

HOUSE FINANCE COMMITTEE
February 5, 2014
1:36 p.m.

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CALL TO ORDER

Co-Chair Austerman called the House Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative Lindsey Holmes

ALSO PRESENT

Michael Hanley, Commissioner, Department of Education and Early Development; Heidi Teshner, Director, Division of Administrative Services, Department of Education and Early Development; Susan K. Bell, Commissioner, Department of Commerce, Community and Economic Development; Jeanne Mungle, Administrative Services Director, Department of Commerce, Community and Economic Development.

SUMMARY

HB 266 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 266 was HEARD and HELD in committee for further consideration.

HB 267 APPROP: MENTAL HEALTH BUDGET

HB 267 was HEARD and HELD in committee for further consideration.

FY 15 BUDGET OVERVIEWS:

DEPARTMENT OF EDUCATION and EARLY DEVELOPMENT
DEPARTMENT OF COMMERCE, COMMUNITY, and EARLY
DEVELOPMENT

#hb266

#hb267

HOUSE BILL NO. 266

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, and making reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund."

HOUSE BILL NO. 267

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program."

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^FY 15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF EDUCATION and EARLY DEVELOPMENT

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MICHAEL HANLEY, COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, (DEED) introduced himself.

HEIDI TESHNER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced herself.

Commissioner Hanley discussed slide 2 of the PowerPoint presentation, "Alaska Department of Education and Early Development, FY 2015 Department Overview" (copy on file).

Mission: To ensure quality standards-based instruction to improve academic achievement for all students.

Core Services:

1. Public School Funding - Ensure funding is appropriately distributed to recipients based on legislative appropriations and by Statute.
2. Fiscal Accountability, Compliance and Oversight - Ensure the department effectively and efficiently manages state, federal and other funds.
3. School Effectiveness Programs - Assist districts by providing programs, technical on-site and distance delivery support, and early intervention services.
4. Active Partnerships - Provide opportunities for, and collaborate with government entities, and other public and private organizations.

Commissioner Hanley looked at slide 3, "DEED Budget by Core Services." He stated 80 percent of the budget went directly to school districts, was largely formula driven, and was the location of the base student allocation (BSA). He announced that 14 percent of the budget was used for fiscal accountability, compliance, and oversight. He shared that 4 percent of the budget was intended for active partnerships. He stated that 2 percent of the budget was used for school effectiveness programs.

Commissioner Hanley discussed slide 4, "Department of Education and Early Development Measures and Results." He remarked that DEED used the Alaska Performance Scholarship (APS) to measure results. He stated that there were three cohorts of students who had access to the Performance Scholarship. He remarked that in 2011, 28.8 percent of students eligible for the APS; in 2012, 27.2 percent of students were eligible for the APS; and in 2013, 31.6 percent of students were eligible for the APS.

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Commissioner Hanley highlighted slide 5, "Department of Education and Early Development Measures and Results." The chart represented the four year graduation rates, which was how Alaska compared itself to other states. He remarked that there was a common formula for how the graduation rate was determined. He noted that the last two years showed a two percent increase, and it was the goal of DEED to hit 90

percent by 2020. Currently, the graduation rate was 71.6 percent, so with a 2 percent per year increase, the rate would be approximately 86 percent by 2020.

Commissioner Hanley looked at slide 6, "Department of Education and Early Development FY 2015 Operating Budget Governor's December 12 includes School Debt Reimbursement." The slide contained two sets of data in both table and graph form. The table broke the budget into two components. The K-12 Formula Programs represented \$1.4 billion of the total \$1.7 billion DEED budget. The Agency Operations budget was \$310 million, and he remarked that \$213 million of the \$310 million were federal funds.

Commissioner Hanley highlighted slide 7, "Department of Education and Early Development Operating Overview All Funds." The slide addressed spending. He stated that 95 percent of spending was from grants in the form of foundation formula, pupil transportation, and school debt reimbursement programs, and child nutrition programs. The 3 percent for "Other Lines" were for contractual obligations and responsibilities, which include travel and assessment contracts. He shared that 2 percent of the budget was for personal services. He noted that the bottom left corner of the slide showed the position count: 332 full-time, 14 part-time, and 17 non-permanent.

Commissioner Hanley looked at slide 8, "Department of Education and Early Development Agency Operations." The left graph was the general fund operating budget, with 95 percent directed at the K-12 formula programs and 5 percent for agency operations. The agency operations were categorized by fund source on the right side of the slide: 68 percent federal funds, 23 percent general funds, and 9 percent other funds.

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Commissioner Hanley discussed slide 9, "Department of Education and Early Development FY 2015 Governor's Budget Highlights."

Operating Budget

K-12 Foundation Program:

\$25,000.0 UGF for school district support outside the formula to be distributed as additional state aid.

Funding will be distributed by AADM to include district cost factors.

K-12 Support Boarding Home Grant Funding:
\$961.3 UGF increase for four new residential programs that have been approved by the department.

Alaska Higher Education Investment Fund:
AlaskAdvantage Education Grants - \$1,500.0 DGF
Alaska Performance Scholarship Awards - \$3,000.0 DGF

K-12 Education Formula Funding:
Forward funding of the Foundation Program and Pupil Transportation to be deposited into the Public Education Fund.

Commissioner Hanley looked at slide 10, "Department of Education and Early Development FY 2015 Governor's Budget Highlights."

Operating Budget

Pre-Kindergarten Grant Funding:
\$2,000.0 UGF restores the Pre-Kindergarten Grant program to the \$2,000.0 one-time funding level of FY2014.

Student and School Achievement:
\$100.0 MHTAAR (Other) for the Mental Health Trust Authority Grant for Alaska Autism Resource Center to maintain current funding levels.

Alaska Challenge Youth Academy:
Decrease of \$4,791.4 UGF for a transfer out of DEED's budget and to be directly appropriated to DMVA's Alaska Military Youth Academy allocation.

Agency Operations Efficiency Reductions:
Decrease of \$646.4 UGF/Federal.

Commissioner Hanley displayed slide 11, "Department of Education and Early Development 10-year Plan Highlights."

Operating Budget

-The Department of Education & Early Development has incorporated all FY2015 Governor's budgeted changes into the 10-year plan.

-The 10-year plan does not include any potential statutory changes or associated fiscal notes.

-In FY2015-FY2024, the Foundation Formula projects sustained funding including \$25,000.0 outside the formula as targeted funding.

-Operating cost increases include annual inflation adjustments for contractual obligations.

-Start-up operating and maintenance costs for the State Libraries, Archives and Museums facility, the Sheldon-Jackson Stratton Library, and the future MEHS aquatics facility.

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Commissioner Hanley looked at slide 12, "Department of Education and Early Development 10-year Plan Highlights."

Capital Projects

-School district new facility Construction estimates \$50,000.0 annually and includes projects to satisfy the Kasayulie v. State consent decree and settlement agreement.

-School district facility Major Maintenance projects estimates \$50,000.0 annually.

-Deferred maintenance for MEHS appropriations are included which follow the current Governor's 5-year deferred maintenance initiative.

-Funding for the Sheldon-Jackson Stratton Library renovation and full funding for the State Libraries, Archives and Museums facility are included in the 10-year projection.

Commissioner Hanley highlighted slide 13, "Department of Education and Early Development Continued Budget Growth Compared to 10-Year Plan." The slide represented the non-formula general funds (GF) only. He stated that the dotted

line was a projection of 2006 to 2015, and extrapolating beyond with an 8.1 percent growth. He noted that the line steepness from years 2010 and 2013 was related to the inclusion of APS, Alaska Native Science and Engineering Program (ANSEP), early learning programs, and school performance incentive programs.

Commissioner Hanley spoke to slide 14, "Department of Education and Early Development Continued Budget Growth Compared to 10-year Plan." The graph looked at all funds. He stated that the 5 percent for agency operations did not have an impact on the displayed trajectory. The graph did not include a BSA increase. If the graph included the governor's proposed BSA increase, the trajectory of the black dotted line on the graph would increase by very little. He stressed that the \$49 million in the BSA would have very little impact.

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Commissioner Hanley highlighted slide 15, "Education and Early Development Budget Compared to All Agencies Budgets." The bars on the graph showed the total agency non-formula GF budget, and the numbers included programs like Parents as Teachers, Best Beginnings, theme-based education, the Alaska Advantage Grant, and the APS. He remarked that the DEED agency budget represented only 2 percent of the state's agencies budget.

Commissioner Hanley discussed slide 16, "DEED Formula and Non-Formula Funding."

The department's total GF budget grew over \$410 million (45 percent) between FY06 and the FY15 Governor's Request - an average annual growth rate for that period of 8.1 percent.

The department's total FY15 GF budget request for DEED formula and non-formula programs equals \$3,973 per resident worker.

Co-Chair Austerman asked for a description of the "Aquatic Facility." Commissioner Hanley replied that there was a 50 meter swimming pool at Mt. Edgecumbe, which was in need of an upgrade.

Co-Chair Austerman looked at slide 4, and expressed concern regarding the 70 percent that were not represented in the APS program. He felt that there should be an overall holistic view of education for all students, rather than the students that were eligible for APS. Commissioner Hanley agreed to provide more information, including a report that outlined the components of findings related to APS functionality.

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Co-Chair Stoltze queried the optimistic projections for graduation rates. Commissioner Hanley replied that he hoped to continue to see 2 percent growth. He remarked that it was important to work with the marginal students, but agreed that there was a point where the effort might become futile.

Co-Chair Stoltze shared a story about someone who dropped out of school to start a business. He would like to see a cost comparison between a public school student, charter school student, home school student, and private school student. He felt that the anecdotes might be more useful than the facts, because he already knows the facts. He would also like to examine the cost of retirement. Commissioner Hanley agreed to provide that information.

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Vice-Chair Neuman looked at the number of vocational programs available, and remarked that approximately 60 percent was not focused on vocational training. Commissioner Hanley responded that the vocational training was not a separate budgetary component, but was part of a grant. He stated that the largest focus of DEED was to set up the residential schools that could focus on the technical and vocational courses.

Vice-Chair Neuman stated that math was one of the most difficult school subjects. He wondered if there was a plan to add more math classes. Commissioner Hanley agreed, but stated that those decisions were most often made at the local level.

Representative Gara expressed concern about staff losses across the state. He wondered if DEED had calculated an estimate base student allocation (BSA) adjustment in an

attempt to avoid future budget decreases. Commissioner Hanley replied that an estimate was offered two years ago through the superintendent's organization, but he had not calculated another recently. He stated that he did not have current estimates.

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Co-Chair Austerman noted that the governor's bill pointed to a BSA estimate. He wondered how the estimate was determined without current data. Commissioner Hanley replied that the governor took the initiative to focus targeted funds for targeted outcomes. The governor was willing to estimate a one and one-half increase of the current BSA. The governor recognized the increase as modest with Alaska's fiscal climate.

Representative Gara stressed that he would like more information from DEED regarding its needs. He felt that reducing the number of teachers and staff did not have a positive impact on education. He stated that the legislature had conducted some surveys and agreed to provide legislative research report, but he felt that DEED should provide better information in order for the legislature to make an informed decision. The governor's proposed \$80 increase to the BSA would result in even more teacher lay-offs in Anchorage. Commissioner Hanley stated that the governor had proposed an increase to the BSA that would hopefully reduce the number of lay-offs of education staff in Alaska.

Representative Gara wondered if the governor would be willing to have a discussion that could stem the continual layoffs in public education. Commissioner Hanley replied that he believed the governor would focus on that, and was interested in having more conversations.

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Representative Munoz wondered if DEED had analyzed the impact of the one-time funding. Commissioner Hanley responded that there were several districts that recognized that it was one-time funding and incorporated it into infrastructure. He stated that it would require a conversation with every district to see that it was used as intended. He felt that the answer would be different from every district.

Representative Munoz felt that there could be more money for education. She wanted to know why some districts were struggling more than others across the state. Commissioner Hanley replied that some districts operate very efficiently, but others did not.

Representative Guttenberg looked at slide 3, and wondered what was used as a benchmark for the fiscal accountability and school effectiveness programs. Commissioner Hanley replied that the school effectiveness programs had data regarding institutes, participation, mentoring, coaching, and state system of support. The fiscal accountability, accounting, and oversight portion was based around the responsibility of monitoring the use of the funds to meet both state and federal guidelines. The component had audits and reports to ensure accountability for both state and federal funds.

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Representative Guttenberg wondered if there would be a change in accountability when the funding changed. Commissioner Hanley replied that DEED did not have a tool to measure local effectiveness at a school level. He stated that there were local measures, but DEED was not able to reflect the impact of one less teacher on student effectiveness directly.

Representative Guttenberg felt that an analysis of graduation rates correlating with teacher lay-offs would be beneficial to the legislature. Commissioner Hanley stated that there were standard based assessments and graduation rate assessments that DEED conducted. He agreed to provide that information. He stressed that determining a cause based on those assessments was challenging.

Representative Guttenberg felt that the positive effect of vocational training needed to translate across the state.

Representative Wilson stressed that the discussion was about local control, and pointed out that there should be a determination of how much DEED should intervene in local schools.

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^FY 15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF COMMERCE,
COMMUNITY AND ECONOMIC DEVELOPMENT

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SUSAN K. BELL, COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, delivered her PowerPoint presentation: "House Finance Committee Department Overview." She stated that many changes were made during her four years with the department. She noted that marketing and infrastructure development was thriving.

Commissioner Bell began with slide 2, "Department Organization." She noted that the six corporate agencies had a board or commission that directed their work. She stated that the six agencies within the department.

Commissioner Bell continued with slide 3, "Core Services; FY 2015 Budget." She described the pie chart and detailed the agencies that added to the department's budget.

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Commissioner Bell discussed slide 4, "Economic Growth."

Division of Economic Development

- Tourism marketing and new air connections contributed to third consecutive year of growth (1.84 million visitors)
- Promoted new Icelandair flights to Alaska in the UK, France, Sweden, Denmark, the Netherlands, and Germany and brought Top Chef program to Alaska, reaching 2.6 million viewers.
- Presented Opportunity Alaska seminar at Toronto mineral industry conference; exposure to 39,600 attendees with 325 follow up contacts
- Promoted manufacturing sector and made in Alaska products at U.S. Manufacturing Summit by National Retail Federation and Walmart
- 24 film production approved for tax credit based on \$40 million spend
- 283 loans for \$28.5 million to Alaska owned businesses throughout the state

-Extensive outreach to rural and coastal Alaska regions to promote utilization of loan programs

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Commissioner Bell continued with slide 5, "Economic Growth."

Alaska Industrial Development and Export Authority

- Net asset value over \$1.1 billion (June 2013)
- \$20.7 million dividend to the state in FY2014
- Created and retained more than 297 construction jobs and 893 permanent jobs
- Completed 10 loan participations totaling \$11.5 million
- Completed the first phase of the Mustang oil development project on the North Slope
- Completed the \$77 million expansion of the Ketchikan shipyard
- Developing the Interior Energy Project, including an LNG liquefaction facility on the North Slope

Commissioner Bell looked at slide 6, "Economic Growth."

Alaska Seafood Marketing Institute

- Export value up nearly 85 percent to \$3.2 billion in ten years
- Maintained Alaska seafood brand as the second most commonly specified on U.S. menus
- Conducted trade missions, media outreach, and chef tours to Alaska from Brazil, Germany, Japan and China
- Conducted national promotions in more than 11,000 restaurants, participated in 17 foodservice distributor promotions, and attended 19 foodservice trade shows
- Expanded collaboration with tourism marketing program, Alaska Grown, and Nutritious Foods in Schools grants

Commissioner Bell highlighted slide 7, "Sustainable Energy."

Alaska Energy Authority

- Renewable Energy Fund invested \$227.5 million in 251 projects (Rounds I-VI; Round VII underway)
- Disbursed \$40.4 million in PCE grant payments in FY 2013
- Rural power system upgrades (53 of 114 completed)
- New Emerging Energy Technology Fund program evaluated 70 proposals, 16 projects funded in FY 2013 (Round II selection underway)
- Awarded seven village energy efficiency program grants totaling \$1.38 million
- Continued progress towards regulatory work for Susitna-Watana Hydro project, conducting 58 field studies in 2013

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Commissioner Bell highlighted slide 8, "Sustainable Energy."

Alaska Gasline Development Corporation

- Advanced pipeline and facilities front end engineering and design for class III cost estimates
- Conducted extensive field program for geotechnical, wetlands, and cultural resource data
- Engaged USDOT's Pipeline and Hazardous Materials and Safety Administration on needed special permits
- Selected open season management contractor
- Incorporated new organizational structure into business and project execution plans

Commissioner Bell discussed slide 9, "Strong Communities."

Community and Regional Affairs

- RUBA assisted 198 communities, trained 216 utility managers
- \$1.8 billion distributed through 2,341 state and federal grants
- Over \$112 million distributed for community revenue sharing, PILT, NFR, fisheries business tax, fisheries landing tax

- Bulk fuel loans totaling \$7.4 million to 65 communities
- Fuel Watch Initiative made 586 calls to 309 communities verifying adequate financial resources and actions for winter fuel
- Preparing digital community profile maps for 19 communities in North Slope and Northwest Arctic Boroughs
- Completed full value determinations for 36 municipal governments (18 boroughs and 18 cities in unorganized boroughs)

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Commissioner Bell highlighted slide 10, "Consumer Protection."

Banking and Securities

- Conducted examinations of 40 depository and non-depository institutions
- Issued new licenses to 2 premium finance companies, 1 payday lender, 151 mortgage broker/lenders, and 60 money services businesses
- Issued license renewals to 14 payday lenders, 28 premium finance companies, 1 small loan company, 1 business industrial development corporation (BIDCO)
- Collected over \$12.9 million in fees and assessments

Corporations, Business and Professional Licensing

- Renewed 35,269 business licenses (67,074 active) and 28,697 professional licenses (66,894 active), a 3 percent increase from FY 2012
- Newly framed/registered corporations total 6,329, a 6 percent increase over FY 2012
- Corporate entities in good standing increased from 60 to 91 percent due to courtesy notices and a new IT system
- Quarterly financial reports for professional licensing programs now available on website for licensees, stakeholders, and the public

Commissioner Bell looked at slide 11, "Consumer Protection."

Insurance

- Issued or renewed 29,008 licenses, 95 percent submitted electronically (45,316 active licensees)
- Registered 16 purchasing groups; admitted 15 new insurance companies, four surplus line insurers, and seven risk retention groups
- Opened 54 and closed 77 criminal investigations; investigated 238 consumer complaints, took actions resulting in \$194,648 to consumers
- Collected \$65.8 million in premium taxes, penalties and fees in FY 2013

Commissioner Bell discussed slide 12, "Consumer Protection."

Alcoholic Beverage Control Board

- Licensees achieved 89 percent compliance with underage related laws, continuing a steady increase for the fourth year
- Twenty two package stores, an increase of seven, are qualified to provide written orders from rural local option communities

Regulatory Commission of Alaska

- Revised telecommunication regulations to promote greater regional competition in response to changes in intrastate long distance market
- Discovery regulations designed to improve the process and provide increased efficiency in contested cases
- Approved application from Hilcorp Alaska, LLC for acquisition of natural gas assets in Cook Inlet

Commissioner Bell looked at slide 13, "Challenges."

- High cost of energy impacts residents, businesses and economic development efforts
- Gaps in critical infrastructure including roads, ports, communications, and processing facilities
- Uncertainty hampering private investment
- Federal regulatory and permitting delays and denials

- Maintain awareness in national and international markets about Alaska products and services
- Geographic scale impacts logistics and transportation costs

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JEANNE MUNGLE, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, highlighted slide 14, "Budget by Fund Source." She stated that the slide was a reflection of the budget decrease between FY 14 and FY 15. She looked at the UGF portion, and remarked that the graph reflected a \$7.2 million reversal from UGF, as a result of power cost equalization (PCE). There was an increase in the DGF line as a result of the PCE, so it was basically an endowment fund funding change. The other funds decreased as a result of unneeded interagency receipt authority. The federal funds experienced a very small reduction as a result of ERA funds and other federal funds that were no longer available.

Ms. Mungle explained slide 15, "Budget by Line Item, FY 2014 to FY 2015." She stated that the chart represented the budget by line item. She remarked that there was an increase in personal services due to salary and health care increases. The travel portion showed a decrease due to a one-time increment for the military training credit fiscal note. The services decreased by \$5,382 and commodities also experienced a decrease. The capital outlay remained stagnant, and the grants and benefits experienced a slight increase.

Ms. Mungle addressed slide 16, "Performance Measures, Economic Growth."

Target: Create, or retain, 500 permanent jobs annually through the Project Development and Commercial Finance programs

Ms. Mungle looked at slide 17, "Performance Measures."

Target: 100 percent of municipal governments provide essential public services

Ms. Mungle discussed slide 18, "LFD: Share of Agency Operations (GF Only)."

The department's GF budget grew by \$72.1 million between FY 06 and FY 15. The total percentage of GF growth from FY 06 to FY 15 Governor's Request is 109 percent. The department's total FY 15 Governor's Request GF budget equals \$417 per resident worker.

Ms. Mungle looked at slide 19, "LFD: Funding Sources."

The percentage of general funds (UGF and DGF) in the department's budget was 57 percent in FY 06 and is 67 percent in FY 15 Governor's Request.

Commissioner Bell explained slide 21, "LFD: Ten-Year Plan (All Funds)." She stated that the slide showed what would happen over the decade, if there was a continued 8.5 percent growth. The department had been very dynamic with the additions of new divisions and changes in PCE fund. She remarked that there had been spikes due to the addition of legislative finances. She explained that the green dotted line showed what would occur at a growth rate of 8.5 percent.

Co-Chair Austerman remarked that he would like to see a plan to increase economic development in Alaska. He felt that the administration should make economic development a priority; otherwise the legislature would form a commission to examine economic development. He felt that there needed to be a new economic base to carry the state forward. Commissioner Bell responded that DCCED takes economic development very seriously. She looked specifically at the diversifying of economic development projects. She stated that there were a number of responsibilities related to economic development and stressed that DEED would continue to discuss that DCCED took economic development very seriously.

Co-Chair Austerman felt that DCCED was doing its job, and felt that there was a step that needed to be taken.

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Co-Chair Austerman looked at slide 4, and wondered where there was a mention of commercial fisheries. He looked at page 29 and 30 of the "Alaska North to Opportunity" (copy on file). He pointed out that there was a focus on tourism. He stated that fisheries was the number three industry in Alaska, and felt that it needed to have an equal focus as

tourism. Commissioner Bell agreed that there should be a focus on fisheries, and shared that there would many areas in which DCCED enhanced the fishing industry.

Co-Chair Austerman noted that ASMI was a board that was outside of DCCED's prevue. He remarked that the effort of the DCCED was what he was concerned with, not just the participation of DCCED on ASMI. Commissioner Bell responded that ASMI had a focus on the economic value of Alaska seafood and understanding that 64,000 were directly or indirectly employed in the seafood industry. She remarked that DCCED considered the seafood industry Alaska's largest private sector employer.

Co-Chair Austerman disagreed and did not see that reflected in economic development.

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Co-Chair Stoltze echoed the concerns. He looked at the Alcoholic Beverage Control (ABC) Board. He wondered why the ABC Board was not focused on growing and enhancing the food and beverage industry. He stressed that there should be a discussion regarding streamlining and whether or not there were licensing issues with individuals in the food and beverage industry. He remarked that the effort to move the ABC Board from Department of Public Safety (DPS) to DCCED was good policy, but bad politics.

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In response to a question from Co-Chair Stoltze, Commissioner Bell stated that DCCED was accessible for any insurance questions. She stated that the Tourism Marketing Program was in its third year, and had \$18.7 million with the combination of general funds with receipt authority. She stated that the financial and staff resources were reflective in the activities. She understood the ABC Board's focus on commerce and business, and pointed out that there should also be a public safety aspect of the ABC Board.

Co-Chair Stoltze announced that the legislature also intended the ABC Board to maintain a public safety focus. Commissioner Bell agreed.

Co-Chair Stoltze clarified some numbers. Commissioner Bell stated that the insurance budget request for FY 15 was \$7.6 million, so the balance went into the general fund.

Representative Guttenberg expressed concern about broadband access across the state, and asked for efforts of DCCED regarding accessibility. Commissioner Bell replied that the Broadband Task Force was working to address the issue. She agreed to provide further information. She remarked that there was continued progress for broadband access.

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Representative Costello remarked that innovation was the key to growing the economy. She wondered if it was time to rethink the issue of jobs versus bringing new industries to the state. Commissioner Bell responded that public-private partnerships were essential to growing the economy of the state. She stated that DCCED attended various conferences, included the International Economic Development Council. She stressed that DCCED was using its resources and trying to stay in line with the best practices, share information during the interim, and converse with the private sector.

Co-Chair Austerman handed the gavel to Co-Chair Stoltze.

Vice-Chair Neuman wondered if the ABC Board had made a determination regarding the conflict of owning a brewery license and a restaurant license. Commissioner Bell replied that the ABC Board was working to keep the business operational, and agreed to provide more information.

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Vice-Chair Neuman stressed that sport fishing was very important, and pointed out that there was a recent crisis related to the sport fishing industry. He felt that DCCED had not helped to mitigate that problem. He stressed that there should be a focus on sport fishing marketing through tourism or ASMI. Commissioner Bell replied that the tourism marketing program highlighted sport fishing across the state.

HB 266 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

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The meeting was adjourned at 3:42 p.m.