (Enterprise Technology Services); \$3.8 (Office of Public Advocacy). It was felt that the department could absorb these costs, or charge them back to other agencies via Inter-Agency receipts.

REDUCED projected travel costs in E-Travel by \$50.0, Inter-Agency receipts, from \$600.0 to \$550.0.

ADDED an increment of \$250.0 GF to the base, for the Alaska Public Broadcasting Commission / Radio Operations, for station operating grants.

INTENT LANGUAGE: None added by the Subcommittee.

GOVERNOR'S AMENDMENTS: **ACCEPTED**

EPORS	decrement	-\$250.0 / GF
FINANCE	increment	\$500.0 / ARRA
(result of a technical error: Transaction title is corrected with this amendment)		
PUBLIC ADVOCACY	increment	\$865.0 / GF
PUBLIC DEFENDER	decrement	- \$20.0 / SDPR
PUBLIC DEFENDER	increment	\$800.0 / GF
V. C. C. B. Crim. Fund	decrement	- \$2.0 / PFD

[9:24:38 AM](#)

DEPARTMENT OF HEALTH and SOCIAL SERVICES SUBCOMMITTEE

DENISE LICCIOLI, STAFF, SENATOR DONNY OLSON, reported on the subcommittee's work. She described the fund source, position summary, personnel, and budget action, as well as items of concern:

The Sub-Committee for the Department of Health & Social Services submits an operating budget recommendation and report to the Senate Finance Committee for FY11 as follows:

Fund Source

	10 Mgt Plan	Gov Amd	Sen	Sub
Difference				
GF	\$899,499.2	\$996,005.4		\$988,852.1
	\$(7,153.3)			
Federal	1,081,482.7	1,162,698.6	1,157,262.7	
	(5,435.9)			
Other	93,198.4	92,133.1	92,233.1	100.0
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Total	\$2,074,180.3	\$2,250,837.1	\$2,238,347.9	

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Position Summary

	10 Mgt Plan	Gov Amd	Sen Sub
PFT	3,474	3,469	3,469
PPT	93	93	93
Temp	123	108	108
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Total	3,690	3,670	3,670

FY 2011 Senate Finance Sub-Committee Budget Recommendations
for H&SS /March 17, 2010

Personnel

The authorized position count for the department was reviewed; the overall number of positions actually decreased in the Governor's request, and the sub-committee retained the same overall number.

Budget Action

- Held 5 public meetings with the department to discuss and explain the budget;
- Adopted the FY11 Adjusted Base; and
- Reviewed each of the increments and decrements submitted by the Governor, including amendments.

The GF in this budget was increased from the previous year, predominately due to Medicaid. Medicaid growth and projections increased the budget \$153 million in total, \$68,410.1 of which is GF. We are fortunate that our Federal Medical Assistance Percentage (FMAP) went down last year and is still at a lower rate, or the Medicaid increases would have been significantly more.

Another \$6.3 million of GF increases are due to enrollment growth in adult public assistance, general relief, and senior benefit payments. Added to this is a GF increase to stabilize the funding of the Medicaid School Based Claims program, due to fairly recent discovery of problems with how this program was being implemented and the funds used. The federal agency wants to see a correlation between the claiming and the funding received going to school programs, and the department is still unsure of exactly how the funds

can be spent or the impact of handling the funding "correctly".

Other increases were made in other areas, which we believe to be basic and integral to the services provided by this budget, and consider them to be essential to what government does for its citizens. And so this budget proposal funds basic support needed for children, the frail and other Alaskans who cannot provide for themselves. Notable increases that are approved include:

- \$2.6 million of GF and \$3.5 million of federal funds for the Adult Preventative Dental Medicaid Services
- Over \$9 million in Mental Health Trust Funds, and about half that in GF/MH for Bring the Kids Home (BTKH); the other half funded FASD treatment, and substance abuse and mental health programs and services.
- \$1 million to stabilize funding to public health nursing grantees
- \$355 thousand to foster care services including toward the prevention of homelessness, job training and foster parent recruitment, and school transportation to prevent mid-term transfers by students who are in foster care.
- Finally, over \$5.2 million of GF, \$1.4 million of federal funds, and \$11.7 million of other funds went to a variety of programs. To name a few: suicide response and postvention, home and community based waiver compliance, peer navigators, Soteria-Alaska, eye and vision rehab for rural Alaskans, and early childhood mental health.
- FY 2011 Senate Finance Sub-Committee Budget Recommendations for H&SS /March 17, 2010

Only 3 items requested by the Governor, totaling approximately \$900 thousand, were not funded at all in this budget. Another 2 items were partially funded at 50% and total \$487.5 instead of \$975.0 as requested. The sub-committee also made a reduction of \$3.5 million in GF to

the Medicaid program, thereby reducing the increase provided in this budget recommendation.

The sub-committee recommendation also implements a structure change which moves all the Medicaid components into a new and separate component.

Detail on these and other changes are shown in the reports included with this.

Some items were left for the Finance Committee to take action. Those items are:

- A department-wide reduction in travel for \$311.0 GF
- The Therapeutic Courts will be transferred to the Court System Budget, and
- Funding for several items related to the Domestic Violence and Sexual Assault Prevention Initiative.

It is our intention to allow Legislative Finance to do technical adjustments if any are needed.

Items of Concern

Clearly, the biggest concern for this budget is the size of the budget itself, and whether it can be sustained. This budget funds some of the most essential services of state government and not only are the costs of all the programs escalating, but in addition, there continues to be growth in the programs as the elderly population increases, poverty levels increase, and substance abuse and other behavioral health problems abound.

Another concern for this budget is the continuing change to the FMAP rate and other federal programs. Even a small increase in the State's share will cost tens of millions.

And the Medicaid School Based Claims Admin funding remains unresolved and will likely result in additional requests in the millions.

[9:30:52 AM](#)

Senator Olson voiced a concern about an escalation of federal program needs.

[9:31:50 AM](#)

DEPARTMENT OF PUBLIC SAFETY SUBCOMMITTEE

Senator Olson expressed appreciation for the department's cooperation.

Ms. Liccioli reported on the subcommittee's work, including fund source, position summary, personnel, budget action, and items of concern:

The Senate Finance Sub-Committee for the Department of Public Safety submits an operating budget recommendation to the full Senate Finance Committee for FY11 as follows:

Fund Source

	10 Mgt Plan	Gov Amd	Sen Sub	Difference	
GF	\$138,747.8	\$144,872.9	\$145,047.7	\$174.8	0.1%
Federal	20,124.7	12,277.3	12,277.3		
Other	18,631.4	20,111.0	20,111.0		
	-----	-----	-----		
Total	\$177,503.9	\$177,261.2	\$177,436.0		

Position Summary

	10 Mgt Plan	Gov Amd	Sen Sub
PFT	863	870	870
PPT	16	16	16
Temp	14	13	13
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Total	893	899	899

Personnel

Reviewed the authorized position count for the department and authorized 8 new positions for the department. 5 were authorized for highway patrol out of CIP Receipts, and 3 were authorized for increased investigation for domestic violence and sexual assault.

Budget Action

- Held 3 public meetings with the department to discuss and explain the budget;
- Adopted the FY11 Adjusted Base; and

- Reviewed each of the increments and decrements submitted by the Governor, including amendments.

The Governor made public safety a priority and this budget certainly reflects that. The Department is also to be commended for its efforts in recruiting and retaining VPSO and trooper positions and bringing the vacancy rate down as well. The success in this area has been nothing short of remarkable.

The Senate Finance sub-committee approved all of the requested increases except for 1 minor one for \$25.2 thousand. That item would have supplanted ARRA funding with GF.

Notable increases that were approved:

- \$1.5 million of GF was approved for the VPSO program to add 15 additional positions this year, and for COLA and merit increases. This follows the recommendations of the Senate VPSO Task Force from 2008. The department is already seeing success with the implementation of the first of those recommendations, in a similar way as with the Troopers, with more applicants for VPSO positions, and less turnover. These increases are necessary if they are to continue and build on this success and ensure public safety for rural Alaskans as well.
- \$725 thousand of GF and 3 positions for investigations, training, exam and other costs related to Domestic Violence and Sexual Assault (DVSA) prevention.
- A little more than \$700 thousand of GF for DVSA victim services.
- \$656.5 thousand of GF was approved for continuing cold case investigations and illegal drug and alcohol enforcement.
- \$300 thousand of GF for increased costs of prisoner transportation
- \$1.2 million of CIP receipts and 5 positions to enhance highway patrol efforts.

- \$600 thousand of inter-agency receipts for background checks requested by the Department of Health & Social Services.

The detail on these and other changes are shown in the reports included with this.

The Sub-Committee also recommended language and conditional funding to be included in the "language section" of the CS for the Rural Alcohol Interdiction Team for \$1,270.0; and for Drug and Alcohol Enforcement for \$1,393.2.

Some items were left for the full Senate Finance Committee to address, relating to the Domestic Violence and Sexual Assault Prevention Initiative.

It is also our intention to allow Legislative Finance to do technical adjustments if any are needed.

Items of Concern

With the increases in VPSO positions, the department will need more oversight troopers soon, probably in the next budget cycle. Thereafter, as VPSOs are increased, it is expected that trooper oversight will also need to be increased to attain or maintain a ratio of 1:3 which is considered ideal by the department. The department has assured the sub-committee that oversight troopers are not needed in FY 11, but are expected to be needed in FY 12.

The Governor's DVSA prevention initiative will require the support of and funding by the Legislature if we hope to see a reduction in our notorious #1 ranking in the nation for DVSA. This is the first of ten years of this initiative, so we can expect to see additional increases requested to prevent DVSA and to assist victims of DVSA.

[9:36:13 AM](#)

Senator Olson congratulated the commissioner for addressing VPSO needs of rural Alaskans.

DEPARTMENT OF MILITARY and VETERANS AFFAIRS SUBCOMMITTEE

Senator Huggins reported that the subcommittee mirrored the House subcommittee action and fully funded the governor's

requests for operational funds and for personal services. He credited the department for being very organized. He related that the department provides support: to provide military forces to the nation, to provide homeland security and defense, to provide emergency response, to provide veterans services, and to provide military training and education. He listed the department's findings:

The Senate Finance Budget Subcommittee for the Department of Military and Veterans Affairs submits the following operating budget to the full Senate Finance Committee:

FUND SOURCE	10 Mgt Plan	11 Gov Amd Adj	Sen Sub	Gov Amd Adj to Sen Sub
General Funds	11,360.4	11,631.9	11,631.9	0.0
Federal Funds	22,235.3	23,476.9	23,476.9	0.0
Other Funds	13,005.4	13,340.1	13,340.1	0.0
TOTAL	46,601.1	48,448.9	48,448.9	0.0

POSITIONS	10 Mgt Plan	11 Gov Amd Adj	Sen Sub	Gov Amd to Sen Sub
PFTs	296	295	295	0.0
PPTs	2	2	2	0.0
Temps	1	1	1	0.0
TOTAL	299	298	298	0.0

The budget Subcommittee held one hearing with the Department and took the following actions:

1. Reviewed the FY 10 Management Plan.
2. Reviewed the FY 11 Adjusted Base.
3. Reviewed the increments, decrements, and budget amendments proposed by the Governor.
4. Reviewed the House Finance Budget Subcommittee report, which adopted the Governor's request as amended and one fund change.
5. Adopted the Governor's request, as amended, plus the fund change recommended by the House Finance Budget Subcommittee.

The Subcommittee considered aligning the match portion of the Department's budget with the Alaska Air National

Guard's Financial Plan. This increment allows the Department to adequately match federal funds.

The Subcommittee also considered the Bethel Armory lease costs and the Emergency Management Performance Grant program request.

[9:38:38 AM](#)

DEPARTMENT OF NATURAL RESOURCES

Senator Huggins listed the changes made by the subcommittee:

The Senate Finance budget subcommittee for the Department of Natural Resources submits the following operating budget to the full Senate Finance Committee:

FUND SOURCE	FY 10 MGT PLAN	FY 11 ADJ BASE	FY 11 GOV AMD	HOUSE SUB	SEN SUB	GOV AMD TO SEN SUB
UNRESTRICTED GF	68,237.3	62,430.2	65,134.8	64,133.3	64,804.8	-0.5 %
DESIGNATED GF	24,337.2	24,348.7	24,755.3	24,462.3	24,462.3	-1.2 %
OTHER	32,376.3	30,161.1	33,291.9	33,477.3	33,491.9	0.6 %
FEDERAL	14,054.3	14,058.2	16,293.2	16,593.2	16,293.2	0.0 %
TOTAL	139,005.1	130,998.2	139,475.2	138,666.1	139,052.2	-0.3 %

The subcommittee also considered the Governor's request for personal services and recommends the following position count:

POSITIONS	FY 10 MGT PLAN	FY 11 ADJ BASE	GOVERNOR AMEND	HOUSE SUB	SEN SUB	GOV AMD TO SEN SUB
PFTS	779	772	776	771	775	-0.1 %
PPTS	247	247	247	247	247	0.0 %
TEMPS	81	82	82	82	82	0.0%
TOTAL	1107	1101	1105	1100	1104	-0.1 %

The budget subcommittee held six hearings with the Department and took the following actions:

1. Reviewed the FY 10 Management Plan.

2. Reviewed the FY 11 Adjusted Base.
3. Reviewed the increments, decrements, and budget amendments proposed by the Governor.
4. Reviewed the House Finance Budget Subcommittee report.
5. Adopted the attached narrative and Legislative Finance Department documents.

The subcommittee considered the request from the AGIA Coordinator's office to increase its permanent full-time employees from four to eight. The subcommittee recommends that the full Finance Committee and the Legislature consider funding this personal services request at a lesser rate, e.g., increasing from the staff from four to six employees, not eight.

[9:40:09 AM](#)

DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
SUBCOMMITTEE

JOE HARDENBROOK, STAFF, SENATOR JOE THOMAS, highlighted the results of the subcommittee's work. He covered the funding, positions, and budget action:

The Senate Finance Subcommittee for the Department of Commerce, Community & Economic Development submits an operating budget to the full Senate Finance Committee for FY11 as follows:

	FY10 Mgt Pln	FY11 Adj Base	Gov Amend	Senate Subcom
Unrestricted GF	14,013.7	14,116.3	15,867.1	15,898.2
Designated GF	51,529.4	51,532.3	52,328.7	52,328.7
Other	25,678.2	25,866.6	31,001.0	31,001.0
Federal Funds	66,095.0	64,280.5	65,522.6	65,522.6
Total	157,316.3	155,795.7	164,719.4	164,750.5

Position Changes in DCCED:

	FY10 Mgt Pln	FY11 Adj Base	Gov Amend	Senate Subcom
PFTs	529	526	528	527
PPTs	2	2	2	2
Temps	13	13	15	15
Total Positions	544	541	545	544

Budget Action:

- Adopted the Governor's amended FY11 budget proposed increments & decrements for:
 - \$72.1 AIDEA Rcpts for 10% increase in ARDOR (Alaska Regional Development Organization) funding. Recommend that the Full Finance Committee transfer ARDOR funding to Office of Economic Development and out of AIDEA (part of the budget clarification project).
 - \$164.0 Rcpt Svcs increment for Division of Banking and Securities travel. Funding will allow for travel associated with statutorily required exams and accreditation.
 - \$200.0 Rcpt Svcs to cover drastic increase in fixed costs at Division of Insurance Operations. Costs for mail, print, legal and leases have risen \$404.1 since FY08.
 - \$192.1 Stimulus funds for RCA development of electricity regulations. Three years of funding provided under ARRA.

- Adopted the Governor's requested funding but approved the request as one-time:
 - \$97.0 UGF one time funding for Natural Resource Specialist position to advise communities on ANCSA-related actions. Last ANCSA specialist in Department scheduled to retire in next two years. This will allow for training and replacement.
 - \$400.0 one time fed rcpts for prescription database
 - \$100.0 AIDEA Rcpt for AIDEA Strategic plan development funding

- Adopted the Governor's amended FY11 budget with the following changes:
 - \$250.0 UGF for two Local Government Specialists. Two new positions transferred from within Commerce, declined funding for new position request.
 - \$125.0 UGF funding for two positions in Office of Economic Development
 - \$500.0 UGF and \$500.0 Rcpt Svcs for Alaska Seafood Marketing Institute will increase funding for marketing and allow ASMI to cover a \$500.0 decrease in federal funds with carry forward from FY2010.

- The Senate Subcommittee also added the following items:

- o \$500.0 operations grant for Illisagvik College workforce development programs in Barrow
- o \$150.0 UGF to increase grant funding for the Alaska Legal Services Corporation
- o \$250.0 UGF AEA funding for small-scale nuclear power feasibility research grant

[9:44:15 AM](#)

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT SUBCOMMITTEE

Mr. Hardenbrook reported on the work done by the subcommittee including funds, positions, and budget action:

The Senate Finance Subcommittee for the Department of Labor & Workforce Development submits an operating budget to the full Senate Finance Committee for FY11 as follows:

	FY10 Mgt Pln	FY11 Adj Base	Govern or	Senate Subcom	House-Amds
Unrestricted GF	29,705.3	25,874.9	29,214 .1	29,214 .1	28,246 .6
Designated GF	33,962.0	33,978.9	33,886 .2	33,886 .2	33,886 .2
Other	26,370.2	26,400.5	26,620 .5	26,620 .5	26,620 .5
Federal Funds	104,704. 9	87,679.8	101,37 1.0	101,17 1.0	101,17 1.0
Total	194,742. 4	173,934. 1	191,09 1.8	190,89 1.8	189,92 4.3

Position Changes in DOLWD:

	FY10 Mgt Pln	FY11 Adj Base	Govern or	Senate Subcom	House-Amds
PFTs	836	846	847	847	847
PPTs	129	117	117	117	117
Temps	29	20	22	22	22

Budget Action:

The Senate Subcommittee recommends adopting the governor's budget recommendations for the Department of Labor and Workforce Development in FY11. The request is an austerity budget that allows the department to remain focused on critical workforce development initiatives while taking full advantage of federal revenue streams and maximizing outreach statewide.

- Differences from House Finance
 - \$47.5 UGF for expanding training services. Department identified this as a priority, and requested a corresponding decrement to free up funding.
 - \$750.0 Stimulus funds for labor market information improvement project. Sen. Subcommittee accepts the Governor's request for one-time funding but, because the funding is multi-year, we are not requiring the deletion of the PCNs.
 - \$85.0 UGF for workforce development and education. Department identified this as a priority, and requested a corresponding decrement to free up funding.
 - \$585.0 UGF for support of training and apprenticeships. Department identified this as a priority, and requested a corresponding decrement to free up funding.
 - \$250.0 UGF for Construction Academy Training. Deletion of \$250.0, coupled with an expected \$400.0 decrease in federal funds would cripple the delivery of training in rural Alaska.
 - \$83.6 (\$41.8 federal receipts and \$41.8 receipt supported services) for a grant writer for AVTEC in Seward. Lack of a trained grant writer has impacted federal funding to AVTEC in the past, and the department estimates that \$3-5 million in grant funding may be available.

[9:47:36 AM](#)

DEPARTMENT OF LAW SUBCOMMITTEE

MILES BAKER, STAFF, SENATOR BART STEDMAN, reported on the subcommittee's recommendations. He shared the budget action in both the criminal and civil divisions:

The Senate Finance Budget Subcommittee for the Department of Law submits the following FY11 Operating Budget Recommendations to the Senate Finance Committee:

Fund Source	11 Adj Base	Gov Amd	Sen Sub	Difference
Unrestricted GF	\$ 45,470.0	\$ 56,677.0	\$ 55,877.0	\$ (800.0)
Designated GF	\$ 2,184.1	\$ 2,361.1	\$ 2,361.1	\$ 0
Other Funds	\$ 23,670.9	\$ 23,949.9	\$ 23,949.9	\$ 0
Federal Funds	\$ 1,595.4	\$ 1,995.4	\$ 1,995.4	\$ 0
Total	\$ 72,920.4.	\$ 84,983.4	\$ 84,183.4	\$ (800.0)

Positions	11 Adj Base	Gov Amd	Sen Sub	Difference
PFT	549	554	553	(1)
PPT	6	6	6	0
Temp	0	0	0	0

The Subcommittee met with the Department and took the following budget actions:

Budget Action

Approved the Governor's Amended budget requests with the following exceptions:

CRIMINAL DIVISION

- Denied the request to add a permanent full time Sexual Assault Coordinator with \$200,000 in general funds within Criminal Justice Litigation. The subcommittee is recommending to the full Finance Committee that the Senate accept the House recommendation to add this new position and the funding, to the Executive Office of the Governor to better coordinate our activities across all agencies.
- Approved the addition of 2 permanent full time District Attorneys within the Third Judicial District in Kenai. The committee took the House's recommendation to fund these positions at 75% of the \$400,000 GF request. The department testified that the positions will not be ready to be filled at the start of the FY2011 fiscal year.

CIVIL DIVISION

- Approved a one-time increment of \$3.0 million GF within the Oil, Gas & Mining section for outside legal counsel and expert services related to on-going Pt. Thomson litigation, Trans-Alaska Pipeline tariffs, TAPS reconfiguration and other corporate tax matters. This is \$500,000 less than the Governor's request and was approved as a one-time increment instead of being added to the base as requested by the department.
- Deferred to the full Finance Committee, the Oil, Gas & Mining section's \$2.5 million language request for outside legal counsel and expert services related to the state's gas pipeline and gas commercialization efforts. The subcommittee is recommending that the Finance Committee reduce this request by \$500,000 and add a \$2.0 mill GF increment to the numbers section of the department's budget.

[9:50:01 AM](#)

DEPARTMENT OF REVENUE SUBCOMMITTEE

Mr. Baker related the subcommittee's action on the closeout in the categories of funds, positions, and budget action:

The Senate Finance Budget Subcommittee for the Department of Revenue submits the following FY11 Operating Budget Recommendations to the Senate Finance Committee:

Fund Source	11 Adj Base	Gov Amd	Sen Sub	Difference
Unrestricted GF	\$ 17,995.2	\$ 18,880.8	\$ 24,884.8	\$ 6,004.0
Designated GF	\$ 16,033.8	\$ 14,680.9	\$ 8,726.9	\$(5,954.0)
Other Funds	\$173,164.8	\$170,630.7	\$170,094.3	\$ (536.4)
Federal Funds	\$ 39,835.8	\$ 41,064.1	\$ 41,064.1	\$ 0
Total	\$246,989.6	\$245,256.5	\$244,770.1	\$ (486.4)

Positions	11 Adj Base	Gov Amd	Sen Sub	Difference
PFT	864	865	865	0
PPT	41	41	41	0
Temp	17	17	17	0
Total	922	923	923	0

The Subcommittee met with the Department and accepted the Governor's amended budget with the following exceptions:

Budget Action

TAX DIVISION

- Deferred to the full Finance Committee a \$300,000 language appropriation request for an Alaska Gasline Inducement Act (AGIA) information reporting system. This item may belong more appropriately in the capital budget. Committee recommends that if this item is approved, the fund source be changed from Alaska Housing Capital Corp Receipts to GF.
- Deferred to the full Finance Committee an \$800,000 language appropriation request for the addition of 4 new exempt commercial analyst positions. This appropriation should be considered in conjunction with a number of other agency gas and gasline related requests. Committee recommends that if any of this funding is approved, the fund source be changed from Alaska Housing Capital Corp Receipts to GF and that the funding and positions be put into the numbers section of the budget.

TREASURY DIVISION

- Deferred to the full Finance Committee a \$397,000 increment and fund source change for increased Constitutional Budget Reserve management fees. The Committee recommends approving this request and changing the funding source to GF. The CBR is anticipated to be paid off by the beginning of FY11 at which time management fees should be paid out of the General Fund to prevent creating new CBR liabilities.

CHILD SUPPORT SERVICES DIVISION

- Approved a \$7.5 mill fund source change transaction as reworked and approved by the House Finance Committee, to accommodate federal language changes in the American Recovery and Reinvestment Act (ARRA) relating to the utilization of existing federal incentive dollars.

ADMINISTRATIVE & SUPPORT

- Approved a \$50,000 one-time GF increment for costs associated with auditing the Alaska Gasline Inducement Act (AGIA) Fund. The committee agreed to establish a

new allocation for Natural Gas Commercialization and recommends this audit transaction be put into the numbers section of that allocation instead of the language section of the budget.

- Deferred to the full Finance Committee a \$1.5 mill language appropriation request for contractual services and consultants to assistance in the negotiations, analysis and establishment of fiscal terms related to natural gas pipeline development and the coming open season. This appropriation should be considered in conjunction with a number of other agency gas and gasline related requests. Committee recommends that if any of this request is approved, the fund source be changed from Alaska Housing Capital Corp Receipts to GF.

LONG TERM CARE OMBUDSMAN'S OFFICE

- Approved a one-time \$91,500 GF/MH increment for an investigator within the Long Term Care Ombudsman's office to address increased workload relating to Alaska's seniors.

ALASKA HOUSING FINANCE OPERATIONS

- Denied two Corporation Receipt increments totaling \$202,700 for sourcing and contract management technology solutions, accepting the House recommendation.

ALASKA PERMANENT FUND CORP OPERATIONS

- Denied a \$15,500 increment in Corporation Receipts for increased Board of Trustee travel, accepting the House recommendation.
- Approved a one-time increment of \$80,000 in Corporation Receipts for auditing and improving network and firewall security. The Governor's request was for a permanent increment.
- Denied a \$318,200 increment in Corporation Receipts to lower the Corporation's vacancy rate, accepting the House recommendation.

[9:54:14 AM](#)

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
SUBCOMMITTEE

Mr. Baker informed the committee about the recommendations of the subcommittee, including funds, positions, and specific budget action:

The Senate Finance Budget Subcommittee for the Department of Transportation & Public Facilities submits the following FY11 Operating Budget Recommendations to the Senate Finance Committee:

Fund Source	11 Adj Base	Gov Amd	Sen Sub	Difference
Unrestricted GF	\$232,655.4	\$235,443.4	\$234,452.8	\$ (990.6)
Designated GF	\$ 62,455.8	\$ 64,483.0	\$ 63,100.9	\$ (1,382.1)
Other State	\$236,587.9	\$239,187.1	\$239,187.1	\$ 0
Federal	\$ 4,043.4	\$ 3,752.3	\$ 3,752.3	\$ 0
Total	\$535,742.5	\$542,865.8	\$540,493.1	\$ (2,372.7)

Positions	11 Adj Base	Gov Amd	Sen Sub	Difference
PFT	3,200	3,190	3,187	(3)
PPT	439	437	437	0
Temp	220	220	220	0
Total	3,859	3,847	3,844	(3)

Specific Budget Action

The Subcommittee met with the Department and accepted the Governor's amended budget with the following exceptions:

ADMINISTRATION & SUPPORT

- Denied a \$30,000 training increment in Transportation Management & Security section, accepting the House recommendation.
- Denied a \$20,000 increment for increased travel in Statewide Aviation.
- Denied a \$50,000 increment for increased appraisal revenues for non-aviation facilities rent within Statewide Aviation, accepting the House recommendation.

- Added a \$129,300 GF increment for a new Budget Research/Analyst position within Statewide Administrative Services. The Department has a capital budget that approaches \$1.0 bill annually. This position will provide increased services in the area of capital budget tracking, analysis, research & reporting.

DESIGN ENGINEERING & CONSTRUCTION

- Accepted a \$275,000 GF increment to bring the Harbor Development Program from the department's capital budget into the operating budget. Established a separate allocation for this item within Statewide Design & Engineering.

HIGHWAYS, AVIATION & FACILITIES

- Denied a \$12,000 GF increment for increased snow removal building M&O costs in the Northern Region, accepting the House recommendation.
- Added a \$95,000 GF increment for the addition of one new maintenance specialist position in the Northern Region. This was the House recommendation and 50% of the Governor's original request for 2 positions and \$190,000 in funding.
- Deferred to the full Finance Committee the request for a \$188,000 GF increment for 2 new positions to monitor and enforce EPA permit compliance related to street sweeping in Central Region Highways and Aviation.
- Deferred to the full Finance Committee a \$1.7 million GF request in Central Region Highways and Aviation for training, permitting, street sweeping and drain cleaning costs related to federal EPA requirements. The appropriate funding level of this item is still under review due to recently received RFP responses and agency amendments.
- Denied a \$20,000 GF increment for bridge crew training and commodities in Central Region Highways and Aviation.
- Denied a \$305,000 GF request for 2 new positions in Northern Region Highways and Aviation to address

maintenance of state owned sidewalks and ADA compliance concerns.

MARINE HIGHWAY SYSTEM

- Added a \$150,000 increment for a new Transportation Planner position within Marine Engineering to provide system wide transportation planning and to facilitate better integration with the department's Program Development RDU.
- Accepted a \$750,000 increment within Marine Vessel Operations to provide ship-to-shore satellite capabilities aboard AMHS vessels. Increment was split 70% GF and 30% Marine Highway System Funds to more accurately reflect system funding ratios. The Governor's original request was for \$1.0 mill but the agency reported that RFP responses were coming in lower than anticipated.
- Accepted a \$500,000 increment within Marine Vessel Operations for increased lease costs at the Bellingham, Washington terminal. Increment was split 70% GF and 30% Marine Highway System Funds to more accurately reflect system funding ratios.
- Aligned salary increases within Marine Vessel Operations to more accurately reflect system funding ratios by replacing \$65,000 GF with \$65,000 Marine Highway System Funds.
- Replaced \$382,000 Vehicle Rental Tax Receipts with 70% GF and 30% Marine Highway System funds within Reservations and Marketing section to compensate for unrealized rental tax revenues statewide.
- Established a new allocation for marine vessel fuel within Marine Vessel Operations. This separate allocation will provide for more transparency within the budget for evaluating fuel consumption and cost. The FY2011 fuel increment is \$12.9 mill.

[9:59:50 AM](#)

ALASKA COURT SYSTEM SUBCOMMITTEE

Senator Egan thanked the members of the subcommittee and of the Court System for their assistance on the budget.

JESSE KIEHL, STAFF, SENATOR DENNIS EGAN, reported that the subcommittee worked from the Court System's adjusted base and approved the following:

- funding to eliminate the vacancy savings requirement for the 8 judges in the appellate courts.
- a small increment to cover the travel costs for the Chief Justice.
- funding to phase in the fourth year of the 'No Dark Courtrooms' initiative.
- fixed cost increases for leases and telephones.
- one new position for the Multi Agency Justice Integration Consortium and upgraded the clerk in Craig from part time to full time because of increased felony filings.
- funding to pay retired judges a little more when they come back to fill in. Without this increase they're making less than half what the lowest-paid attorneys in the state get.
- a small increment to improve training and availability for language interpreters as well as interagency receipts from the Child Support division for the Family Law Self Help Center.
- the Mental Health Trust Authority funding for mental health courts.
- a small increment to the Judicial Conduct Commission to keep that two-person agency at a 0% vacancy factor, and funded the Judicial Council to staff an interagency commission on child protection.

Mr. Kiehl said the subcommittee recommends that the full Finance Committee make two changes that cross budget lines:

- o move all therapeutic courts funding into the court system, so funds can be tracked.
- o cover the increased cost of transcripts provided to state agencies by having the Courts bill criminal justice agencies.

Mr. Kiehl reported on the subcommittee's decisions regarding funding, positions, budget action, and recommendations:

The Senate Finance Budget Subcommittee for the Alaska Court System submits an Operating Budget to the Senate Finance Committee for FY 11 as follows:

	FY10 Mgt Pln	FY11 Adj Base	Gov Amend	Senate Subcom	House - Amends
Unrestricted GF	87,211.3	89,963.4	95,315.8	90,902.2	93,024.9
Designated GF	-	-	-	-	517.3
Other	1,481.3	506.0	1,561.3	1,561.3	1,686.3
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Total	90,368.2	92,145.0	98,552.7	94,139.1	96,904.1

Positions

PFTs	737	737	763	740	737
PPTs	47	47	47	46	47
Temps	22	22	22	22	22
Total Positions	806	806	832	808	806

The Subcommittee held five meetings with the court system and took the following actions:

Budget Action

The subcommittee accepted the Governor's amended proposal with the following adjustments:

- Denied requests in the appellate courts for workstations & furniture, and a staff attorney position upgrade.
- Denied a request for \$278.0 to take control of the Nome federal building that houses the Nome court and other offices. The subcommittee notes a 2008 appropriation to begin work on a Nome State Office Building, and encourages the courts to pursue space therein.
- Reduced a request for \$1,365.7 and 18 positions in Trial Courts to \$400.0. This continues the legislature's multi-year phased approach to funding the 'No Dark Courtrooms' initiative. The Court System will use the funds to fill existing vacant positions.
- Approved \$28.0 to upgrade a part-time position in Craig to full time. In the governor's request this upgrade was combined with \$66.0 for a part time magistrate trainer, which was denied.
- Denied a request for \$1,483.2 to implement a new geographic pay differential study. Court employees deserve this pay, but should receive it concurrently with other state employees.

- Denied \$250.0 for computer replacements. The Court system should husband computing resources carefully.
- Reduced a request for \$174.7 to increase pro-tem pay for retired judges to \$50.0. When combined with internal savings the court system plans from Juneau courts, a significant increase should be possible.
- Denied a request for \$499.1 to eliminate the vacancy savings requirement for judicial officers in trial courts. The trial courts have approximately 115 judicial officers statewide, and are capable of carrying the current vacancy factor.
- Denied a request for \$125.0 to expand the custody mediation program.
- Denied a request for \$125.0 to cover increased transcription costs for the Public Defender Agency, Department of Law, and Office of Public Advocacy. Please note the recommendation below.
- Reduced a request for \$526.4 and six positions in administration and support to \$119.0 and one position for the Multi-Agency Justice Integration Consortium.
- Refined the Judicial Council's request for funding to staff a Child Protection Commission by reallocating the funding among line items.

Recommendations

The subcommittee recommends the Senate Finance Committee aggregate all therapeutic courts funding in the court system's therapeutic courts allocation.

The subcommittee also recommends the Senate Finance Committee cover the cost of transcripts provided to state agencies in the appropriate agency budget, and give the court system receipt authority to bill for the service it provides.

[10:04:13 AM](#)

Senator Olson spoke of a 2008 appropriation to begin work on the Nome State Office Building and a denial for \$278,000. He asked about the progress on that project. Mr. Kiehl related that the Nome State Office Building was not requested in the governor's capital budget. The subcommittee felt strongly that the federal building, which is currently leased to the Court System and several other agencies at below market rates, was a less attractive

option than a new Nome State Office Building because of significant deferred maintenance issues. The subcommittee was very careful to work with the Court System and feels confident that not assuming management of the federal building will not endanger the courts remaining open.

[10:05:58 AM](#)

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT SUBCOMMITTEE

Senator Egan thanked the department and his staff for their assistance on the budget.

Mr. Kiehl explained that the administration presented a restrained budget for the department. The foundation formula had an increase of more than \$50 million to Alaska school districts this year. The subcommittee did not work with the formula, but worked with the operations of the department. The department requested funding for a few fixed cost increases, which the subcommittee approved. Largely, the subcommittee's recommendations mirror the governor's amended request. The subcommittee:

- approved continuing the pre-kindergarten pilot project as base funding.
- approved the governor's request for a one-time grant of \$200.0 to Best Beginnings for early education.
- approved the request for 3 content specialists in reading, writing, and math to help struggling school districts meet the state standards
- pulled all the funding for the state's system of support - including the new positions - out of the commissioner's office and put it in a separate allocation in the Division of Teaching & Learning Support.
- added \$600.0 to the grants line in Early Learning Coordination for the department to allocate between Best Beginnings and the Parents as Teachers program. recommends intent language giving the department the responsibility to allocate the money between the two programs.

The subcommittee did not take up carryforward authorization for the federal stimulus funds, but recommended full Finance Committee approval so districts can use the second and final year of stimulus dollars.

Turning to the Court System budget, my subcommittee members were Sens. Paskvan and Dyson.

- Working from the Adjusted Base, the subcommittee approved funding to eliminate the vacancy savings requirement for the 8 judges in the appellate courts.
- We approved a small increment to cover the travel costs for the Chief Justice.
- The subcommittee approved funding to phase in the fourth year of the 'No Dark Courtrooms' initiative.
- We met fixed cost increases for leases and telephones.
- We approved one new position for the Multi Agency Justice Integration Consortium and upgraded the clerk in Craig from part time to full time because of increased felony filings.
- The subcommittee also provided funding to pay retired judges a little more when they come back to fill in. Without this increase they're making less than half what the lowest-paid attorneys in the state get.
- We approved a small increment to improve training and availability for language interpreters as well as interagency receipts from the Child Support division for the Family Law Self Help Center.
- We approved the Mental Health Trust Authority funding for mental health courts.
- The subcommittee also gave a small increment to the Judicial Conduct Commission to keep that two-person agency at a 0% vacancy factor, and funded the Judicial Council to staff an interagency commission on child protection.
- Finally, we recommend the full Finance Committee make two changes that cross budget lines:
 - We need to move all therapeutic courts funding into the court system, so we can track exactly how those funds are being spent. Therapeutic courts work, and we need to make certain they're running as effectively and efficiently as possible.
 - The subcommittee also recommends the full Committee cover the increased cost of transcripts provided to state agencies by having the Courts bill criminal justice agencies. My office has worked with the

courts and the administration to develop an amendment that will get this done.

Mr. Kiehl shared the results of the subcommittee's findings in fund, position, and budget action:

The Senate Finance Budget Subcommittee for the Department of Education & Early Development submits an Operating Budget to the Senate Finance Committee for FY 11 as follows:

	FY10 Mgt Pln	FY11 Adj Base	Gov Amend+	Senate Subcom	House - Amds
Unrestricted GF	55,618.3	53,447.4	55,892.3	56,492.3	56,672.3
Designated GF	14,478.3	14,478.3	12,279.6	12,279.6	12,279.6
Other	20,785.8	20,786.5	22,546.1	22,546.1	22,546.1
Federal Funds	293,373.6	214,960.3	215,030.3	215,030.3	215,030.3
Total	384,256.0	303,672.5	305,748.3	306,348.3	306,528.3

Positions

PFTs	332	330	334	334	334
PPTs	15	13	13	13	13
Temps	3	3	3	3	3
Total Positions	350	346	350	350	350

The Subcommittee held four meetings with the department and took the following actions:

Budget Action

Accepted the Governors amended proposal with the following adjustments:

- Deferred carryforward authorization for American Recovery and Reinvestment Act funds to the full Finance Committee.
- Created a new allocation in Teaching and Learning Support for the "State System of Support." This allocation

contains resources the state dedicates to helping low-performing districts and those districts failing to make Adequate Yearly Progress.

- o Transferred the funds (\$508.4 GF) and positions (3PFT) appropriated as a result of SB 285 in the 25th Legislature, along with \$824.2 appropriated in FY 10 out of Executive Administration into the new allocation.
 - o Granted \$291.7 and three positions requested by the governor to hire content specialists in reading, writing, and mathematics, but placed the funds and positions in the new allocation.
- Added \$600.0 to the grants line in Early Learning Coordination for the department to allocate between Best Beginnings and the Parents as Teachers program. The subcommittee recommends the following intent language:

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.

[10:08:46 AM](#)

Co-Chair Hoffman differed with calling the budget "restrained". He commented that the foundation formula is being given in excess of \$50 million. This was an item that the bi-partisan working group intended to address in keeping with a promise to the education community of fulfilling the foundation formula. It equals a substantial increase to the Department of Education.

[10:09:40 AM](#)

DEPARTMENT OF CORRECTIONS SUBCOMMITTEE

Senator Ellis reported on the subcommittee's findings regarding fund source, personnel, budget, action, amendment action, and items of concern:

The Senate Finance Subcommittee on the Department of Corrections submits an operating report to the full Senate Finance Committee for Fiscal Year 2010 as follows:

Fund Source:

	FY10 Management Plan	FY11 Governor's Amended Adjusted Base	FY 11 Senate Subcommittee	Difference (Governor to Senate Sub)
Unrestricted General Funds	212,688.8	218,227.2	225,876.6	7,649.4 (3.5%)
Designated General Funds	16,153.9	15,302.4	15,452.4	150.0 (1.0%)
Federal Funds	16,548.5	16,548.5	16,548.5	0
Other Funds	3,187.3	3,003.4	3,103.4	100.0 (3.3%)
Total	248,578.5	253,081.5	260,980.9	7,899.4 (3.1%)

Personnel:

The Subcommittee reviewed the authorized position count for the Department. The Governor's amended budget proposal requested three new positions. The Subcommittee is recommending three new positions.

Position Summary	FY10 Authorized	FY11 Governor's Amended Adjusted Base	FY 11 Senate Subcommittee
Permanent Full Time	1510	1509	1509
Permanent Part Time	1	2	2
Temporary	0	0	0
Total	1511	1511	1511

Budget Action:

The Subcommittee held four meetings with the Department and took the following actions:

1. Adopted the Fiscal Year 2010 Adjusted Base.
2. Reviewed each of the increments and decrements submitted by the Governor. Recommends the adoption of the Governor's proposal with the following exceptions:

- a. Adopt Inc 8,000.0 UGF/100.0 Fed "FY2011 Wage, Health Insurance, and Geographic Differential Increases for the ACOA Bargaining Unit" in the Institution Director's Office allocation of the Population Management appropriation.
- b. 12 TrIn/TrOut transactions totaling 4,528.9 UGF from each of the correctional center allocations of the Population Management appropriation into a new 24 Hour Institutional Utilities Appropriation.
- c. 6 TrIn/TrOut transactions totaling 6,041.1 UGF/111.7 Fed/70.8 I/A Receipts from various allocations and appropriations into a new Offender Habilitation appropriation.
- d. Change Inc 150.0 UGF "Construction Apprenticeship Program funding request" to 150.0 STEP for the same purpose.
- e. Reduce Inc 1242.8 UGF "Fund New Housing Units at Wildwood Correctional Center" to Inc 1104.3 UGF for the same purpose.
- f. Reduce Inc 400.0 UGF for "Increased Community Residential Contracts Costs" to 337.9 UGF for the same purpose.
- g. Adopt one statement of Legislative Intent:
 - i. "It is the intent of the legislature that the Department of Corrections will provide detailed information to the legislature on a quarterly basis regarding the success of the Offender Habilitation programs with a strong focus on performance and outcomes" in the new Offender Habilitation appropriation.

Amendment Action:

- 1. Reviewed and recommends the adoption of the operating budget amendment (one increment) submitted by the Governor.

Items of Concern:

1. For many years the expansion of the Yukon-Kuskokwim Correctional Center in Bethel has been a high-priority project for the Legislature, leading to its inclusion in 2004's Senate Bill 65, which authorized the state to assist communities in building or expanding correctional facilities. While the construction of the Goose Creek Correctional Center in the Mat-Su Valley is underway, and a number of smaller expansion projects in facilities like Wildwood Correctional Center in Kenai have taken place, YKCC remains incomplete. For the second year in a row, the Subcommittee discussed this issue and the lack of progress over the years with the Department, and remains committed to continuing this discussion until the community and legislators are satisfied with the Department's progress in Bethel.
2. In the last few years, there have been significant advances in the development of results-based programs that can reduce recidivism and cut costs by diminishing the inmate population. The Institute for Social and Economic Research at UAA and the Pew Foundation for the States have released reports in recent months detailing Alaska's need for increased education, job training, and substance abuse treatment programs, and the potential for significant long-term cost savings as a result. The Subcommittee is committed to working with the Commissioner and the Department to both monitor the success of current programs to ensure that they are providing the necessary results, and investing in additional programs with results supported by statistical evidence.

[10:13:06 AM](#)

Co-Chair Hoffman informed the committee about another funding vehicle, the supplemental budget. The Correctional Officers' contract will be covered in that bill.

[10:14:04 AM](#)

DEPARTMENT OF ENVIRONMENTAL CONSERVATION SUBCOMMITTEE

Senator Ellis provided an overview of DEC's budget. The subcommittee approved a budget of \$18,189,200 in new

general funds and \$75,647,100 in total funds, an increase of \$100,400 over the governor's proposal. The subcommittee approved 534 full-time and 538 total positions, a decrease of 4 full-time positions from the governor's proposal.

Senator Ellis reported on the subcommittee's findings, including fund source, personnel, budget action, amendment action, and items of concern:

The Senate Finance Subcommittee on the Department of Environmental Conservation submits an operating report to the full Senate Finance Committee for Fiscal Year 2011 as follows:

Fund Source:

	FY10 Management Plan	FY11 Governor's Amended	FY 11 Senate Subcommittee	Difference (Governor to Senate Sub)
Unrestricted General Funds	17,330.4	18,088.8	18,189.2	100.4 (0.6%)
Designated General Funds	24,816.7	24,972.7	24,972.7	0
Federal Funds	10,259.0	10,260.7	10,260.7	0
Other Funds	21,564.9	22,224.5	22,224.5	0
Total	73,971.0	75,546.7	75,647.1	100.4 (0.1%)

Personnel:

The Subcommittee reviewed the authorized position count for the Department. The Governor's amended budget proposal requested one new position. The Subcommittee is recommending three new positions.

Position Summary	FY10 Authorized	FY11 Governor's Amended	FY 11 Senate Subcommittee
Permanent Full Time	532	538	534
Permanent Part Time	2	2	2
Temporary	7	7	7
Total	541	547	543

Budget Action:

The Subcommittee held three meetings with the Department and took the following actions:

3. Adopted the Fiscal Year 2010 Adjusted Base.
4. Reviewed each of the increments and decrements submitted by the Governor. Recommends the adoption of the Governor's proposal with the following exceptions:
 - a. Deny 5 PFT related to Inc 300.0 Fed/300.0 G/F Match "Environmental Protection Agency Drinking Water Rule Implementation" to the Drinking Water allocation of the Environmental Health appropriation.
 - b. Adopt Inc 100.4 UGF "Add One Environmental Health Officer to Focus on Retail Food Establishment Safety Inspections" to the Food Safety and Sanitation allocation of the Environmental Health appropriation.
 - c. Adopt three statements of Legislative Intent:
 - i. "It is the intent of the Legislature that the Department of Environmental Conservation return to the Legislature by the first day of the 27th Legislature with a proposal to make the Spill Prevention and Response fund sustainable through an increased surcharge rate and/or a surcharge for non-taxable barrels of oil transported in the state" to the Spill Prevention and Response appropriation.
 - ii. "It is the intent of the Legislature that the Department of Environmental Conservation and the Department of Labor and Workforce Development collaborate to develop a workforce development plan to train Alaskans for jobs as Ocean Rangers" to the Water Quality allocation of the Water appropriation.
 - iii. "It is the intent of the Legislature that the Department of Environmental Conservation, the Department of Natural Resources, and the Department of Fish and

Game work together to develop a plan to remove fish waste from the Kenai and Kasilof Rivers dipnet fishery and maintain a safe and attractive riverfront" to the Water Quality allocation of the Water appropriation.

Amendment Action:

2. The Governor did not submit operating budget amendments for DEC.

Items of Concern:

1. The Subcommittee has serious concern about the sustainability of the Spill Prevention and Response Fund. This year, the Fund will expend approximately \$7.7 million more than its estimated revenues. Over the next few years, this problem is expected to worsen as the level of oil production declines, and the Fund is projected to be insolvent by FY2014. The Department has done significant work to extend the life of the fund, including efficiencies, cost recovery, and a significantly decreased capital improvement program (from \$5.7M in FY 2010 to \$2M in FY2011 to 0 in FY2012 and forward). The Subcommittee plans to work with the Department to adjust the current \$0.04 surcharge on each barrel of oil produced in the state - including extending the surcharge to barrels produced off of state lands but transported across them and/or a potential increase in the rate of the surcharge. We are extremely concerned, and are sounding the alarm about the fund's rate of decline.
2. The Subcommittee had considerable discussion regarding the deficiency of the food safety inspection program and the disparity between the Department's funding level and the expectations of the public at large. Even with the addition of an additional food safety inspector and related costs included in the Subcommittee's recommendation, the Department expects to be able to inspect significantly less than both DEC's and the federal Food and Drug Administration's recommendations. This serious shortfall threatens the health and safety of people across the state, but is felt strongest in rural areas, where costs drive

inspection rates even lower than the statewide average.

[10:17:51 AM](#)

Co-Chair Hoffman shared the process of working with the bill. He hoped to make a budget within Alaska's means, but yet address its needs. The budget is approximately \$15.8 million less than what the governor requested. It also contains a reduction of positions from 21,626 to 21,591 and an increase of two part-time positions and a status quo of 659 temporary positions.

AT-EASE [10:19:21 AM](#)
RECONVENED [10:20:25 AM](#)

Co-Chair Stedman MOVED to adopt all FY 2011 operating budget subcommittee closeout reports as presented, with attached legislative finance backup to be included into the CS. There being NO OBJECTION, it was so ordered.

Co-Chair Hoffman related the schedule for tomorrow. Co-Chair Stedman added more bills to the afternoon schedule.

#

ADJOURNMENT

The meeting was adjourned at 10:21 AM.