

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

Anchorage, Alaska

December 13, 2012

10:33 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Vice Chair
Senator Hollis French
Senator Linda Menard
Senator Thomas Wagoner (via teleconference)
Representative Kurt Olson
Representative Mike Doogan
Senator Kevin Meyer (alternate)
Representative Scott Kawasaki (alternate) (via teleconference)

MEMBERS ABSENT

Representative Mike Hawker, Chair
Senator Lyman Hoffman
Representative Mark Neuman
Representative Bill Thomas
Representative Bill Stoltze (alternate)

COMMITTEE CALENDAR

APPROVAL OF MINUTES
REVISED PROGRAM - LEGISLATIVE (RPLs)
EXECUTIVE SESSION
RELEASE OF AUDITS
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DAVID TEAL, Legislative Fiscal Analyst
Legislative Finance Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented RPL 02-3-0042, RPL 05-3-6014, RPL 06-3-0098, and RPL 11-3-0338.

KEVIN BROOKS, Director

Division Office Assistant
Division of Administrative Services
Alaska Department of Fish & Game (ADFG)
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding RPL 11-3-0338.

ACTION NARRATIVE

[10:33:40 AM](#)

VICE CHAIR BERT STEDMAN called the Legislative Budget and Audit Committee meeting to order at 10:33 a.m. Senators French, Wagoner (via teleconference), Menard, Meyer (alternate), and Stedman and Representatives Olson, Doogan, and Kawasaki (alternate) (via teleconference) were present at the call to order.

Approval of Minutes

[10:35:15 AM](#)

VICE CHAIR STEDMAN announced that the first order of business would be approval of the minutes.

[10:35:35 AM](#)

REPRESENTATIVE OLSON made a motion to approve the minutes of October 16, 2012. There being no objection, the minutes from the meeting of October 16, 2012, were approved.

Revised Program - Legislative (RPLs)

[10:36:10 AM](#)

VICE CHAIR STEDMAN announced that the next order of business would be consideration of the following RPLs:

RPL 02-3-0042
\$896,500 Federal Receipt Authorization - Operating
Department of Administration (DOA)

RPL 05-3-6014
\$510,000 Federal Receipt Authorization - Operating
Department of Education and Early Development (DEED)

RPL 11-3-0338

\$2,500,000 Statutory Designated Program Receipt Authorization
Alaska Department of Fish & Game (ADF&G)

RPL 06-3-0098

Department of Health and Social Services
\$10,800,000 Federal Receipt Authorization - Capital

VICE CHAIR STEDMAN stated that the Legislative Budget and Audit Committee may adjust the ADF&G RPL amount to address the purview of the finance committee.

[10:37:23 AM](#)

VICE CHAIR STEDMAN asked Mr. David Teal, Legislative Fiscal Analyst, to brief the committee on the first two RPL requests for the DOA and DEED.

[10:37:31 AM](#)

DAVID TEAL, Legislative Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, began by explaining that via RPL 02-3-0042 the Department of Administration (DOA) is seeking an additional \$896,500 of federal receipt authorization - Operating - for a new grant from the Federal Motor Carrier Safety Administration (FMCSA) related to the Commercial Drivers' License Program. The additional funds would buy equipment to allow the department to issue electronic citations, resolve programming errors, and provide training for examiners. He stated the division does not have any issue with this RPL.

[10:38:23 AM](#)

MR. TEAL, in response to Vice Chair Stedman, turned to RPL 05-3-6014. He stated that via the Department of Education and Early Development (DEED), the Alaska Commission on Postsecondary Education (ACPE) is requesting additional federal receipt authority for a new grant. He explained that via RPL 05-3-6014, the Department of Education and Early Development (DEED) is seeking additional budget authority of \$510,000. With the funds the ACPE developed the Alaska College and Career Guide initiative, which trains and places recent college graduates in high schools as mentors around the state. Additional budget authority is being requested to fund the Alaska College Challenge Grant (ACCG), which has been in place since fiscal year 2009 (FY 09). The authorization is needed because it was a multi-year grant not fully implemented in the early years. The current choice is to increase FY 13 spending or let the funds

lapse. The intent is to spend approximately \$2.4 million on the program in FY 13.

[10:39:21 AM](#)

VICE CHAIR STEDMAN turned to consideration of RPL 11-3-0338, Department of Fish and Game, \$2,500,000, Statutory Designated Program Receipt Authorization. He noted his recommendation is to reduce the amount of the request.

[10:39:30 AM](#)

MR. TEAL explained that via RPL 11-3-0338, the Department of Fish and Game (ADF&G) requests \$2,500,000 in Statutory Designated Program Receipt Authorization (SDPR) for the Division of Commercial Fisheries for authority to receive contributions from various fish processors to implement the [Wild/Hatchery Salmon Management Tools] capital project in FY 13. He related that the capital project is a long-term research project designed to support management decisions related to hatchery production. The legislature funded the project with \$3,500,000 in general funds monies. This RPL would allow the department to collect about \$500,000 from fish processors in each of the next five years. He clarified that other than the potential to reduce that amount for FY 13 and ask the legislature for future authorization, the Legislative Finance Division (LFD) does not have any issues with authorizing the full \$2,500,000. He pointed out that the legislature already considered that potential when it approved the project.

[10:40:47 AM](#)

VICE CHAIR STEDMAN suggested reducing the RPL amount to \$500,000 since it would fund the capital project to FY 13 and allow the finance committee to subsequently consider the whole issue. Additionally, reducing the RPL would allow the finance committee to consider all aspects of the capital project and review statewide expenditures.

[10:41:20 AM](#)

SENATOR MEYER, in response to Vice Chair Stedman, agreed it was a reasonable approach.

[10:41:28 AM](#)

SENATOR WAGONER provided the finance Fish and Game subcommittee perspective. He indicated that Senators Hoffman, Olson, and he provided clear direction to the ADF&G with respect to actions the department should take. He explained that in January the ADF&G is to bring forth a five-year plan for the program. He was unsure of whether a five-year plan exists. He said he did not favor funding \$2.5 million at this point. He cautioned that the program will need continuous legislative oversight. He then recalled the Division of Habitat "really made a big boondoggle out of building hatcheries and operating hatcheries throughout the State of Alaska." Instead, he said he preferred to see the department present a plan to the legislature that would include participation by local aquaculture associations. He recalled that local aquaculture associations in his legislative district manage two of the fish hatcheries built by the state. He shared his view that [the department] did a terrible job operating the hatchery program.

[10:43:12 AM](#)

KEVIN BROOKS, Director, Division Office Assistant, Division of Administrative Services, Alaska Department of Fish & Game (ADFG) concurred with an earlier comment by Mr. Teal. He explained the ADF&G came forward with the full \$2,500,000 amount since the legislature discussed it. Additionally, the ADF&G had been working with the processors on their contributions. He agreed the department would normally request a single year; however, the concept wasn't new. With respect to other comments, he related the department has a five-year proposal forthcoming on Chinook fisheries statewide. He anticipated considerable discussion during the upcoming session. He characterized this effort as totally different since it is a private nonprofit (PNP) effort between the hatcheries and processors, which shouldn't be confused with other Chinook initiatives the ADF&G is pursuing.

[10:44:35 AM](#)

SENATOR MEYER asked for an update for the committee on previous capital budget appropriations to two hatcheries. He recalled that the Anchorage hatchery was operational, but he said he lost track of the Fairbanks hatchery status.

MR. BROOKS responded that the two hatcheries are sport fish hatcheries, which are state operated facilities. He believed both hatcheries were operational and producing fish. In further

response to Senator Meyer, he concurred the Anchorage hatchery is currently being operated.

[10:45:16 AM](#)

VICE CHAIR STEDMAN suggested the importance of bringing these issues forward since the finance committees will have new membership and the briefings will be helpful. He then turned to the last RPL, RPL 06-3-0098, \$10,800,000 Federal Receipt Authorization - Capital, Department of Health and Social Services.

[10:45:46 AM](#)

MR. TEAL explained that via RPL 06-3-0098, the Department of Health and Social Services (DHSS) is seeking \$10,800,000 in federal receipt authority for FY 13 to add to an existing FY 12 capital project for the implementation of a case management system for the Division of Senior and Disabilities Services Care. He related this request will tie into the Medicaid Eligibility System the LB&A committee previously addressed at its October 16, 2012 meeting. Additionally, the funding will provide databases for other services provided by the DHSS. The required general fund matching funds of \$1,350,000 has already been appropriated. He recalled this funding request was previously submitted in September, but was withdrawn since federal funding had not yet been secured, but the funding is now available. The Division of Legislative Finance does not have any issue with the request, he stated.

[10:46:37 AM](#)

REPRESENTATIVE OLSON moved to ask unanimous consent that the Legislative Budget and Audit Committee approve the following RPLs:

RPL 02-3-0042
Department of Administration
\$896,500 Federal Receipt Authorization - Operating

RPL 05-3-6014
Department of Education and Early Development
\$510,000 Federal Receipt Authorization - Operating

RPL 11-3-0338
Department of Fish and Game

\$500,000 Statutory Designated Program Receipt
Authorization

RPL 06-3-0098

Department of Health and Social Services

\$10,800,000 Federal Receipt Authorization - Capital

There being no objection, RPL 02-3-0042, RPL 05-3-6014, RPL 11-3-0338, as adjusted, and RPL 06-3-0098 were so approved.

Executive Session

[10:47:43 AM](#)

VICE CHAIR STEDMAN announced that the committee would next go into executive session for the purpose of discussing confidential audits. He asked to have the incoming Legislative Budget & Audit Committee chair and staff person remain for the executive session.

[10:48:04 AM](#)

REPRESENTATIVE OLSON made a motion to move to executive session for the purpose of discussing confidential audit reports under AS 24.20.301 and Uniform Rule 22(b). There being no objection, the committee went into executive session at 10:48 a.m.

[11:12:26 AM](#)

VICE CHAIR STEDMAN reconvened the Legislative Budget and Audit Committee at 11:12 a.m. Present at the call back to order were Senators Menard, Wagoner (via teleconference), French, Meyer (alternate), and Stedman and Representatives Olson, Doogan, Kawasaki (alternate) (via teleconference).

Release of Audits

[11:12:47 AM](#)

VICE CHAIR STEDMAN announced that the next order of business would be the release of audits.

[11:12:55 AM](#)

REPRESENTATIVE OLSON made a motion to release the preliminary confidential audit reports for the Board of Marine Pilots sunset review and the Department of Administration (DOA), Office of

Public Advocacy (OPA), select issues [review] to be released to the appropriate agencies for response. There being no objection, it was so ordered.

[11:13:14 AM](#)

REPRESENTATIVE OLSON made a motion for the final audits for the Board of Public Accountancy (BPA) sunset review and the State Medical Board sunset review to be released to the public.

VICE CHAIR STEDMAN, after ascertaining that there were no objections, announced that the motion to release the aforementioned final audits was approved.

Other Committee Business

[11:13:37 AM](#)

VICE CHAIR STEDMAN announced that the final order of business, under other committee business. He asked for any other business to come before the committee.

[11:13:46 AM](#)

REPRESENTATIVE DOOGAN said he has served on this committee all six years he has served in the legislature. While he did not enjoy every session, "by and large" the committee performs well under frequently difficult circumstances. He said he enjoyed serving on the Legislative Budget and Audit Committee and thanked members for this opportunity.

[11:14:13 AM](#)

VICE CHAIR STEDMAN agreed he, too, has served for six to eight years on the LB&A committee. He expressed confidence in the incoming chair.

VICE CHAIR STEDMAN announced that the final meeting of the 27th Legislature's Legislative Budget and Audit Committee would be held on January 14, 2013 at 3:00 p.m. in Juneau.

[11:14:56 AM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 11:14 a.m.