

SENATE FINANCE COMMITTEE
March 26, 2010
9:09 a.m.

[9:09:59 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:09 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 Hoffman; David Teal, Director, Legislative Finance Division; Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor.

SUMMARY

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS

Senate CS for CSHB 300 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

HB 302 APPROP: MENTAL HEALTH BUDGET

Senate CS for CSHB 302 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

#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."

[9:10:09 AM](#)

Co-Chair Hoffman discussed housekeeping.

Co-Chair Stedman MOVED to ADOPT Amendment 1, 26-GH2823\U.5, Baily, 3/25/10:

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

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

EXPLANATION: This amendment revises the amounts appropriated under the "fuel trigger" provisions of section 22 by increasing the trigger start point from \$36 to \$51 dollars. This change reduces the projected annual appropriations for high fuel costs by \$15 million annually at any oil price above \$51. The reduction appears in budget reports as a revised estimate of the impact of section 22. The actual impact will depend upon fuel prices during FY11.

The amendment also distributes \$15 million to various agencies to offset the reduction in funding through the trigger mechanism. That \$15 million is distributed to agencies in the same manner and amount as occurred in FY10 under the August 1 trigger mechanism. In addition, \$2,053,300 is appropriated to the Department of Corrections in order to align available funding for utilities with documented expenditures. The \$17.05 million will be added to agency base budgets.

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

Page 68, line 20:
Delete "\$35"
Insert "\$50"

Page 68, line 22, following "section":
Insert ", estimated to be \$13,500,000,"

Page 68, line 26:
Delete "\$35"
Insert "\$50"

Page 68, line 28, following "section":
Insert ", estimated to be \$13,500,000,"

Page 69, line 6, through page 70, line 30:
Delete all material and insert:

"\$90 or more	\$20,000,000
89	19,500,000
88	19,000,000
87	18,500,000
86	18,000,000
85	17,500,000
84	17,000,000
83	16,500,000
82	16,000,000
81	15,500,000
80	15,000,000
79	14,500,000

78	14,000,000
77	13,500,000
76	13,000,000
75	12,500,000
74	12,000,000
73	11,500,000
72	11,000,000
71	10,500,000
70	10,000,000
69	9,500,000
68	9,000,000
67	8,500,000
66	8,000,000
65	7,500,000
64	7,000,000
63	6,500,000
62	6,000,000
61	5,500,000
60	5,000,000
59	4,500,000
58	4,000,000
57	3,500,000
56	3,000,000
55	2,500,000
54	2,000,000
53	1,500,000
52	1,000,000
51	500,000
50	0"

Co-Chair Hoffman OBJECTED for the purpose of discussion.

TIM GRUSSENDORF, STAFF, CO-CHAIR HOFFMAN, informed the committee that the "fuel trigger" used in the amendment was the same one

that had been adopted in the companion bill passed in the other body.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman MOVED to ADOPT Amendment 2:

STATEWIDE GENERAL FUND TRAVEL REDUCTION

DEPARTMENT	10% Reduction	Senate Amendment Reduction	House Amendment Reduction	Senate less House
Administration	(112.0)	(112.0)	(112.0)	-
Commerce, Community & Econ Dev	(135.2)	(135.2)	(135.2)	-
Corrections	(197.4)	-	(197.4)	197.4
Education & Early Dev	(68.4)	(27.4)	(68.4)	41.0
Environmental Conservation	(115.9)	(115.9)	(115.9)	-
Fish and Game	(191.5)	(174.3)	(191.5)	17.2
Governor	(107.9)	(107.9)	(107.9)	-
Health & Social Services	(311.0)	(311.0)	(311.0)	-
Labor & Workforce Dev	(66.4)	(66.4)	(66.4)	-
Law	(118.4)	(58.2)	(118.4)	60.2
Military & Veterans Affairs	(17.2)	(17.2)	(17.2)	-
Natural Resources	(192.2)	(192.2)	(192.2)	-
Public Safety	(509.5)	-	-	-
Revenue	(48.1)	(48.1)	(48.1)	-
Transportation	(422.9)	(422.9)	(422.9)	-
University of Alaska	(1,496.8)	-	-	-
Alaska Court System	(171.9)	-	(171.9)	171.9
Legislature	(387.7)	(387.7)	(387.7)	-
TOTAL	(4,670.4)	(2,176.4)	(2,664.1)	487.7

Explanation: This amendment reduces travel authorization in allocations with budgeted travel and with general funds. Because the budget does not identify line items by fund source, the following method was used to determine the amount of travel that is reduced in each allocation.

Ratio of each general fund code (UGF and DGF) in the House CS to the total FY11 allocation's funding	X	10% of the FY09 actual travel expenditures	=	Amount of the travel reduction
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Departments exempted from the Senate's travel reduction: Corrections, University, Public Safety and the Alaska Court System.

Revisions to the across-the-board travel reduction were implemented in the following agencies:

- **Education and Early Development:** A 50 percent reduction was taken from the Senate CS travel line in the Executive Administration allocation. All other allocations were held harmless.
- **Law:** Funding for witness travel (totaling \$60.2) was not cut.
Fish and Game Boards and Advisory Committees: Exempt travel for members of the Board of Fisheries and the Board of Game to attend meetings; and for travel associated with 60 advisory committee meetings and participation of advisory committee representatives at the Board of Fisheries and the Board of Game meetings.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Grussendorf explained that the amendment would reduce travel authority in allocations with budgeted travel and with general funds.

Senator Egan queried whether the \$20,000 reduction in the Department of Education budget would restrict travel for students that attended Mt. Edgecumbe High School. Mr. Grussendorf replied no.

[9:13:07 AM](#)

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman MOVED to ADOPT Amendment 3, 26-GH2823\U.8, Baily, 3/25/10:

DEPARTMENT:	Corrections
APPROPRIATION:	Population Management
ALLOCATION:	Institution Director's Office
DELETE:	8,000.0 General Funds (1004) 100.0 Federal Receipts (1002)

EXPLANATION: The FY10 supplemental bill includes FY11 wage, health insurance, and geographical differential increases for the Alaska Correctional Officers Association (ACOA) Bargaining Unit. This amendment removes the duplicated appropriation from the operating bill.

DEPARTMENT:	Corrections
APPROPRIATION:	Inmate Health Care

INSERT INTENT: It is the intent of the legislature that the Department of Corrections develop and implement cost containment strategies regarding the provision of health care, and that the Department report results of their efforts to the legislature by January 31, 2011.

DEPARTMENT: Health and Social Services

DELETE: Intent language at the department level
 Sec. 1, Page 18, Lines 9-11 SCS CSHB
 300(FIN)
 Sec. 1, Page 4, Lines 23-25 SCS CSHB
 302(FIN)

It is the intent of the legislature that the Department of Health and Social Services continue and enhance its efforts to reduce fraud by both providers and beneficiaries of the Medicaid program.

EXPLANATION: Intent language at the department level was duplicated. This amendment removes the duplicated intent language from the Senate Operating and Mental Health bills.

DEPARTMENT: Health and Social Services

APPROPRIATION: Community Initiative Matching Grants

ALLOCATION: Community Initiative Matching Grants

DELETE: \$250.0 General Funds (1004)

APPROPRIATION: Human Services Community Matching Grants

ALLOCATION: Human Services Community Matching Grants

ADD: \$250.0 General Funds (1004)

EXPLANATION: Due to an error, funds were added to the wrong grant program. This amendment corrects that error. The funds are intended for the Human Services Community Matching Grant program.

DEPARTMENT: Law

APPROPRIATION: Civil Division

ALLOCATION: BP Corrosion

Place the BP Corrosion allocation in a separate appropriation.

EXPLANATION: Funding for litigation regarding oil pipeline corrosion has been in a separate appropriation in prior years in order to prevent the funding from being used for

other purposes. The Department requested that the funding be moved to an allocation within the Civil Division. This amendment matches the House structure—retaining the separate appropriation within the Department of Law.

DEPARTMENT: Fish and Game

APPROPRIATION: Sport Fisheries

ALLOCATION: Sport Fisheries

TRANSFER IN: 342.6 General Funds (1004)

APPROPRIATION: Commercial Fisheries

ALLOCATION: Central Region Fisheries Management

TRANSFER OUT: 342.6 General Funds (1004)

EXPLANATION: The Department of Fish and Game has indicated that two projects included in the Senate Subcommittee budget need to be moved from Central Region Fisheries Management to Sport Fisheries. These projects are the Alexander Creek Pike Control (127.6) and the Susitna River Fish Passage Restoration (215.0).

DEPARTMENT: Fish and Game

APPROPRIATION: Commercial Fisheries

ALLOCATION: Central Region Fisheries Management

DELETE: 75.0 General Funds (1004)

EXPLANATION: This amendment removes 75.0 from the operating budget for the following two projects: the Kasilof River Smolt out migration counts (25.0); and the Big Lake Smolt outmigration count (50.0). Because funding for these projects is needed before July 1, 2010, these projects will be included in the FY10 supplemental budget.

DEPARTMENT: University of Alaska

APPROPRIATION: Budget Reductions/Additions

ALLOCATION : Budget Reductions/Additions - Systemwide

ADD INTENT: It is the intent of the legislature that the University provide a report to the legislature by February 1, 2011 that specifies the amount of money transferred from and to each allocation in reference to the 3% transfer of federal receipts, unrestricted general funds, and university receipts into the Budget Reductions/Additions - Systemwide appropriation.

EXPLANATION:

A total of \$22.5 million (3% of federal receipts, unrestricted general funds, and university receipts) was transferred out of University of Alaska allocations (except for the Small Business Development Center) and transferred into the Budget Reductions/Additions - Systemwide allocation to increase flexibility while retaining multiple appropriations. As needed, these funds may be transferred out to various appropriations/allocations as programs develop and budgets are solidified in the FY11 Management Plan.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Grussendorf explained the amendment. He said that \$8 million had been removed from the Department of Corrections for the contracts that had been previously discussed in committee, and placing it in the supplemental budget. The second item related to corrections was inmate healthcare. The intent language requested that the department review options to reduce the cost of healthcare. The third change, for the Department of Health and Social Services (HESS), was duplicate intent language that was pulled. Also related to HESS was the Community Initiative Matching Grants, which was an error requiring a change of the title that the money would be allocated under.

[9:14:49 AM](#) AT EASE

[9:15:42 AM](#) RECONVENED

Mr. Grussendorf continued with Amendment 3. The next amendment fell under the Department of Law and placed the British Petroleum (BP) Corrosion allocation in a separate appropriation. He continued through the list. He continued to the Department of Fish and Game transfer. He stated that the money had been misplaced by the subcommittee, the amendment corrected the mistake. The next change was the reduction of \$75,000 for the Kasilof River Smolt project and the Big Lake Smolt outmigration count. Funding for he projects would be moved to the supplemental. The next change requested the tracking of the 3 percent University of Alaska money from the systemwide fund. He continued with the Department of Natural Resources. The interest earnings on the Cook Inlet Energy bond would remain with the bonds.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that the next change would change the date on which a report from the Office of Budget and Management report on personal service transfers would be due from August 1, to October 1.

Page 61, line 23:

Delete "August 1"

Insert "October 1"

Page 61, line 25, following "2011.":

Insert "The report submitted on October 1, 2011, should include transfers that occur as a result of the reappropriation of operating appropriations for the fiscal year ending June 30, 2011."

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman MOVED to ADOPT Amendment 4:

DELETE ENTIRE LANGUAGE SECTION 19. GAS PIPELINE DEVELOPMENT. (page 8, lines 8-24)

Explanation: Replace Governor's Oil and Gas Language appropriations with the following numbers in Section 1 of the bill.

Agency	Allocation	Transaction	Gov Request	House	House Contingent	Total House	Senate
AOGCC	AK Oil & Gas Conservation Comm	AOGCC Gasline Funding	1,150.9	-	-	-	-
Governor	AK Resources Marketing and Development	In-State Natural Gas Pipeline Development	6,500.0	-	-	-	6,500.0
Law	Oil, Gas and Mining	Outside Counsel and Experts	2,500.0	750.0	1,750.0	2,500.0	2,500.0
DNR	Gas Pipeline Implementation	Financial Assessments and Modeling	2,300.0	690.0	1,610.0	2,300.0	2,300.0
DNR	Gas Pipeline Implementation	Outreach and Public Education	477.5	143.3	334.3	477.5	477.5
DNR	Gas Pipeline Implementation	Professional and Support Staff	1,440.0	432.0	1,008.0	1,440.0	1,440.0
DOR	Tax Division	AGIA Info Reporting System	300.0	150.0	-	150.0	300.0
DOR	Tax Division	Four Commercial Analyst Positions	800.0	-	-	-	800.0
DOR	Natural Gas Commercialization	Fiscal Systems Analysis	1,500.0	415.0	1,085.0	1,500.0	1,500.0
DOR	Natural Gas Commercialization	AGIA Fund Audit	50.0	50.0	-	50.0	50.0
TOTAL			17,018.4	2,630.3	5,787.3	8,417.5	15,867.5

DEPARTMENT: Governor

APPROPRIATION: Executive Operations

ALLOCATION: AK Resources Marketing and Development

ADD: \$6,500.0 General Funds (1004) - IncOTI

Explanation: To continue work related to the development of an in-state natural gas pipeline.

DEPARTMENT: Law

APPROPRIATION: Civil Division

ALLOCATION: Oil, Gas, and Mining

ADD: \$2,500.0 General Funds (1004) - IncOTI

Explanation: Legal Support

DEPARTMENT: Natural Resources

APPROPRIATION: Resource Development

ALLOCATION: Gas Pipeline Implementation

ADD: 4,217.5 General Funds (1004) - IncOTI
Four Permanent Full Time Positions

Explanation: This funding will pay for professional and support staff for capacity (\$1,440.0 & 4 pcns) and for AGIA implementation (\$2,777.5).

DEPARTMENT: Revenue

APPROPRIATION: Administration and Support

ALLOCATION: Natural Gas Commercialization

ADD: \$1,500.0 General Funds (1004) - IncOTI

Explanation: Contractual fiscal systems analysis

APPROPRIATION: Taxation and Treasury

ALLOCATION: Tax Division

ADD: \$300.0 General Funds (1004) - IncOTI

Explanation: AGIA information reporting system development

APPROPRIATION: Taxation and Treasury

ALLOCATION: Tax Division

ADD: \$800.0 General Funds (1004) - Inc
Four Permanent Full Time Positions

Explanation: Four Commercial Analyst positions.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Grussendorf explained that the amendment removed the oil and gas numbers from language and relocated them in the numbers section of the legislation. The governor's requested amounts had been retained and moved to the numbers section with the exception of the allocation for the Alaska Oil and Gas Conservation Commission.

[9:19:26 AM](#)

Co-Chair Stedman commented that it was proper budgetary practice when managing an issue of such magnitude that it not be buried in the language section, rather placed in numeric format for easy recognition.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman MOVED to ADOPT Amendment 5:

[9:20:40 AM](#)

**Domestic Violence and Sexual Assault Prevention
Initiative Amendment Summary**

Department	Appropriation/Allocation	Title	Positions	Total (Unrestricted General Funds)
Education & Early Development	Teaching and Learning Support/Student and School Achievement	Health & Personal Safety Prevention Coordinator	1	200.0
Health & Social Services	Behavioral Health/Behavioral Health Grants	Family Wellness Warriors Initiative		400.0
Health & Social Services	Behavioral Health/Community Action, Prevention, & Intervention Grants	Multi-disciplinary Rural Community Pilot Project		1,350.0
Health & Social Services	Behavioral Health/Behavioral Health Grants	Trauma-Informed Training for Behavioral Health Providers		200.0
Health & Social Services	Children's Services/Family Preservation	Children's Advocacy Center Expansion		40.0
Public Safety	Domestic Violence & Sexual Assault/Domestic Violence & Sexual Assault	Batterer's Intervention Evaluation and Investigation of Evidence Based Practice - one time funding		100.0
Public Safety	Domestic Violence & Sexual Assault/Domestic Violence & Sexual Assault	Planning Grants, Victimization Study & Evaluation		350.0
Public Safety	Domestic Violence & Sexual Assault/Domestic Violence & Sexual Assault	Universal Public Education Marketing Campaign		300.0
Public Safety	Domestic Violence & Sexual Assault/Domestic Violence & Sexual Assault	Pro-Bono Attorney Clearinghouse		60.0
		Total	1	3,000.0

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

This amendment is the first step of a Domestic Violence/Sexual Assault (DV/SA) initiative that ramps up (over a 10-year period) prevention, victims'

services, investigations and prosecutions to significantly reduce the incidence of these crimes.

A permanent, full-time, policy-level position to coordinate the related activities of multiple state agencies and nonprofits is a central element of the initiative. That position is included in version U of the bill, so is not part of this amendment.

DEPARTMENT: Department of Education & Early Development

APPROPRIATION: Teaching and Learning Support

ALLOCATION: Student and School Achievement

ADD: \$200.0 GF 1004 and 1 PFT

EXPLANATION: Health & Personal Safety Prevention Coordinator - This position within the Department of Education and Early Development will work in partnership with the Council on Domestic Violence & Sexual Assault to establish guidelines for school-based health and personal safety education programs. In addition, this position will work with school districts across Alaska to encourage and support their adoption of school-based health and personal safety education programs.

DEPARTMENT: Department of Health & Social Services

APPROPRIATION: Behavioral Health

ALLOCATION: Behavioral Health Grants

ADD: \$400.0 GF 1004

EXPLANATION: Family Wellness Warriors Initiative (FWWI) - This funding will be used to implement intervention strategies (developed by Southcentral Foundation, FWWI) in Dillingham and Bethel. FWWI is a movement that brings together leaders of the Alaska Native Community, the Faith community, regional corporations and agencies, health care providers and others to help restore wellness to the Alaska Native community; with special emphasis on addressing all forms of family violence.

ALLOCATION: Community Action, Prevention, & Intervention Grants

ADD: \$1,350.0 GF 1004

EXPLANATION: Multi-disciplinary Rural Community Pilot Project - This initiative will identify a rural community interested in developing a model multi-disciplinary approach addressing DV/SA from a broad community perspective. The pilot project will use a planning process such as the Strategic Prevention Framework to conduct a community assessment and a review/assessment of available and missing community resources. Based on the first two assessments, the funding will be used to develop a plan for addressing DV/SA in a comprehensive manner, implement identified evidence-based strategies and evaluate these strategies through measurable outcomes.

ALLOCATION: Behavioral Health Grants

ADD: \$200.0 GF 1004

EXPLANATION: Trauma-Informed Training for Behavioral Health Providers -

Trauma is recognized as a significant factor in a wide range of health, behavioral health and social problems including heart disease, cancer, chronic lung disease, mental health and substance abuse disorders, violence victimization and perpetration, self-injury, homelessness, prostitution and delinquency and criminal behavior. This initiative will implement a specialized trauma-informed curriculum to assure that community-based behavioral health providers integrate an understanding of trauma into their programs and therapeutic approaches.

APPROPRIATION: Children's Services

ALLOCATION: Family Preservation

ADD: \$40.0 GF 1004

EXPLANATION: Children's Advocacy Center Expansion - These funds will assist the community of Kodiak to develop a Children's Advocacy Center, which will aid children and families impacted by child sexual assault/abuse.

DEPARTMENT: Department of Public Safety

APPROPRIATION: Domestic Violence and Sexual Assault
ALLOCATION: Domestic Violence and Sexual Assault

ADD: \$100.0 GF 1004 *one time funding*

EXPLANATION: Batterer's Intervention Evaluation and Investigation of Evidence Based Practice - Recognizing the need for improved attention and service to individuals who perpetrate domestic violence against another person, this component will review current Batterer's Intervention Programs (BIP) and research national evidence-based programs and practices that are being used in other states. Through this research, recommendations will be made for improving Alaska's outcomes for perpetrators of DV/SA.

ALLOCATION: Domestic Violence and Sexual Assault

ADD: \$350.0 GF 1004

EXPLANATION: Planning, Victimization Study & Evaluation - A portion of the funds will be available to the DVSA Coordinator for planning. Remaining funds will be used in partnership with the UAA Alaska Justice Center to construct a process to collect data to establish baseline rate of domestic violence in Alaska. Funding will also be used to design and conduct an evaluation of the success of the DV/SA Initiative.

ALLOCATION: Domestic Violence and Sexual Assault

ADD: \$300.0 GF 1004

EXPLANATION: Universal Public Education Marketing Campaign - This funding will be used to develop and implement a strategy for changing public perception (knowledge, attitudes, beliefs and behaviors) related to domestic violence and sexual assault via a universal, multi-strategy public education campaign using print, radio, TV and internet.

ALLOCATION: Domestic Violence and Sexual Assault

ADD: \$60.0 GF 1004

EXPLANATION: Pro-Bono Attorney Clearinghouse - This funding will contribute to the existing successful Legal Advocacy Project Pro Bono Program of the Alaska Network on Domestic Violence and Sexual Assault by establishing a clearinghouse for attorneys across Alaska who want to assist indigent victims with legal issues, mentor less experienced attorneys who have agreed to take a case, answer the legal information and referral hotline, and assist with legal research.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Grussendorf explained that the amendment was the first step in a domestic violence prevention initiative. The amendment married the allocations to the departments that would be involved in the initiative.

Co-Chair Hoffman clarified that the amendment took the discretion away from the governor and gave it to the intended departments.

Senator Ellis asked if there were other things that the other body included in initiative that the committee had not or vice-versa.

Mr. Teal responded that there were no differences other than the allocation to the departments; the total amount remained the same. What was not in the amendment was the \$200,000 for the coordinator.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman MOVED to ADOPT Amendment 6:

DEPARTMENT: Health and Social Services
APPROPRIATION: Departmental Support Services
ALLOCATION: Medicaid School Based Claims

DELETE: \$5,543,800 Federal Receipts (1002)

ADD: Intent at the allocation level:

It is the intent of the legislature that the Department explain the Medicaid school based claim program to all school districts in Alaska and encourage them to participate in the program.

ADD: language section on page 2

EXPLANATION: This amendment addresses problems associated with federal receipt authority that has been used to "refinance" various programs (by spreading anticipated federal reimbursement for Medicaid school based claims to those programs, replacing general funds). The federal revenue failed to materialize, causing ratifications amounting to several million dollars of general funds.

The reimbursement amounts are unrestricted federal funds that should not be mixed with regular federal receipts. The receipts will be coded as *unrestricted* federal receipts (code 1188) rather than as regular federal receipts (code 1002). Although the funds are unrestricted, the federal government strongly suggests that the money go to K-12 education.

The amendment removes \$5,543,800 in restricted federal receipts from the Medicaid School Based Claims allocation and appropriates the funding in the same amount with unrestricted federal receipts.

Language sections will appropriate the amount received for reimbursement of Medicaid School Based Claims, estimated to be \$5,543,800, as follows:

- \$215,000 for program operating costs;
- An estimated \$2.7 million to school districts participating in the program; and
- An estimated \$2.7 million to the K-12 foundation program for distribution to all school districts via the foundation formula.

The fiscal impact of the amendment includes replacing \$2.7 million of general funds transferred from the Public Education Fund to the K-12 program with these federal receipts, thereby reducing general fund expenditures by \$2.7 million. Although the use of federal receipts in K-12 would allow a reduction of the general fund deposit to the Public Education Fund, that step is not taken in this amendment.

Page 65, following line 22:

Insert a new subsection to read:

"(c) The amount of federal receipts received during the fiscal year ending June 30, 2011, as reimbursement for school-based Medicaid claims, estimated to be \$5,543,800, is appropriated for the fiscal year ending June 30, 2011, as follows:

(1) the sum of \$215,000 is appropriated to the Department of Health and Social Services, Medicaid school-based claims allocation, for operating expenses;

(2) after deducting the amount appropriated in (1) of this subsection, 50 percent of the remainder is appropriated to the Department of Health and Social Services, Medicaid school-based claims allocation, for distribution to school districts participating in the Medicaid school-based claims program;

(3) after deducting the amount appropriated in (1) and (2) of this subsection, the remainder is appropriated to the Department of Education and Early Development, K-12 support, foundation program allocation for distribution to school districts through the foundation formula."

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Teal explained that the amendment responded to accounting problems, within HESS, tracking Medicaid school based claims. The amendment took federal receipts for Medicaid school based claims. The federal money was unrestricted and it had been suggested that the funds be used for K-12 institutions. The blanket appropriation of \$5.5 million was being divided: the allocation would keep \$215,000 for program operations; and of the remainder, 50 percent would be distributed to the school districts that participated in the program, and the other 50 percent would be allocated through the foundation formula to K-12 programs.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:25:29 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 7.

Transfer In \$ 2,366.5 to Alaska Court System/Therapeutic Courts

DEPARTMENT: Alaska Court System
APPROPRIATION: Therapeutic Courts (new appropriation)
ALLOCATION: Therapeutic Courts

TRANSFER IN: General Funds 1004 \$1,354.0
 GF/MH 1037 \$ 357.2
 MHTAAR 1092 \$ 138.0
 Alcohol and Other
 Drug Abuse Treatment
 & Prevention Fund 1180 \$ 517.3

ADD: Intent

It is the intent of the legislature that the Court System contract to purchase services associated with therapeutic courts in amounts it determines are in the best interest of operating therapeutic courts efficiently and effectively. Contract amounts should stem from the amounts transferred from other agencies into this appropriation.

EXPLANATION: In an effort to enhance coordination and accountability for the Therapeutic Courts programs, this amendment will consolidate all funding for Therapeutic Courts into a new appropriation in the Alaska Court System. Funds will be transferred from the Departments of Administration (\$355.0), Corrections (\$252.2), Health and Social Services (\$1,394.6) and Law (\$364.7).

ADD: 1 PFT

EXPLANATION: For three years, the Court System has supported the Bethel Case Coordinator as a limited duration position. Because of this position's "limited duration" status, it was off-budget and not included in the Court System's position count. This amendment recognizes this position as a permanent full-time position.

Transfer Out \$ 355.0

DEPARTMENT: Department of Administration
APPROPRIATION: Legal & Advocacy Services
ALLOCATION: Public Defender Agency

TRANSFER OUT: \$290.0 General Funds 1004
ADD: \$290.0 I/A Receipts 1007

ALLOCATION: Therapeutic Courts Support Services

TRANSFER OUT: \$65.0 General Funds 1004

Transfer Out \$ 252.2

DEPARTMENT: Department of Corrections
APPROPRIATION: Inmate Health Care
ALLOCATION: Behavioral Health Care

TRANSFER OUT: \$207.2 GF/MH 1037
ADD: \$207.2 I/A Receipts 1007

APPROPRIATION: Population Management
ALLOCATION: Statewide Probation and Parole

TRANSFER OUT: \$45.0 General Funds 1004

Transfer Out \$1,394.6

DEPARTMENT: Department of Health & Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants

TRANSFER OUT: General Funds 1004 \$ 272.0
 GF/MH 1037 \$ 150.0
 Alcohol and Other
 Drug Abuse Treatment
 & Prevention Fund 1180 \$ 450.0

ADD: \$872.0 I/A Receipts 1007

ALLOCATION: Alcohol Safety Action Program (ASAP)

TRANSFER OUT: General Funds 1004 \$ 317.3
MHTAAR 1092 \$ 138.0
Alcohol and Other
Drug Abuse Treatment
& Prevention Fund 1180 \$ 67.3

ADD: \$390.4 I/A Receipts 1007

Transfer Out \$ 364.7

DEPARTMENT: Department of Law
APPROPRIATION: Criminal Division
ALLOCATION: 3rd Judicial District/Anchorage

TRANSFER OUT: \$300.3 General Funds 1004
ADD: \$300.3 I/A Receipts 1007

ALLOCATION: 4th Judicial District

TRANSFER OUT: \$64.4 GF 1004
ADD: \$64.4 I/A Receipts 1007

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Grussendorf explained the amendment was a transfer to the court system of all the therapeutic court allocations. The courts would transfer the funds to the departments as necessary.

Senator Ellis voiced full support of the amendment.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

9:26:29 AM

Co-Chair Stedman MOVED to ADOPT Amendment 8:

DEPARTMENT: Transportation and Public Facilities
APPROPRIATION: Highways, Aviation and Facilities
ALLOCATION: Central Region Highways and Aviation

ADD: \$2,233.4 General Funds (1004)

Explanation: Additional funding is required to meet the minimum requirements of the Environmental Protection Agency (EPA) Municipal Storm Sewer System (MS4) permit. The MS4 permit went into effect on February 1, 2010. The Department is required to comply with this permit in its entirety beginning in FY11. The Governor's initial request was for \$1,682.0. Subsequent to the amendment deadline, RFP contract awards came in an additional \$551.4 higher for a total need of \$2,233.4.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Grussendorf explained that the amendment would address Environmental Protection Agency (EPA) concerns regarding Anchorage street sweeping. The state was meeting the bid for the project.

Senator Egan asked how the amendment related to the capital budget request.

Mr. Teal responded that the funds were for the operating of street sweeping equipment while adhering to EPA regulations.

Senator Ellis stated that street sweeping had been a contentious issue in his district in the past year. He hoped that the issue could be reasonably worked out.

Co-Chair Stedman noted concerns regarding ongoing maintenance issues around the state. He thought that maintenance should be taken care of adequately so that the state could focus on building infrastructure.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:29:17 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 9:

DEPARTMENT: Health and Social Services
APPROPRIATION: Department Support Svcs.
ALLOCATION: Information Technology

ADD: \$512.5 General Fund (1004)

EXPLANATION: Combined with funding included in the Senate CS, this amendment provides a total of \$1 million of the Governor's \$1,475.0 GF request.

The proposed budget included three specific requests: two requests were to correct funding problems with the mix of funds available for support of department IT efforts and the third request was to cover increased costs which are being experienced for new software maintenance and ETS costs for our mainframe EIS system which supports our eligibility system for Medicaid and other public assistance programs as well as produces assistance payments for the many programs operated through our Division of Public Assistance.

Proposed funding:	Governor	Senate
Unrealizable federal receipts		\$750.0 GF
\$375.0 GF		
Replace HCS RSA funding	\$225.0 GF	\$112.5 GF
Cost Inc Software, EIS, etc.		<u>\$500.0 GF</u>
<u>\$0 GF</u>		
Total	1475.0 GF	487.5 GF

The Department has been working to correct many deficiencies in the operating budget that have caused overspending in prior years because the mix of funds attributed to the program operations have not accurately reflected the actual amounts that can be collected from federal programs. In addition, the Department direct billed some expenses to divisions that are not allowed under our cost allocation plan which guides all federal revenue collections. The Governor's proposed budget was developed to partially remedy this problem. Because the IT budget includes primarily staffing costs and fixed contractual costs, the result of our inability to obtain adequate funding to maintain our operation will be the elimination of current staff. We have developed an attachment that better outlines the systems supported throughout the department and what is potentially at risk if our IT efforts are inadequate to address department needs.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Grussendorf noted that the amendment gave HESS \$1 million for information technology. The amount was believed to be adequate.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

9:30:20 AM

Co-Chair Stedman MOVED to ADOPT Amendment 10:

DEPARTMENT: Law
APPROPRIATION: Civil Division
ALLOCATION: Transportation Section

ADD: \$200.0 General Funds (1004)

EXPLANATION:

The Alaska Marine Highway System (AMHS) must file a lawsuit against the contractor responsible for the design and construction of the fast ferries Fairweather and Chenega. The suit will also name the companies responsible for the vessels' propulsion systems. AMHS must file suit now before the expiration of the statute of limitations.

Since AMHS accepted delivery of the vessels in 2004 and 2005, the propulsion systems have been subject to recurrent problems. Typical of the problems encountered with the vessels was the massive overhaul required on the Fairweather beginning in February 2006 at Ketchikan Ship and Drydock. All four diesel engines had hairline cracks in their steel sleeves, and there were additional problems with bull gears, shafts and bearings. If not addressed, the propulsion system problems will require continued maintenance, which will disrupt service, and will shorten the expected lifespan of the engines.

The lawsuit is against Robert E. Derecktor, Inc., the contractor responsible for the design and construction of the ferries, and against MTU Friedrichshafen, GmbH and MTU Detroit Diesel, Inc., the entities responsible for the vessels' propulsion systems.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Mr. Grussendorf explained that the amendment was a one-time only increment to the Department of Law for \$200,000 of general funds to address the Alaska Marine Highway System's lawsuit against the contractor for the M/V Fairweather and M/V Chenega.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:31:01 AM](#)

Senator Ellis MOVED to ADOPT Amendment 11:

EXPLANATION: This amendment will add \$200.0 to continue funding Partners for Progress, which provides support services for Alaska's therapeutic courts. Partners for Progress has been an essential part of Alaska's therapeutic court system for 11 years, and provides crucial services that the Alaska Court System is unable to fulfill. It is a proven, evidence-based program that reduces recidivism and crime in communities across the state while saving the state money.

DEPARTMENT: Alaska Court System
APPROPRIATION: Therapeutic Courts (new appropriation)
ALLOCATION: Therapeutic Courts

Add: General Funds - 1004 \$200.0

DEPARTMENT: Department of Health and Human Services
APPROPRIATION: Behavioral Health
ALLOCATION: Alcohol and Substance Abuse Programs

Add: I/A Receipts - 1007 \$200.0

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Senator Ellis explained that amendment would give \$200,000 from the general fund to the court system to be transferred to HESS for the group Partners for Progress.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:32:11 AM](#)

Senator Egan MOVED to ADOPT Amendment 12:

**APPORTION TRANSCRIPT COSTS FOR GRAND JURY PROCEEDINGS
 TO APPROPRIATE AGENCIES**

EXPLANATION: This amendment covers the increased costs the Alaska Court System faces for transcribing criminal proceedings. It will apportion funding increases for grand jury transcripts among the Departments of Administration, Law and the Court System based on actual transcript requests in 2009. At present, transcription funding is centralized within the Alaska Court System.

DEPARTMENT: Department of Administration

APPROPRIATION: Legal & Advocacy Services

ALLOCATION: Public Defender Agency

ADD: \$64.3 Unrestricted General Funds 1004

ALLOCATION: Office of Public Advocacy

ADD: \$53.8 Unrestricted General Funds 1004

DEPARTMENT: Department of Law

APPROPRIATION: Criminal Division

ALLOCATION: Criminal Justice Litigation

ADD: \$30.4 Unrestricted General Funds 1004

DEPARTMENT: Alaska Court System

APPROPRIATION: Alaska Court System

ALLOCATION: Trial Courts

ADD: \$148.5 I/A Receipts 1007

ADD: **Intent**

It is the intent of the Legislature that the FY 12 budget will appropriate all transcription funding to the agencies that order those transcripts from the Alaska Court System.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Senator Egan explained that the amendment would divide money for transcription costs for grand jury proceedings to appropriate agencies. The amendment covered the increased cost that the court system faced in transcribing criminal proceedings.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:33:12 AM](#)

Senator Huggins MOVED to ADOPT Amendment 13:

DEPARTMENT: Department of Environmental Conservation
APPROPRIATION: Water
ALLOCATION: Water Quality

ADD: Intent Language found on Page 14, Lines 5-7:

"It is also the intent of the legislature that measures to address sanitation or habitat concerns shall not reduce or restrict opportunities for the public to access and participate in these fisheries."

Therefore, the intent language should now read:

"It is the intent of the legislature that the Departments of Environmental Conservation, Fish and Game, and Natural Resources 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. It is also the intent of the legislature that measures to address sanitation or habitat concerns shall not reduce or restrict opportunities for the public to access and participate in these fisheries."

EXPLANATION: While maintaining a safe and attractive riverfront on the Kenai and Kasilof rivers is a commendable goal, this language could be construed as a means to reduce or restrict opportunities for the public to access and participate in the fisheries on these waterways in the future.

Some habitat management and simple mitigation measures are what are needed at this time. The beaches below the mean high-water mark are public domain - access and camping should not be cut off in the process of addressing sanitation and habitat concerns. The personal use fisheries are of a relatively short duration and any impacts can be mitigated without

interfering with the traditional use of public lands and waters or with fish harvesting.

I believe the original language included in the Senate CS is far too broad in scope and should be narrowed to clarify the intent is to preserve and protect public access and use of the fisheries.

Co-Chair Hoffman OBJECTED for the purpose of discussion.

Senator Huggins explained that the amendment was intent language directed toward the Department of Environmental Conservation, the Department of Fish and Game, and DNR to address the dipnet fishery waste problem without restricting access to fishermen.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:34:05 AM](#)

Senator Egan WITHDREW amendment 14:

DEPARTMENT: Fish and Game
APPROPRIATION: Wildlife Conservation
ALLOCATION: Wildlife Conservation

DELETE: 160.8; Unrestricted General Funds (1004) and the Division Director (PCN 11-2001)

EXPLANATION: State government functions best when high level decision makers reside and conduct the bulk of their duties in the capital. Locating this important position in Juneau has served the department well for nearly twenty years, and the legislature and the public have received no convincing explanation as to how moving the job will enhance the management of Alaska's wildlife.

Co-Chair Stedman MOVED to ADOPT Amendment 15:

SALARY AND BENEFIT ADJUSTMENTS. (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June

30, 2011, of the following ongoing collective bargaining agreements:

(1) Alaska Vocational Technical Center Teachers' Association - National Education Association, representing the employees of the Alaska Vocational Technical Center;

(2) Public Safety Employees Association, representing the regularly commissioned public safety officers unit;

(3) Inland boatmen's Union of the Pacific, for the unlicensed marine unit;

(4) International Organization of Masters, Mates, and Pilots, for the masters, mates, and pilots unit;

(5) Marine Engineers' Beneficial Association

(6) Public Employees Local 71, for the labor, trades, and crafts unit; and

(7) Teachers' Education Association of Mt. Edgecumbe.

DEPARTMENT: Statewide
ADD: \$8,774,300
FUNDING SOURCE: Multiple fund sources per change records submitted electronically to the legislative Finance Division and as detailed on the attachment.

EXPLANATION:

The Labor, Trades, and Crafts bargaining unit has reached a tentative agreement with the state for fiscal years FY2010-FY2012.

In FY2011, there will be a conversion to a new wage schedule similar to that of the majority of state employees. Health Insurance will increase to \$1,088 per employee per month.

DEPARTMENT: Education and Early Childhood Development

APPROPRIATION: Mt. Edgecumbe Boarding School

ALLOCATION: Mt. Edgecumbe Boarding School

ADD: \$21.9 General Funds (1004)
 \$142.4 Interagency Receipts (1007)

EXPLANATION:

The State of Alaska's Department of Administration had reached an agreement on a three-year successor contract with the Teachers' Education Association of Mt. Edgecumbe (TEAME) covering the period of July 1, 2009 through June 30, 2010.

The agreement contains the following FY2011 provisions:

- o 5 percent Sitka, Alaska geographic differential beginning July 1, 2010.
- o Beginning July 1, 2010, bargaining unit members will be returned to the State's Select Benefits Health Insurance program with a monthly health benefit of \$1,088.00 per member.

This amendment funds these agreement provisions.

DEPARTMENT: Fund Transfers

APPROPRIATION: Fund Transfers

ALLOCATION: Group Health and Life Benefits Fund

ADD: \$54.1 General Funds (1004)

The sum of \$54,054 is appropriated from the general fund to the Group Health and Life Fund in the Department of Administration, division of retirement and benefits, as a lump sum payment for health benefits reserves, to implement the terms of the collective bargaining agreement for the Teachers' Education Association of Mt. Edgecumbe, for the fiscal year ending June 30, 2011.

The TEAME bargaining unit is returning to the State's Select Benefits Health Insurance program. This is the agreed upon amount to be deposited to the State Health Plan for reserves.

DEPARTMENT: Administration

APPROPRIATION: Centralized Administrative Services

ALLOCATION: Office of the Commissioner

ADD: \$12.8 General Funds (1004)

EXPLANATION:

The sum of \$12,770 is appropriated from the general fund to the Department of Administration, office of the commissioner, as a lump sum payment to the union directed health trust, to implement the terms of the collective bargaining agreement for the Teachers' Education Association of Mt. Edgecumbe, for the fiscal year ending June 30, 2010.

Last week the State reached an agreement with the Teachers' Education Association of Mt. Edgecumbe (TEAME). The TEAME agreement covers FY10-FY12.

Since the TEAME agreement is retroactive to the beginning of FY10, a supplemental is requested for \$12,770 General Funds for the Department of Administration, office of the commissioner, to pay the agreed upon FY10 insurance costs of the NEA Health Trust.

Mr. Teal explained that the amendment detailed agreement reached between Local 71 and the teachers at Mt. Edgecumbe. He noted that the total cost was \$8.774 million.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:35:44 AM](#)

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, expressed appreciation to the committee for adopting the amendments that had been of particular importance to the governor.

[9:36:55 AM](#)

Co-Chair Hoffman noted the extensive amount of public testimony that had been heard concerning the legislation. He informed the committee that 33 people had called into to testify on behalf of the university's Marine Advisory Program (MAP), and highlighted that the budget included \$300,000 to address funding for that program. He stated that 38 people had testified in support of domestic violence and sexual assault initiatives, which resulted in Amendment 5. He furthered that 35 people had testified in support of early childhood education, which resulted in \$600,000 for the Bright Beginnings program. He felt that the committee had responded well to public concerns. He

lamented that all of the concerns could not be addressed, but believed that the overall budget would provide the services that the people of Alaska expected.

Senator Ellis noted that the University of Alaska Anchorage Honors College had not made it into the budget. He understood why the funding had not been available and stressed that his office would seek alternative funding sources.

[9:39:31 AM](#)

Senator Thomas commented on Amendment 14 which had been withdrawn. He voiced his concern of the movement of state employee positions from the capitol city to other areas in the state.

[9:41:12 AM](#)

Senator Olson hoped that funding for the Vista Program could be found by alternative means. He expressed disappointment with the lack of funding for additional Alaska State Troopers and trusted that it would be addressed in the future.

Co-Chair Stedman MOVED Senate CS for CSHB 300 (FIN) as amended out of Committee with individual recommendations and that authorization be given to the Legislative Finance Division and the Legislative Legal Services to make any necessary technical and/or conforming amendments.

Senate CS for CSHB 300 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

Co-Chair Stedman MOVED Senate CS for CSHB 302 (FIN) as amended out of Committee with individual recommendations and that authorization be given to the Legislative Finance Division and the Legislative Legal Services to make any necessary technical and/or conforming amendments.

Senate CS for CSHB 302 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

[9:44:45 AM](#) AT EASE

[9:45:19 AM](#) RECONVENED

Co-Chair Hoffman gavelled out.

#

ADJOURNMENT

The meeting was adjourned at 9:45 AM.