

SENATE FINANCE COMMITTEE  
March 24, 2011  
3:07 p.m.

[3:07:33 PM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 3:07 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Lesil McGuire, Vice-Chair

ALSO PRESENT

Tim Grussendorf, Staff, Senator Hoffman; Karen Rehfeld, Office of Management and Budget. David Teal, Legislative Finance Division; Karen Rehfeld, Director, Office of Management and Budget.

SUMMARY

HB 108      APPROP: OPERATING BUDGET/LOANS/FUNDS

SCSCSHB 108 was reported out of committee with individual recommendations.

HB 109      APPROP: MENTAL HEALTH BUDGET

SCSCSHB 109 was reported out of committee with individual recommendations.

#hb108

#hb109

HOUSE BILL NO. 108

"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."

HOUSE BILL NO. 109

"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."

[3:07:39 PM](#)

Co-Chair Hoffman explained that a packet of amendments existed for member consideration.

[3:08:21 PM](#)

Co-Chair Stedman MOVED to adopt Amendment 1.

Co-Chair Hoffman OBJECTED for purpose of discussion.

TIM GRUSSENDORF, STAFF, SENATOR HOFFMAN, explained Amendment 1. He stated that the amendment included two contract agreements ratified and placed before the committee by the governor:

1. The Alaska Vocational Technical Center Teachers' Association. If approved by the Legislature, the monetary terms of this agreement become effective July 1, 2011, and remain in effect through June 30, 2014.
2. The Alaska Higher Education Crafts and Trades Employees for FY1012 and FY 2013.

Co-Chair Hoffman WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered. Amendment 1 was ADOPTED.

[3:09:21 PM](#)

Co-Chair Stedman MOVED Amendment 2.

Co-Chair Hoffman OBJECTED for purpose of discussion.

Mr. Grussendorf explained the amendment.

I Education and Early Development

1. DEPARTMENT: Education and Early Development  
APPROPRIATION: Teaching and Learning Support  
ALLOCATION: Early Learning Coordination  
ADD: \$380.0 General Funds (UGF 1004)  
EXPLANATION: Additional funding for Best Beginnings.

2. DEPARTMENT: Education and Early Development  
APPROPRIATION: K-12 Support  
ADD CONDITIONAL LANGUAGE:

A school district may not receive state education aid for K-12 support appropriated under sec. 1 of this Act and distributed by the Department of Education and Early Development under AS 14.17 if the school district

(1) has a policy refusing to allow recruiters for any branch of the United States military, Reserve Officers' Training Corps, Central Intelligence Agency, or Federal Bureau of Investigation to contact students on a school campus if the school district allows college, vocational school, or other job recruiters on a campus to contact students;

(2) refuses to allow the Boy Scouts of America to use school facilities for meetings or contact with students if the school makes the facility available to other non-school groups in the community; or

(3) Has a policy of refusing to have an in-school Reserve Officers' Training Corps program or a Junior Reserve Officers' Training Corps program.

Amendment 2 1 of 10

[Department of Environmental Conservation

1. DEPARTMENT: Environmental Conservation  
APPROPRIATION: Environmental Health ALLOCATION: Air Quality

ADD: \$155.0 General Fund (1004) and 1 PFT

EXPLANATION:

Air quality permits will need to be in place before construction can begin on a gas pipeline project. Major construction permits take a minimum of three years to complete. Currently the Division of Air Quality is working with the Alaska Pipeline Project, the Denali Project and the Alaska Stand Alone Gas Pipeline Project on air quality permit requirements. The FY20 12 funding request reflects the division's expectation for increased work on pipeline projects. The addition of an Environmental Engineering Associate I (range 21) will allow the Division to efficiently handle the expected increase of air permit work

associated with this major new infrastructure within the state in addition to other resource development permitting.

The \$55,000 in General Fund Program Receipts will assist with the recovery of direct permit related costs. The \$155,000 General Fund request for FY2012 is intended to provide some initial flexibility during the next fiscal year as gas pipeline efforts increase. With several pipeline related proposals being worked on within the state, the Division anticipates that there will be some costs that are not permit-specific as various projects move forward. This could include work on Environmental Impact Statement (EIS) reviews or the development of approaches that collectively assist multiple companies through common data collection.

2. DEPARTMENT: Environmental Conservation  
APPROPRIATION: Spill Prevention and Response  
ALLOCATION: Contaminated Sites Program  
ADD: \$20.0 General Fund (1004)

EXPLANATION:

This amendment restores the original increment request of \$20,000 in General Funds to complete an Environmental Impact Study and identification of contaminated sites during the gasline planning stage. The Environmental Impact Statement process will require identification of contaminated sites along the right-of-way as well as fuel spill prevention and mitigation measures. During construction of the pipeline the Department must conduct inspections, assessments, and cleanup of any contaminated soil or groundwater that occurs as a result of oil and hazardous substance releases at construction camps or other pipeline support infrastructure.

Amendment 2 2 of 10

3. DEPARTMENT: Environmental Conservation  
APPROPRIATION: Water ALLOCATION: Water Quality  
ADD: \$82.0 General Fund (1004)

1 PFT Environmental Engineer II

EXPLANATION:

This amendment restores the original increment request of \$82,000 in General Fund to establish a full time Environmental Engineer II position (range 23) to work in the Water Division on the gas pipeline project. The AGIA process requires the applicant have the Environmental Impact Statement (EIS) out for public

comment by June 2014, so scoping and drafting needs to begin approximately January 2012. A full time position, beginning half way through FY20 12, is needed to begin work with the applicant to address wetlands, water and wastewater issues in the scoping and drafting of the Environmental Impact Statement (EIS) permits need to be in place as part of that process. The applicant therefore needs to start working on these permits at least 18 months (January 2013) prior to the June 2014 due date in order to address agencies concerns, identify mitigation measures and complete a thorough public comment process. Division of Water work includes wetlands, storm water and domestic wastewater discharge permits. The most significant workload will be associated with storm water permits needed to address the run off from construction activities. DEC has been delegated permitting responsibility from EPA for all waste water permitting. Additional permitting will consist of issuing the state certifications of Corps of Engineers' permits for activities in waters and wetlands. Wastewater discharge permits will be required for field planning and construction camps.

Amendment 2 3 of 10

Fish and Game

1. DEPARTMENT: Fish and Game APPROPRIATION: Habitat  
ALLOCATION: Habitat

ADD: \$103.5 General Fund (1004)

EXPLANATION:

The Senate Finance subcommittee eliminated the Governor's increment for the lead position of gasline projects. This increment was to support one new Range 20 Habitat Biologist IV PCN 11-1968 position to be stationed in Fairbanks. It would support the Division's participation in planning/permitting of gas line projects.

The impact of not funding this request is that the Division would be entirely dependent upon the project developer to fully fund positions, travel, and all other associated costs necessary for the division to fulfill its statutory obligations in regard to the review and permitting of this project. Further, loss of this funding/position would eliminate the Division's ability to plan and work on these projects in advance of a reimbursement agreement being in place.

I Health and Social Services

1. DEPARTMENT: Health and Social Services  
APPROPRIATION: Public Health ALLOCATION: Nursing  
ADD: \$450.0 General Funds (1004) and 7 PFTs.

EXPLANATION:

Pay for the increased cost of the Norton Sound Nursing Program after the Norton Sound Health Corporation's grant is returned to the State.

Assuming direct provision of public health nursing services comes at a higher cost to the State than when the Norton Sound Health Corporation operated the program, the most notable being that salaries and benefits for state public health nurses are higher than what Norton Sound Health Corporation pays and other state costs are higher.

Requested funds, in combination with the grant funding NSHC was receiving, will support hiring 7 staff, leasing clinic and office space, traveling to the villages to provide itinerant public health nursing services, purchasing supplies and equipment, and paying overhead costs, such as utilities and phone service. This

Amendment 2 4 of 10 includes a one-time \$30,000 purchase of office supplies and medical equipment for the facility. Without these funds, existing resources in the rest of the State will have to be stretched to provide necessary services to this area. Public health nurses will need to travel from Anchorage and other parts of the State to Nome and the Bering Strait villages to provide services; other services will no longer be available at all

2. DEPARTMENT: Health and Social Services  
APPROPRIATION: Senior and Disabilities Services  
ALLOCATION: Senior and Disabilities Services  
Administration

ADD: \$300.0 General Fund Mental Health (1037)

EXPLANATION:

The \$300,000 will support the Traumatic/Acquired Brain Injury Program in Senior and Disabilities Services. The Alaska Mental Health Trust Authority approved this recommendation for the FY 12 budget, but it was not included in the Governor's Budget.

If this money is not included in the budget, the Traumatic/Acquired Brain Injury Program Mini-Grant program will go away. The Trust funded this projected in FY11 with MHTAAR funds. These grant funds are important because many people with TBI do not qualify for Medicaid or other state assistance

because their disability is mostly cognitive and not physical. These funds help people get a neuropsychological exam, assistive technology and memory devices, treatment, and more.

In addition to the grant program, the \$300,000 will support the development of the Traumatic/Acquired Brain Injury Longitudinal registry which was a requirement in SB 219. Funds are needed to contract someone to develop the registry, and then work with providers to encourage participation in the registry.

I Department of Law

1. DEPARTMENT: Law APPROPRIATION: Civil Division  
ALLOCATION: Oil, Gas and Mining

ADD: \$2,700.0 General Funds (1004), IncOTI

EXPLANATION:

The Department of Law's Oil, Gas and Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue as needed. Funding will assist the department in the preparation of legislation and implementation of a comprehensive plan to commercialize North Slope gas. This amendment reinstates the amount requested in the Governor's budget. The subcommittee deferred this request to full finance.

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Natural Resources

1. DEPARTMENT: Natural Resources APPROPRIATION: Land & Water Resources ALLOCATION: Alaska Coastal and Ocean Management

DELETE: Entire allocation -all funding and positions.

\$ 2,679.0 Federal Receipts (code 1002) \$ 1,672.6 GtF Match (code 1003) \$ 95.5 ItA Receipts (code 1007) \$ 244.6 CIP Receipts (code 1061) \$ 4,691.7 Total

Permanent Full Time Positions 33

EXPLANATION:

The Alaska Coastal Management Program will terminate July 1, 2011 unless legislation is enacted and signed by the governor that extends the sunset provision of AS 44.66.020 (a) and the related effective date. The appropriation for the program should properly appear in a fiscal note attached to the pending legislation.

I University of Alaska

1. DEPARTMENT: University of Alaska APPROPRIATION: University of Alaska Anchorage ALLOCATION: Anchorage Campus

ADD: \$311.1 General Funds (U GF) 1004 \$ 15.0 University Receipts (DGF) 1048

EXPLANATION:

\$326.1 for UAA Recruitment and Retention of Alaska Natives into Nursing (RRANN)/ Nursing Workforce Diversity. This addition will replace federal funds which are no longer available in FY12 to the RRANN program. Since students

Amendment 2 6 of 10 were first admitted to this program in 1999, 120 Alaska Native nurses have graduated. There are currently 65 pre-majors and 35 students in the clinical nursing programs. This program provides tutoring, interaction with role models, stipends and other forms of assistance to students across the State, many of whom come from small rural village schools and from families with no previous college graduates. The State is far from achieving general population equivalence for nurses from under-represented minorities in Alaska. Patient care has been shown to improve when culturally aligned staff is involved, particularly for elders and others with language and cognitive issues. The requested funding will support three existing program staff.

2. DEPARTMENT: University of Alaska APPROPRIATION: University of Alaska Anchorage ALLOCATION: Anchorage Campus

ADD: UAA Health Sciences Building Staffing \$392.6 UGF (1004) + 4 PFT

EXPLANATION:

In 2008, the Senate Finance Committee approved \$46 million in funding for the University of Anchorage Health Sciences Building in the interest of increasing the number of qualified medical professionals in Alaska. That investment has now come to fruition. For next fiscal year, we have committed funding the heat, water, and other operating necessities. It is now incumbent on our Committee to finish what we started and fund the staffing that will allow the new building to operate at full capacity. These four positions will staff state of the art clinical simulation laboratories. These laboratories connect classroom learning with hands on experience, so that young medical professionals are more ready to deploy their skills immediately upon graduation. A failure to fund

this new staffing will leave those laboratories unutilized, which undermines our previous investments and perpetuates Alaska's shortage of qualified medical professionals.

I Courts

1. DEPARTMENT:

APPROPRIATION:

ALLOCATION:

ADD:

DEPARTMENT:

Alaska Court System Therapeutic Courts Therapeutic Courts

\$79.9 General Funds (1004)

Health and Social Services

Amendment 2 70f10

APPROPRIATION: Behavioral Health ALLOCATION: Alcohol Safety Action Program

ADD: \$79.9 Inter-Agency Receipts (1007) and 1 PFT

EXPLANATION:

This amendment brings funding for case management at the Anchorage Municipal Wellness Court in line with other misdemeanor therapeutic courts in the state by providing case management services through the Alcohol Safety Action Program.

Probation Officer 1.0 FTE =\$79,921. The probation officer works directly with participants, monitoring compliance with the treatment plan and other court requirements. The probation officer also manages referrals to treatment and other ancillary services such as housing, medical care, and job placement.

2. DEPARTMENT: Department of Administration

APPROPRIATION: Legal & Advocacy Services ALLOCATION:

Public Defender Agency

ADD: \$172.2 Unrestricted General Funds 1004

ALLOCATION: Office of Public Advocacy

ADD: \$66.7 Unrestricted General Funds 1004

DEPARTMENT: Department of Law

APPROPRIATION: Criminal Division

ALLOCATION: Criminal Justice Litigation

ADD: \$3.3 Unrestricted General Funds 1004

DEPARTMENT: Alaska Court System

APPROPRIATION: Alaska Court System

ALLOCATION: Trial Courts

ADD: \$242.2 riA Receipts 1007 DELETE: \$242.2

Unrestricted General Funds 1004

EXPLANATION: This amendment completes the effort initiated in FY11 to distribute funding for transcript costs directly into the requesting agencies'

Amendment 2

8 of 10 budgets (specifically the Departments of Administration and Law). FY11 covered the costs of Grand Jury transcripts, while this FY12 amendment addresses funding for Appellate transcripts. This net-zero amendment transfers general funds from the Court System to the Departments of Administration and Law, and provides for an offsetting amount of inter-agency receipts within the Court System.

I LANGUAGE Sections

1. Amend section 20(g) to read:

(g) The sum of \$300,000 is appropriated from the general fund to the Office of the Governor for [GRANTS FOR] the purpose of providing [TRAUMA INFORMATION TO CAREGIVERS OF] appropriate trauma-informed behavioral health intervention and treatment services to victims of domestic violence or sexual assault for the fiscal year ending June 30, 2012.

Add the following subsections to the Fund Transfers section (Sec. 241.

Effective Date: July 1, 2011.

1.

The amount of punitive damages deposited into the general fund under AS.09.17.020G) for the fiscal years ending June 30, 2007, through June 30, 2012, estimated to be \$120,000, is appropriated from the general fund to the civil legal services fund (AS 37.05.590).

2.

The unexpended and unobligated balance on June 30, 2011, of the accounts of the Alaska Housing Capital Corporation, a subsidiary of the Alaska Housing Finance Corporation created under AS 18.56.086, estimated to be \$387,178,400, is appropriated to the budget reserve fund (AS 37.05.450(a)).

Add the following under a NEW Fund Transfers section (Sec. 25): Effective date: June 30, 2011

1.

(a) The unexpended and unobligated balance on October 31, 2010, of the former regional cruise ship impact fund (AS 43.52.230(c)), repealed by sec. 12, ch. 101, SLA 2010, estimated to be \$3,259,900, is appropriated to the commercial passenger vessel tax account (AS 43.52.230(a)).

2.

(b) The sum of \$22,659,900 is appropriated from the general fund to the large passenger vessel gaming and gambling tax account (AS 43.35.220) established as Amendment 2 90f10 a subaccount within the commercial vessel passenger tax account

(AS 43.52.230(a)).

3.

(c) The sum of \$400,000,000 is appropriated from the general fund to the power cost equalization endowment fund (AS 42.45.070).

4.

(d) The sum of \$60,000,000 is appropriated from the general fund to the Alaska marine highway system vessel replacement fund (AS 37.05.550).

5.

(e) The sum of \$1, 000,000,000 is appropriated from the general fund to the budget reserve fund (AS 37.05.540(a)).

[3:17:04 PM](#)

Senator Olson asked about the last item which noted \$1 billion transferred to a budget reserve fund. He wondered whether the fund referred to was the Statutory Budget Reserve (SBR) or the Constitutional Budget Reserve (CBR).

Mr. Grussendorf replied SBR.

Co-Chair Hoffman WITHDREW his OBJECTION.

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, discussed the amendment. She looked forward to working with the committee during the conference committee process.

[3:18:42 PM](#)

AT EASE

[3:18:59 PM](#)

RECONVENED

Senator Ellis advocated for saving before spending. He noted the large component of savings in the bill. He asked for a total of savings established by the legislation.

Co-Chair Hoffman answered Page 9 Items 1 and 2 and Page 10 identified the savings.

Mr. Grussendorf responded that the total savings equaled \$1,869,178,400.

DAVID TEAL, LEGISLATIVE FINANCE DIVISION, responded that he did not categorize the gambling tax as a savings account. He surmised that the total savings was \$1.46 billion.

Co-Chair Hoffman clarified that the numbers appeared in the operating budget due to an understanding with the House regarding the supplemental budget. The savings amounts were initially included in the supplemental budget, but because of the disagreement, the savings amounts were moved to the operating budget. The conference committee would decide the amount of savings.

Mr. Grussendorf informed the committee about a technical correction for Amendment 2. He explained that Page 4, Item 1 for Department of Fish and Game showed \$103.5 general fund, but one position was added. The position was not reflected in the first portion of the Amendment.

Co-Chair Hoffman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 2 was ADOPTED.

[3:23:34 PM](#)

Co-Chair Stedman MOVED to report SCSCSHB 108, as amended, adding one permanent full time position to the Department of Fish and Game amendment on Page 4 out of committee with individual recommendations.

There being NO OBJECTION, it was so ordered.

Co-Chair Stedman MOVED to report SCSCSHB109 out of committee with individual recommendations.

There being NO OBJECTION, it was so ordered.

SCSCSHB 108 was reported out of committee with individual recommendations.

SCSCSHB 109 was reported out of committee with individual recommendations.

Co-Chair Hoffman thanked the citizens of Alaska for their public testimony and interest in the operating budget.

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ADJOURNMENT

The meeting was adjourned at 3:25 PM.