

SENATE FINANCE COMMITTEE

March 5, 2012

2:08 p.m.

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CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 2:08 p.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Lesil McGuire, Vice-Chair
Senator Johnny Ellis
Senator Dennis Egan
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

Senator Bert Stedman, Co-Chair

ALSO PRESENT

David Stone, Deputy Commissioner, Department of Labor and Workforce Development; Bryn Keith, Director Of Administrative Services, Department of Labor and Workforce Development; William Streur, Commissioner, Department of Health and Social Services; Laura Baker, Deputy Director, Finance and Management Services, Department of Health and Social Services; Doug Wooliver, Deputy Administrative Director, Alaska Court System;

SUMMARY

SB 160 BUDGET: CAPITAL

SB 160 was HEARD and HELD in committee for further consideration.

#sb160

SENATE BILL NO. 160

"An Act making and amending appropriations, including capital appropriations and other appropriations;

making appropriations to capitalize funds; and providing for an effective date."

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Department of Labor and Workforce Development

DAVID STONE, DEPUTY COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, introduced himself and Bryn Keith for the record.

BRYN KEITH, DIRECTOR OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, discussed the Department of Labor and Workforce Development's capital requests.

RN 48826

Heavy Equipment Shop/Diesel Shop/Pipe Welding Relocation
\$6,000,000.

Brief Summary and Statement of Need:

This request will fund the first phase of the Alaska Vocational Technical Center's (AVTEC) Heavy Equipment Shop/Diesel Shop/Pipe Welding Relocation project. The funding will be used to construct an 8,000 square foot steel fabricated heavy equipment shop, including site preparation and utility hook-ups. The new shop will facilitate the relocation of the heavy equipment technology portion of the diesel/heavy equipment technologies program from the existing building which has life, safety, code and ADA deficiencies. The diesel/heavy equipment technologies program supports the department's mission to advance opportunities for employment by producing 45 trained Alaskans per year with a nearly 100 percent job placement.

Ms. Keith added that the request was the first of two and that it would be used for phase 1 of the project; an additional \$6 million would be requested in FY 14 for the completion of phases 2 and 3. The new steel heavy equipment shop would replace an existing facility that housed AVTEC's current diesel/heavy equipment technologies program. The current structure was built in the early 1970s and had been deemed sub-standard in two separate engineering reviews.

RN 54490

Job Center Computer Replacements

\$917,500.

Brief Summary and Statement of Need:

This funding will provide a three-year statewide inventory replacement of aging computers used in job centers and operations of the Employment and Training Services (ETS) component, as well as servers and printers. The project includes public access computers located in job centers. Existing computers are obsolete and do not meet employment and training service delivery needs. ETS has foregone computer replacement of this nature for several years because available funds have been needed for other operational costs. Through the job center network, ETS supports the department's mission to advance opportunities for employment by providing direct employment and training services to Alaskans.

Ms. Keith related that phased in over a three-year period, the request would replace 342 public access computers, 263 staff computers, 19 servers, and 51 printers. She added that a computer would be replaced based on its age and overall working condition.

RN 51795

Fairbanks Pipeline Training Center Construction and
Equipment Purchase
\$1,000,000.

Brief Summary and Statement of Need:

The Fairbanks Pipeline Training Center (FPTC) is a public/private partnership that prepares Alaskans for work in the high-demand oil/gas and construction industries. This request will increase the training capacity of the state by expanding and improving infrastructure at FPTC. The funding will provide a grant to the FPTC to be used in combination with other funds toward constructing and equipping FPTC's central training facility. Equipment will include classroom and instruction equipment. The Fairbanks Pipeline Training Center supported the department's mission by preparing Alaskans for jobs.

Ms. Keith indicated that the department anticipated that \$5 million in additional funding would be needed to complete the training facility. She concluded that the request's funding would provide space for offices, classrooms, and

shops; it did not include funding for tables, chairs, equipment, etc.

RN 48821

Deferred Maintenance, Renewal Repair and Equipment-AVTEC
\$1,000,000.

Brief Summary and Statement of Need:

This project will provide deferred maintenance funding at Alaska Vocational Technical Center's (AVTEC) 16 buildings in Seward. Specific projects related to this request include general facility maintenance, mold mitigation, replacement of failing ventilation and dust removal systems, hazardous materials abatement in the First Lake facility, and the replacement of two underground fuel tanks with above ground tanks. Through training, AVTEC supports the department's mission to advance opportunities for employment.

Ms. Keith related that AVTEC's 16 buildings in Seward represented over 200,000 square feet of shops, labs, classroom, etc. and explained that many of the structures were built in the 1950s and 60s. The requested \$1 million would cover basic deferred maintenance at the Seward campuses of AVTEC.

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Senator Thomas felt that the Fairbanks Pipeline Training Center was a useful facility and that it had about the best record of placement in the construction industry. He inquired if the \$1 million would finish a particular aspect of the facility or if it simply got something started. He indicated that his inclination would be to put more money into the project initially in order to avoid partially completed facilities. Ms. Keith responded that the funding would begin the next phase on the central facility and that it was estimated that an additional \$5 million would be needed to complete that component in the pipeline training center.

Senator Thomas further inquired if the \$1 million would start something that would not be finished and usable by the time the \$1 million was expended. Ms. Keith replied that the component would be functional, but that it would

not be at its optimal level of completion with a \$1 million investment.

Department of Health and Social Services

WILLIAM STREUR, COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, introduced Laura Baker and stated that she would speak to the majority of items.

LAURA BAKER, DEPUTY DIRECTOR, FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, discussed the department's capital requests.

RN 54191

Bethel Youth Facility Expansion - Phase 1
\$10,000,000.

Brief Summary and Statement of Need:

Bethel Youth Facility (BYF) is in need of extensive renovation and construction. This capital request will provide for the pre-construction work of four new detention beds for a total of twelve, upgraded treatment beds, additional probation space, expanded medical space, a vehicle sally port, a small gymnasium and a secure outdoor recreation area. This first phase will complete the design, address site issues and will assist in the removal of the Yukon Kuskokwim Health Corporation's Keyes Building that is in too close proximity to Bethel Youth Facility.

Ms. Baker stated there had been a study performed on the Division of Juvenile Justice's (DJJ) four oldest facilities in 2007 and that it was determined that the BYF needed to be worked on. In addition, there was property that was adjacent to the BYF that the department wished to obtain in order to allow for expansion and security. She pointed out for the committee's reference that the total estimated cost of the project was \$19,025,400 over two phases.

RN 50814

International Classification of Diseases Version 10 - Phase 2
\$4,707,000.

Brief Summary and Statement of Need:

This request is to fund phase 2 of a Center for Medicare and Medicaid Services (CMS) approved project in the amount of \$9,714,712 to comply with federal standards for electronic health interactions with the provider community. This establishes standardized formats for exchange of data between computer systems. By using this updated standard, Alaska Medicaid eliminates the risk of federal penalties for failure to comply with the law. The International Classification of Diseases-10 (ICD-10) code sets provide a standard coding convention that is flexible, providing unique codes for all substantially different health conditions.

Ms. Baker related that the item was a federal receipt and general fund match request and that out of the \$4.707 million, \$3.8 million would be federal receipts.

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Commissioner Streur stated that the international classification of diseases was going through an upgrade. He related that the department had been operating under ICD-9 for close to 25 years, but was moving to ICD-10. He explained that changing to ICD-10 would increase the number of disease classifications from 13,000 to 68,000. He explained that the healthcare field had been discussing ICD-10 since 1996 and that although it continued to move forward, he was unsure when it would be completed. He explained that the federal government was prioritizing rushing ICD-10 and that the Department of Health and Social Services had upgraded its systems the prior year. He opined that the new classification system was the next step in improving the state's healthcare system and making it more available and versatile for better disease identification.

RN 42837

Emergency Medical Services - Match for Code Blue Project
\$450,000.

Brief Summary and Statement of Need:

The Code Blue Steering Committee was formed to identify need for and purchase critical Emergency Medical Services (EMS) equipment and ambulances for EMS agencies around the state, particularly in rural locations. This year a total of \$450,000 is required to match federal, local and private funds to be allocated for all seven EMS regional offices

for such needs as ambulances, heart monitors, training equipment, and communications equipment. One dollar in state general funds leverages more than four additional dollars in other funds.

AMD 33443

Alaska Land Mobile Radio Emergency Response Narrowband Compliance
\$297,500.

Brief Summary and Statement of Need:

This is a new FY 2013 capital project due to cost estimates that were finalized after the December 15 release of the governor's budget. The purpose of this request is to protect the health and safety of Alaskans by updating base station, handheld, vehicle and probation radios, as well as very high frequency (VHF) emergency communication systems. The equipment and sites are owned by the state and currently in use by emergency medical responders, and juvenile justice and probations officers. Funding is needed to maintain the federally mandated conversion to narrowband effective January 1, 2013.

Ms. Baker stated that on page 10-2, there was an estimated dollar amount of \$110,240 for the DJJ Upgrades; the upgrades were for base station radios for facilities in Bethel, Nome, Ketchikan and Juneau, vehicle radios in Bethel and Nome, as well as vehicle radios for facilities/probation in Kenai, Ketchikan, Juneau and Mat-Su. The funding would also replace ten handheld radios statewide and would cover installation and administrative costs. She pointed out that the Division of Public Health's request was for \$187,200 and would be used to upgrade the nine remaining VHF sites to narrowband capability as stipulated by federal requirements. She observed that three of the nine VHF sites were only accessible by helicopter and that it was estimated that it would cost about \$20,000 per site to complete the upgrades.

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AMD 52386

State Improvements to Health Information Gateway
\$3,641,400.

Brief Summary and Statement of Need:

To secure maximum federal reimbursement and greatest benefit to the State, the Health Information Gateway (Gateway) must develop interfaces with state healthcare data systems and programs. These include the Medicaid Management Information System, Laboratory Information Management System, and various public health related databases. Some of these databases will need to be updated and modified in order to successfully integrate these streams of data into the Gateway and assist the states and providers in meeting the Centers for Medicare and Medicaid Services' meaningful use requirements. This project was inadvertently omitted from the December 15, 2012 release of the FY2013 Governor's budget.

Ms. Baker shared that \$3.277 million out of the \$3.6414 million represented federal receipts.

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Commissioner Streur explained that the request represented the state's match to join the Health Information Exchange, which was being developed through the Alaska eHealth Network. As organized under SB 133 from 2009, the state needed to connect its vaccination program, lab results, and other areas of the department to the system. He explained that the funding represented the cost of facilitating the new system and would include items such as training and upgrades to data and software. He concluded that the majority of the funding would come from the federal government.

RN 33672
MH Essential Program Equipment
\$475,000.

Brief Summary and Statement of Need:

The request will provide capital equipment grants through the competitive process for agencies providing services, activities and programs for Mental Health Trust Beneficiaries.

Ms. Baker stated that the equipment may include therapeutic equipment, computers, management information, etc. in order to try and help the needs of the agencies. The cap on the dollar amount per agency was \$25,000.

RN 54274

M H Aging and Disability Resource Centers Pilot to Improve Screening and Services
\$425,000.

Brief Summary and Statement of Need:

This request is for a three-year pilot project to use Aging and Disability Resource Centers (ADRCs) to better guide individuals to the most appropriate care setting, increase independence in a community based setting, improve health outcomes for seniors and individuals with developmental disabilities to reduce inappropriate or nursing home placements, decrease cost to the state for unnecessary level of care assessments, and provide a formalized process for assessment and referral for behavioral health services.

Senator Egan inquired if there would be a report given to the legislature on the pilot program after it had completed its three-year cycle. Commissioner Streur responded that there would be a report given to the legislature at the end of the three-year cycle, as well as a recommendation for continuing the project or not.

RN 54250

M H Assistive Technology
\$125,000.

Brief Summary and Statement of Need:

This capital program will provide funding for high-technology and low-technology assistive devices for Alaskans experiencing disabilities.

Ms. Baker explained that the request could be used to purchase voice and eye recognition equipment for disabled individuals and stated that the funding would be an enhancement to the vocational rehabilitation program.

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RN 33671

M H Home Modification and Upgrades to Retain Housing
\$1,050,000.

Brief Summary and Statement of Need:

This is a competitive capital grant program that provides housing modifications for persons with special needs. People are able to remain in their homes, thus reducing costs of providing supported housing or moving to institutional housing.

Ms. Baker explained that approximately 125 families received modification to their homes each grant cycle and that the grant funding amount was limited to \$25,000 per home owner and \$10,000 per rental unit.

RN 37934

Deferred Maintenance, Renewal, Repair and Equipment - Pioneer Homes
\$4,000,000.

Brief Summary and Statement of Need:

Alaska Veterans and Pioneers Home deferred maintenance.

Ms. Baker pointed out that the \$4 million request would apply to four of the six pioneer homes. The funding would be allocated as follows: the Alaska Veterans and Pioneers Home in Seward would receive \$24,810, the Anchorage Pioneer Home would be allocated \$1,389,360, the Juneau Pioneer Home would be allotted \$2,210,830, and the Sitka Pioneer home would receive \$375,000. She mentioned that the individual allocations were also included on the preceding pages.

RN 31862

Deferred Maintenance, Renewal, Repair and Equipment - Non-Pioneer Homes
\$3,015,740.

Brief Summary and Statement of Need:

This request is for deferred maintenance and renovation projects for more than 35 facilities maintained by the Department, including health centers, youth facilities, the Anchorage Public Health Lab and behavioral health facilities statewide with a combined replacement value of \$343,000,000. Funds would be used for immediate and critical renewal, repair, replacement and equipment needs in state-owned facilities and selected leased facilities.

This request does not include the deferred maintenance needs for the Pioneer Homes.

Ms. Baker added that the request included about \$15,000 of federal funding and that the rest was general fund match/general funds. She stated that the funds would be allocated as follows: \$902,475 for Alaska Psychiatric Institute, \$132,322 for the Anchorage Public Health Laboratory, \$206,750 for the Denardo Center, \$14,919 for the Dillingham Health Center, \$275,771 for the Fahrenkamp Center, \$415,402 for the Johnson Youth Center, \$104,434 for the Juneau Public Health Center, \$165,400 for the Kenai Peninsula Youth Facility, \$37,297 for the Ketchikan Public Health Center, \$41,350 for the Mat-Su Youth Facility, \$703,120 for the Mclaughlin Youth Center, and \$16,500 for the Sitka Public Health Center. She added the request was an appropriation and that remaining pages discussed the individual allocations.

Senator Thomas mentioned the work being done on the Bethel Youth Facility and inquired if the facility had any vocational or general education aspects associated with it. Ms. Baker replied that the department would get back to the committee with a response.

Alaska Court System

DOUG WOOLIVER, DEPUTY ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM, discussed the Alaska Court System's capital requests.

RN 43152
Anchorage Campus Court Renovation
\$5,100,000.

Brief Summary and Statement of Need:

The Anchorage court campus is comprised of three main buildings - the Boney Courthouse, the Nesbett Courthouse, and the Snowden Administration Building. This project is for a major remodel of the Boney Courthouse and a lesser remodel of the Nesbett Courthouse to accommodate additional judges, provide secure prisoner containment and transport within the Boney Courthouse, and perform seismic upgrades as practicable and in compliance with building codes.

Mr. Wooliver related that the Nesbett Courthouse, which was the primary trial facility in Anchorage, was full when it had opened in 1996 and that since that time, five superior court judges, one district court judge, and accompanying staff had been added to the facility. He pointed out that the Boney Courthouse was being remodeled to eventually take over all the district court functions and that the Nesbett Courthouse would serve as the superior court facility. He stated the \$5.1 million request would be sufficient to move the department into the next phase of the project. He noted that when the department had submitted the request of \$11.3 million for the total completion of the project it had been based on an estimate from a contracted cost estimator. He stated that after the budget was released, the actual bids that the department had received were significantly higher than the estimator had indicated and that although it did not affect this year's appropriation, the following year's request would be higher than the department had anticipated.

RN 47151
Court Security Projects
\$1,700,000.

Brief Summary and Statement of Need:

This request includes projects to provide physical security for the public and others in court facilities statewide.

Mr. Wooliver stated that the funding would be used to upgrade the Palmer Courthouse. He related that the prior summer, the Palmer Courthouse had enlisted two court security experts from the National Center for State Courts and that the experts, along with members from the Alaska Court System, had toured five different court facilities. He related that during the tour, the facility with the most egregious security concerns was the Palmer Courthouse, specifically in the areas of the facility that dealt with prisoner holding and transport. He stated that the current Palmer facilities were inadequate and unsafe for both prisoners and court service officers. He concluded that the request would enable the department to insure the safe transportation and holding of prisoners.

RN 52410
Electronic Filing System

\$1,785,000.

Brief Summary and Statement of Need:

Implementation of an electronic filing and document management system.

Mr. Wooliver stated that the request was for the second phase of funding for the department's multi-year effort to implement an electronic filing and record management system. The department estimated the project to last roughly six years and would have a total cost of about \$6 million. He pointed out that like other courts around the country, the department was moving to a system of electronic filings and electronic records management. He stated that the new system was central to the department's long-term planning and that it would represent a dramatic change in how both agencies and individuals interfaced with the Alaska Court System. He concluded that an electronic system included a great number of benefits on many levels and that it was one of the department's top priorities.

Mr. Wooliver added that in addition to the mentioned requests, the department also had \$2.5 million in deferred maintenance included in the governor's budget. He stated \$1.872 million of the funding for deferred maintenance would be used for cleaning the HVAC ducting and replacing outdated heating controls in the Boney Courthouse. He shared that he had mentioned the deferred maintenance on the Boney Courthouse because the work on that facility could be completed much more efficiently if it was done in conjunction with the ongoing remodel.

Co-Chair Hoffman discussed the following meeting's agenda.

SB 160 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

2:35:19 PM

The meeting was adjourned at 2:35 PM.