

SENATE FINANCE COMMITTEE  
January 23, 2012  
9:01 a.m.

[9:01:40 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:01 a.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

Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor; John Boucher, Senior Economist, Office of Management and Budget, Office of the Governor.

SUMMARY

^FY 13 Budget Overview and Fiscal Summary Office of Management and Budget

[9:03:10 AM](#)

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET (OMB), OFFICE OF THE GOVERNOR, provided members with a list of OMB staff and a power point presentation: FY2012 Budget Overview, January 18, 2012 (copy on file). She emphasized that approving an annual operating and capital budget for the state of Alaska is one of the most important things, if not the most important thing, that the legislature does each session. She stressed the time and effort that goes into the preparation of the budget. The Administration worked with state agencies and the university to review

budget requests and challenges in order to meet the state's most pressing needs, while holding the line on state spending by focusing on key principles, priorities and results.

Ms. Rehfeld observed the committee's intent to include discussions with state agencies about their mission, core services, and results in the budget subcommittee process. She maintained that it is an important discussion: "to be accountable for the public dollars we spend and to be able to communicate what the state is receiving for the investment it makes in programs and services". She added that it also needs to be a meaningful tool for agencies and program managers that links budget to results, and provides the targets and strategies for continuous improvement in service delivery. She observed that Governor Parnell's vision of economic growth and strengthening families has been his way of communicating his priorities with Alaskans.

Ms. Rehfeld explained the purpose of the budget. In bringing this budget before the committee, the administration spent months working with state agencies and the university to review budget requests and challenges in order to meet the most pressing needs while holding the line on state spending. She stated that the Office of Management and Budget (OMB) did that by focusing on key principles and priorities and by focusing on results.

Ms. Rehfeld stated that when Governor Parnell released the budget in December 2011, he framed the discussion around results. She applauded the legislature's efforts to refine the budget subcommittee process to include a discussion with state agencies about their mission, core services, and results.

Ms. Rehfeld felt this was an important discussion - to be accountable for the public dollars the state could spend and to be able to communicate what the state is receiving for the investment it makes in programs and services.

Ms. Rehfeld noted the budget bills that had been introduced in the FY 2012 session: HB283/SB160 - Capital, HB284/SB161 - Operating, HB285/SB162 - MH Operating & Capital, and HB286/SB163 - Port GO Bonds.

Ms. Rehfeld discussed slide 2: "Governor Parnell's Vision - Economic Growth; Strengthening Families." She pointed out

that Alaska's future rested on responsibly developing the state's natural resources, and creating jobs and economic opportunity for families. She noted that this budget supported the governor's vision in several key priority areas.

Ms. Rehfeld stressed that Alaska's future rests on responsibly developing the state's natural resources and creating jobs and economic opportunity for families. The budget supports the governor's vision in several key priority areas.

Ms. Rehfeld reviewed the guiding principles used by the governor to develop his budgets:

- Fiscal Restraint - Spend less and save more for the future;
- Strategic Investments - Invest in infrastructure to grow Alaska's economy;
- Cash Reserves: The state will need to rely on cash reserves to provide state services over time with declining oil production. There is nearly 13 billion in the Constitutional Budget Reserve and Statutory Budget Reserve Accounts.
- Focus on Results - agency missions, core services, and results.

Ms. Rehfeld noted that the governor's budget priorities support the investment strategy and are based on the state's constitutional priorities:

- Resource Development - create Jobs for Alaskans
- Education - prepare students for college for success in college or postsecondary education
- Transportation/Infrastructure - support economic development
- Public Safety - for homes and families
- Military - strengthen military missions and support military families

[9:06:21 AM](#)

Ms. Rehfeld noted that the governor's budget priorities support the investment strategy and are based on the state's constitutional priorities:

- Resource Development - create Jobs for Alaskans
- Education - prepare students for college for success in college or postsecondary education
- Transportation/Infrastructure - support economic development
- Public Safety - for homes and families
- Military - strengthen military missions and support military families

Ms. Rehfeld reviewed the revised fall forecast for FY 12 and FY 13 on slide 5. She noted that the chart shows the projected revenue, the proposed spending plan, and the projected balances at the end of each fiscal year. The FY 12 and FY 13 fall revenue forecast was revised upward. She observed that 90% of Alaska's unrestricted general fund (GF) revenue comes from oil production. Oil production continues to decline faster than originally forecast. She noted that high oil prices tend to mask the effect of the decline, but provides an opportunity to save. In FY 12, revenues are projected at \$8,981.5 billion, while spending is projected at just over \$7 billion. This leaves a projected balance of just over \$1.9 billion for FY 12. In FY 13, revenues are projected at \$8.2 billion with a projected spending plan of \$6.4 billion, which leaves a projected balance of nearly \$1.8 billion. She concluded that the FY 12 and FY 13 savings and/or investment opportunity is over \$3.7 billion.

Co-Chair Hoffman queried estimate that was used to determine the FY 13 forecast. Ms. Rehfeld replied that price of projected for FY 13 was \$109.47 per barrel.

Co-Chair Hoffman surmised that the \$109.47 was the exact average from the previous year. Ms. Rehfeld responded that the estimate was very close to the previous year's average.

Co-Chair Hoffman explained that the current year was the first year with the expectation of oil to reach above \$100 per barrel. He remarked that oil had reached \$109 per barrel in the year prior, but that was not anticipated in the prior year's budget. Ms. Rehfeld responded that the governor's proposed spending level, \$97 per barrel was needed to balance the budget.

Co-Chair Stedman requested a modification in the forecast to focus on balancing the operating budget. Ms. Rehfeld agreed to provide that information.

Ms. Rehfeld furthered that the revenue was higher than it had been in the spring. She stated that oil production was currently in decline.

Ms. Rehfeld reviewed slide 6, which was a high level snapshot of the governor's total budget request of \$12.1 billion. Fund sources are broken out:

- Unrestricted General Funds \$6.43 Billion - 53%
- Federal Funds \$2.87 Billion - 24%
- Permanent Funds DGF \$1.48 billion - 12%
- Designated General Funds (DGF) \$834.5 million - 7%

Ms. Rehfeld observed that DGF included:

- General fund program receipts \$113.8 million
- University Receipts \$341.0 million
- Renewable Energy Grant Funds \$25.0 million

Ms. Rehfeld noted that other funds amount to \$505.5 million or four percent of the budget and included:

- Permanent Fund Receipts \$126.5 million;
- Permanent Fund Corporation Operating costs of \$11.1 and management fees of \$108.2;
- International Airport - \$110.9 million;
- Statutory Designated Receipts - \$66.4 million; and
- Postsecondary Education Receipts - \$12.9 million.

[9:10:21 AM](#)

Ms. Rehfeld discussed the governor's FY 13 budget priorities. The first priority is resource development - positioning the state's economy for growth. The governor's proposed budget includes \$28.5 million for Roads to Resources. The appropriation would continue work on the following projects:

- \$10 million for Umiat Foothills West road
- \$10 million for Road to Tanana in Northwest Alaska
- \$4 million for Ambler Mining District
- \$4.5 million for Klondike Industrial Use Highway that goes from Skagway to the Yukon along with other roads to resources

Ms. Rehfeld continued discussing the governor's priorities:

- \$3.3 million to the Department of Natural Resources to streamline the permitting application process;
- \$2.7 million GF for oil rare earth elements and strategic minerals assessment;
- \$1.1 million GF for shale oil assessment; and
- \$3.7 million GF for a statewide digital mapping initiative, which could capture another \$12 - \$13 million in federal funds to support the project.

Ms. Rehfeld emphasized the importance of elevation data to resource development, aviation safety, routes for roads, and emergency response.

Ms. Rehfeld noted that there was continuation funding for the Alaska Gasline Inducement Act (AGIA) Reimbursement Fund (\$60 million); and the Alaska Gasline Development Corporation project (\$21 million). She expected considerable discussion regarding gas line development and acknowledged that adjustments in the budget would be necessary.

[9:11:17 AM](#)

Co-Chair Hoffman wondered if the permitting budget would be affected by the Coastal Zone proposition. Ms. Rehfeld replied that the appropriation was for Department of Natural Resources to automate the information and permits, and would be able to incorporate whatever permitting requirements were needed.

Co-Chair Hoffman felt the Coastal Zone Bill would have an impact on the mechanics of the permitting streamlining. Ms. Rehfeld agreed to look into that issue.

Ms. Rehfeld discussed funding for education. The budget includes: full funding of k-12 education and pupil transportation (\$62.2 million) at \$1.1 billion; and forward funding of k-12 education and pupil transportation at \$1.1 billion. The K-12 funding formula is based on current statutory Base Student Allocation (BSA) of \$5,680. The budget includes an \$8 million request for Alaska Performance Scholarships (APS). The class of 2011 was the first to qualify for these scholarships. Nearly 2,400 students qualified for APS in the first year. Over 900 Alaskan high school graduates from the class of 2011 received the scholarship. The remaining students will be eligible to receive the scholarship over the next 5 years. The Alaska Commission on Postsecondary Education (ACPE) is preparing a report to the legislature, which is due on the 10th legislative day (January 27, 2012) that will provide detailed information on APS, and the students that qualify in the inaugural class.

Ms. Rehfeld observed that the budget includes two school construction projects. Earlier this fall, the administration successfully resolved the long-standing Kasayulie litigation with a pledge to support funding of the five highest priorities rural school construction projects over the coming years. The first two school construction projects on the list are in Emmonak and Koliganek. She added that \$24.0 million was also included for the first 14 projects on the Department of Education and Early Development's major maintenance priority list.

[9:15:15 AM](#)

Co-Chair Hoffman looked at the full funding and forward funding of K-12, and stressed that there was a concern for the potential reduction in educational staffing cuts. He noted that the budget was temporarily increased in the year prior, and they were eliminated. He wondered if OMB had received requests from school districts. Ms. Rehfeld replied that there were some requests from school districts pertaining to changing the statutory formula for the base student allocation. She stressed that five years prior showed an increase in school funding, and the governor indicated a more targeted approach to address fixed costs.

Co-Chair Hoffman stated that the senate had passed a bill that addressed increased fuel costs for school districts and municipalities.

Senator Thomas looked at the Public Employee Retirement System (PERS) and Teacher's Retirement System (TRS) unfunded liability, and wondered if there were any considerations to take a look at investing money in PERS and TRS. Ms. Rehfeld replied that there were many discussions about what options were available for the unfunded liability. Senator Thomas wondered if the solution might be made soon. Ms. Rehfeld felt there the unfunded liability was a concern for all departments.

Co-Chair Hoffman stated that the PERS and TRS unfunded liability was a concern of the Senate Finance Committee.

[9:21:05 AM](#)

Co-Chair Hoffman wondered if there were separate financial requests that addressed separate and distinct appropriations from the outcome of the Kasayulie litigation. Ms. Rehfeld replied that the FY 13 budget included a capital appropriation for the Rural Education Attendance Area Fund with \$35 million.

Co-Chair Hoffman stated that the intent of the funds was to fund 10 rural schools, and then set aside the funds for the schools that might be added years later. Ms. Rehfeld responded that she understood the five schools that were highlighted in the budget would continue to be funded as a result of the Kasayulie litigation.

Co-Chair Stedman noticed that the deferred maintenance list, and wondered how firm the administration was on maintaining the line-item appropriation. Ms. Rehfeld replied that the administration was open to changes to the proposed budget.

Co-Chair Hoffman expressed concern with the intent of the major maintenance funding. He noted that there was a freeze-up at a rural school, and was closed for over a month. He felt that there were some unwise choices when dealing with maintenance issues. Ms. Rehfeld understood Co-Chair Hoffman's concerns.

9:26:01 AM

Ms. Rehfeld discussed public safety and the governor's Choose Respect program, Division of Domestic Violence and Sexual Assault Prevention Initiative for \$11.8 million GF. She observed that the governor is requesting \$3.3 million for prevention and intervention, which includes public education and outreach, community level prevention projects and rural pilot projects. She noted sixty-four communities held "Choose Respect" events in 2011, and the goal for 2012 is for 100. She maintained that the program is sending a strong message of support to victims and survivors. The governor also included \$3.2 million for the Support for Survivors program, which includes shelter services for victims, services for children exposed to violence, trauma services for victims, and housing.

Ms. Rehfeld observed that \$5.3 million was requested for a continued law enforcement presence in communities. The request would provide for an additional 15 VPSOs and 1 support trooper; housing for VPSO's; sex offender management and supervision; cold case prosecutor; and limited English proficient victims' assistance.

Ms. Rehfeld noted that the governor is committed to improve the state's ability to respond to a disaster. The legislature approved just under \$5 million for emergency power generation and water purification in the FY 12 budget. The FY 13 budget requests funding for emergency food supplies for several locations around the state (\$4.9 million). The governor has also requested funding for an Interior search and rescue helicopter (\$3.0 million). Interior and Northern Alaska's geography and extreme weather conditions create enormous challenges to quick and effective response to emergencies. She pointed out that it is critical for Alaska State Troopers to be able to access remote areas during adverse weather conditions with a helicopter that is adequately equipped to complete the mission.

Co-Chair Stedman requested a brief synopsis on the food supply issue, and wondered if the food would be distributed across the state. Ms. Rehfeld replied that the supply would be distributed to a few key areas, and was designed for large scale disasters. She deferred to the Department of Military and Veterans Affairs to provide a more detailed response.

Ms. Rehfeld observed that \$5.3 million was requested for a continued law enforcement presence in communities. The request would provide for an additional 15 VPSOs and 1 support trooper; housing for VPSO's; sex offender management and supervision; cold case prosecutor; and limited English proficient victims' assistance.

Ms. Rehfeld noted that the governor is committed to improve the state's ability to respond to a disaster. The legislature approved just under \$5 million for emergency power generation and water purification in the FY 12 budget. The FY 13 budget requests funding for emergency food supplies for several locations around the state (\$4.9 million). The governor has also requested funding for an Interior search and rescue helicopter (\$3.0 million). Interior and Northern Alaska's geography and extreme weather conditions create enormous challenges to quick and effective response to emergencies. She pointed out that it is critical for Alaska State Troopers to be able to access remote areas during adverse weather conditions with a helicopter that is adequately equipped to complete the mission.

Senator Olson wondered if the \$3 million request was for the purchase of a helicopter. Ms. Rehfeld responded that the request was for the purchase of a turbine helicopter.

[9:29:59 AM](#)

Senator Olson noted that there were other costs when operating the helicopter, and wondered if those tangential costs were considered. Ms. Rehfeld replied the Department of Public Safety had addressed the operating costs, and agreed to provide that information.

Ms. Rehfeld discussed transportation infrastructure. She observed that \$1 billion for statewide infrastructure projects was included to build and maintain Alaska's infrastructure, which included funding for:

- Highway & Aviation \$938.3 million;
- DEC 16 Municipal water/sewer projects \$32 million GF; local match;
- Village Safe Water - \$51 million, \$8.7 million state GF match; and

- Municipal Harbor Grant Fund 10 projects \$23.1 M GF; local match.

Ms. Rehfeld noted that the governor has also introduced a ports GO bond package (HB286/SB163), which included six projects totaling \$350.0 million:

- Port of Anchorage \$200.0 million;
- Port Mackenzie Rail Extension \$110.0 million; and
- \$10 million each for Bristol Bay, Emmonak, Seward, and Ketchikan (Ward Cove).

Ms. Rehfeld discussed energy funding. The governor's proposal included:

- Round five for Renewable Energy Grant fund - \$25 million; and
- Weatherization and home energy rebates - a little over \$50 million: Home Energy Rebates - \$20 million GF; and Weatherization - \$31.5 million GF.

Co-Chair Stedman noted that the Harbor Grant Fund had a target of \$10 million per year for ten years, and there was a lag in the appropriation cycle due to changing oil prices. He appreciated the governor's efforts to catch up on that issue. He remarked that the \$25 million in the Renewable Energy Grant Fund should be closer to \$50 million per year, and queried the administration's perspective on \$50 million. He also requested the Power Cost Equalization funding status. Ms. Rehfeld replied that the Renewable Energy Grant Fund request was \$25 million, and the Alaska Energy Authority (AEA) had completed their round 5 evaluation, and might add some requests. She noted that AEA had funded the program, and were reliable at making those funding distinctions.

[9:34:36 AM](#)

Co-Chair Hoffman stated that the Renewable Energy Grant legislation would sunset in the current year, and there was a hope to extend the sunset for another ten years. He noted that the state had a goal of 50 percent renewable energy by 2025, and remarked that the minimum budget for the fund should be \$50 million. Ms. Rehfeld replied that the Renewable Energy Grant Fund was a key element in reaching the state's renewable energy goals. She added that there

were many existing projects that would encourage that target.

Senator Thomas requested a breakdown between the highway and aviation dollars. Ms. Rehfeld agreed to provide that information.

Senator Thomas looked at energy grants, and wondered if there was a plan to address the high cost of fuel in the rural areas. Ms. Rehfeld explained that each project was important to improving the access to affordable fuel.

[9:39:29 AM](#)

Co-Chair Hoffman pointed out that the Susitna Hydro Project would only benefit those near the Susitna Valley.

Ms. Rehfeld observed that it was year three of the deferred maintenance package. There are 2,200 facilities statewide, with 17.2 million square feet of space, and a replacement cost of \$7.8 billion. The administration is getting more consistent in their definition of deferred maintenance projects. She concluded that there is better identification of the universe of deferred maintenance projects. Facility managers are comparing notes and sharing information. There are facility condition index standards that can be applied to measure success. All of the year one funding will be expended by the end of the current fiscal year. Year two funding is in the hopper. Year three is in the request before the legislature. She stressed the improved ability to plan for and complete deferred maintenance projects.

Ms. Rehfeld discussed slide 11, military support. Funding is continued for army and air guard facilities, veterans' services and outreach, and an Interior veteran cemetery (\$2 million in federal authorization in the capital budget. A portion of the operating costs will be in the FY 13 budget. The full cost will be in FY 14.)

Ms. Rehfeld noted the Alaska Aerospace Development Corporation request for \$8 million in the operating budget. The corporation's funding stream from missile defense has changed dramatically. The Alaska Aerospace Development Corporation is working to secure other customers for the Kodiak launch facility. She observed that funding has been included in the budget to keep the Alaska Aerospace Development Corporation viable.

[9:45:48 AM](#)

Ms. Rehfeld reviewed the pie chart in slide 12. She explained that the left side of the pie chart represents non-discretionary funding: formula programs, permanent fund dividend, statewide operations and requirements. The right side of the pie chart is discretionary funds: agency non-formula components of the capital and operating budgets. She observed that the general fund component was separated from the agency nonformula funds and other funds to allow them to look at the agencies' general fund request.

Ms. Rehfeld referred to the K-12 education formula. She observed that they are in the fifth year of the implementation of district cost factors.

Ms. Rehfeld noted that other formula funds total \$1.96 billion, which includes Medicaid at \$1.64 billion. Other components include shared taxes, Power Cost Equalization and Public Assistance.

Ms. Rehfeld observed that statewide appropriations represent about 12 percent of the governor's request at \$1.44 billion. The retirement system unfunded liability direct deposit for FY 13 of \$610.5 million is included in this amount and is up from \$479.5 million in FY 12. The total retirement system unfunded liability is \$11 billion: Public Employees' Retirement System (PERS) - \$7.0 billion, and Teachers' Retirement System (TRS) - \$4.1 billion. She noted other statewide budget requests: \$400 million - oil exploration tax credits; \$301.4 million - debt service (down \$25.0 million); \$60 million - Revenue Sharing; \$1.48 billion or 12.2% of the total budget - Permanent Fund; and \$572.0 million - Permanent Fund dividends and operations (\$25.0 million for PFD and hold harmless.)

Ms. Rehfeld highlighted components of the \$1.8 billion capital budget request: transportation infrastructure, Roads to Resources, energy, deferred maintenance, and public safety.

[9:48:58 AM](#)

Co-Chair Stedman requested a breakdown of the individual credits and added that the 400 million was only half of the credits.

Ms. Rehfeld continued to discuss revenue sharing.

Co-Chair Hoffman felt that the capital budget increases every year, and requested a history of the governor's capital requests. Ms. Rehfeld agreed to provide that information.

[9:51:05 AM](#)

Ms. Rehfeld highlighted the governor's FY 13 operating budget request. She emphasized that growth was restrained. The administration deleted 288 positions (full and part-time, long-term vacant positions). She concluded that personal services lines would be in better shape. Funding sources in personal services were also cleaned up. She acknowledged the net result would be good but stressed that a significant effort was required on the part of the departments.

Ms. Rehfeld noted Medicaid growth of \$130.5 million (\$45.0 million in general funds), which is an approximately 8.6% projected increase. The Department of Health and Social Services estimates that 150,279 Alaskans are projected to enroll. She stressed that enrollment, utilization, and costs driver the total cost.

Ms. Rehfeld noted the proposed opening of the Goose Creek Correctional facility over FY 13 and the first quarter of FY 14. By the end of this time, out-of-state prisoners will be returned and the facility will be fully operational. The cost of current out-of-state contracts will help fund the operations of the Goose Creek facility. The facility is ready to go.

Ms. Rehfeld noted that the governor's request includes \$16.0 million for tourism marketing. There are also salary and benefit increases of \$66.0 million for the University of Alaska, Alaska Court System, Legislature, and Executive Branch.

Co-Chair Hoffman wondered if the \$29.1 for Goose Creek was a phased in number, and queried the annual operating cost of Goose Creek. Ms. Rehfeld replied that the full operating cost of Goose Creek was approximately \$50 million.

Co-Chair Stedman wondered if the \$50 million included debt-service. Ms. Rehfeld replied that it did not include debt-service.

Senator Egan wondered if the \$16 million for tourism included the industry match. Ms. Rehfeld responded that the \$16 million was GF, and would go to the Department of Commerce, Community and Economic Development.

Senator Egan surmised that the \$16 million did not include a state match. Ms. Rehfeld affirmed, but added that the industry would not contribute.

Senator Egan wondered if there was an increase to the number of Department of Commerce, Community and Economic Development employees. Ms. Rehfeld stated that there had not been an increase in employees.

Ms. Rehfeld discussed slide 14. She emphasized that Alaskans benefit from state spending. She noted that 60 percent of the budget benefits Alaskans in communities, organizations and individuals through grants, direct payments, capital, and salary costs. Programs affecting Alaskans include: Medicaid, Permanent Fund dividends, Revenue Sharing, School Funding, retirement system unfunded liability, capital projects, and named recipient grants.

Ms. Rehfeld observed that 21% of the state's budget goes to purchased services such as travel, hotels, professional services, fuel and equipment - some of this funding is internal to state agencies but a significant amount is for services purchased from Alaska's private sector businesses.

Ms. Rehfeld noted that 19% of the total budget represents salaries and benefits for state employees who are tasked to deliver core services and programs efficiently and effectively to Alaskans.

[9:56:30 AM](#)

Co-Chair Stedman felt the distribution of expenditures should concentrate on specific regions of the state. He requested an estimate of what the FY 13 Supplemental Budget and governor's amendments might look like. Ms. Rehfeld responded that OMB was working to anticipate the Supplemental Budget and amendments.

Senator Thomas looked at the education budget, on page 2 of the fiscal summary. He wondered what would be considered forward funding, and wondered why there was small increase in education funding. He queried the layoffs of personnel in education. Ms. Rehfeld responded that OMB felt that education was fully funded based on the statutory formula.

10:03:06 AM

Co-Chair Hoffman requested an explanation of the judicial salary increases. Ms. Rehfeld replied that there was not the governor's intent to short fund the judicial employees.

Co-Chair Stedman would like to look at funding the courts. He added that it would be helpful to the committee to look at the shifts in student populations across the state.

Senator Olson understood that there was a cost differential with some of rural judges, and queried the reason. Ms. Rehfeld replied that geographical issues were key in determining the funding.

Senator Olson wondered if SB 144 was included in the budget. Ms. Rehfeld replied that the budget only included the governor's requests.

Ms. Rehfeld thanked the committee, and noted that the governor and OMB were open to discussions and changes to the budget.

JOHN BOUCHER, SENIOR ECONOMIST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, declined to comment.

Senator Thomas looked at the \$2 million for the Veteran's Cemetery, and queried potential delays in development. Ms. Rehfeld replied that she was aware of some delays, but the operations funding would be general funds.

Senator Thomas wondered if there would be additional federal funding added because of the delays. Ms. Rehfeld did not know.

10:08:29 AM

Senator Thomas looked at cost-differentials across the state, and noted a study that had occurred regarding the reductions in funding. He stressed that Anchorage and

Fairbanks were a couple of the most expensive cities in the countries, yet the cost-differential was reduced. He stressed the issue of focusing on the real costs in Alaska.

Senator Ellis wondered if the governor was cognizant of the Pedro Van Meur's opinion that Alaska was overly-generous in oil credits. Ms. Rehfeld replied that the Department of Revenue and Department of Natural Resources had made the governor aware of the Pedro Van Meur's presentation.

Co-Chair Hoffman wondered if Ms. Rehfeld had a perspective on the Mental Health and Operating Budgets. Ms. Rehfeld replied that those were included in the presentation.

Co-Chair Hoffman noted that the overview included SB 160, SB 161, SB 162, and SB 163.

#  
ADJOURNMENT

[10:13:14 AM](#)

The meeting was adjourned at 10:13 AM.