

SENATE FINANCE COMMITTEE
January 22, 2013
9:01 a.m.

[9:01:53 AM](#)

CALL TO ORDER

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

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Donny Olson

MEMBERS ABSENT

Senator Lyman Hoffman

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

FY14 Budget Overview: Office of Management and Budget

- Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor

Co-Chair Kelly discussed the meeting's agenda and welcomed the Senate Finance Committee back to work.

^FY14 Budget Overview: Office of Management and Budget

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, introduced herself and her staff for the record.

9:06:38 AM

Ms. Rehfeld began a PowerPoint presentation titled "FY2014 Budget Overview"(copy on file) and discussed slide 2 titled "Budget Vision."

- Economic Growth and Strengthening Families

Ms. Rehfeld stated that the presentation would be a high level overview and relayed that SB 18, SB 19, and SB 20 represented the capital budget, the operating budget, and the mental health operating and capital budget requests respectively. The Office of Management and Budget (OMB) would be providing the committee with the supplemental bill for FY 13 on its due date, which was January 29th. She discussed the governor's comments about his budget release in December and related that Alaska was in a "solid position." She offered that Alaska's Triple A bond rating was due, in large part, to the state's reserve accounts, the Alaska Permanent Fund, the budget discipline of the Finance Committee and the administration, as well as the development of the state's resources. The administration had spent months reviewing and working with state agencies and the University of Alaska in an effort to review budget requests and challenges. She stated that the administration was trying to bring forward the most pressing needs, while still holding the line on state spending; the administration would accomplish this by focusing on some key priorities and principles. She related that the governor's vision had been consistent and that the economic growth and strengthening of Alaska's families were the key principles that he used in developing the budget. She offered that Alaska's future was dependent on responsibly developing natural resources, as well as creating jobs and economic development for families. She opined that the budget supported the governor's vision in several key areas.

Ms. Rehfeld addressed slide 3 titled "Budget Priorities."

- Resources and Energy
- Education
- Public Safety
- Transportation/Infrastructure
- Military Support

Ms. Rehfeld spoke to slide 4 titled "Fall 2012 Revenue forecast" and pointed out that there had been a significant decrease in revenue to the state from the spring forecast to the fall forecast. She offered that the declining oil production and price have a profound impact on Alaska's future and its available revenue. In the spring, OMB's forecast for the current fiscal year was about \$8.44 billion in revenue; however, the revised fall forecast had that number down to \$7.5 billion and represented a reduction of \$928 million. She related that for the next fiscal year, OMB's spring forecast was for \$7.68 billion in revenue; the fall forecast for that year was just over \$7 billion and showed a further reduction of \$678 million in revenue. The total loss of revenue over the two-year period would be about \$1.6 billion. She concluded that the loss in revenue provided the context for developing the budget.

[9:10:27 AM](#)

Ms. Rehfeld discussed slide 5 titled "FY2013/FY 2014 Budgets: Big Picture." The slide overlaid the proposed spending plan for both the current fiscal year and the next in order to show what it looked like with the revised forecast. She pointed out that when the governor had signed the appropriation bills for FY13, OMB had been anticipating a surplus of about \$514 million, which would then go into the Statutory Budget Reserve Fund; however, based on the revised forecast, the state would need to dip into the budget reserve to cover \$410 million in the current fiscal year. She offered that the numbers would change as the year went on and actual expenditures became known; there would be a revised forecast in the spring. In FY14, the governor's proposed budget was just under \$6.5 billion. She pointed out that there was potential for \$508 million going into the Statutory Budget Reserve Fund if the budget was approved "today." She stated that with less revenue, the state would have to spend less. OMB had worked with the departments to evaluate the people and resources that were available without increasing the budget in FY14. OMB was working on decreasing overhead costs, increasing efficiencies, and focusing on the priorities and services that Alaskans expected.

Ms. Rehfeld spoke to slide 6 titled "Alaska Reserve Accounts." She related that the slide was a visual examination of what happened in the growth of the state's two main savings accounts. The Constitutional Budget

Reserve was represented with blue bars and the Statutory Budget Reserve was the red bars. At the end of FY12 and beginning of FY13, the state had about \$16 billion in savings accounts. She relayed that the legislature had taken strong steps in maintaining and building the budget reserves when there had been windfalls of high oil prices. She offered that the maintained reserves were largely responsible for the state's Triple A bond rating and that managing the use of the reserves in times of declining production were key to OMB's long-term fiscal plan.

Ms. Rehfeld addressed slide 7 titled "Spending Controls."

- Improve/Streamline Business Processes
- Enhance technology
- Lower cost of purchasing
- Reduce footprint/cost of office space
- Share services

Ms. Rehfeld related that over the past three years, state agencies had absorbed increased costs, such as merit increases for staff, increases in central support services, contractual costs, and lease costs. The state agencies had been directed to manage their budgets and provide services to Alaskan's without disruptions. She recalled that there were over 280 positions deleted from the FY13 budget and that OMB had asked departments to make internal adjustments to minimize the impact on service delivery. She discussed the second bullet point and related that doing more business online was reducing costs. She spoke to the third bullet point. The Division of General Services had been very proactive in negotiating master contracts that help all agencies benefit from economies of scale and being able to access goods and services. She discussed the fourth bullet point and mentioned that the Department of Administration had just implemented new space standards. She concluded that the administration was attempting to maximize efficiency and control costs.

[9:16:19 AM](#)

Ms. Rehfeld discussed slide 8 titled "FY2014 Budget by Fund Source." The unrestricted general fund request of \$6.49 billion was roughly 51 percent of the total budget. The federal funds were projected to be \$2.94 billion or 23 percent of the state's budget; a large portion the federal funding would be secured by the Department of

Transportation and Public Facilities, the Department of Health and Social Services (DHSS), the Department of Education and Early Development (DEED), and the Department of Labor and Workforce Development. The Permanent Fund represented about 15 percent or \$1.29 billion of the budget request. Designated general funds represented 7 percent or \$866.6 million of the budget request and included roughly \$337 million in university receipts. She pointed out that the general fund program receipts were roughly \$133 million. Other state funds represented 4 percent or \$559.3 million, and included \$146 million in international airport funds, about \$133 million in Permanent Fund receipts, and around \$70 million in statutorily designated program receipts. She concluded that the slide was a quick snapshot of how the \$12.8 billion budget was broken down.

Co-Chair Kelly requested that the committee refrain from asking questions regarding the presentation until the end of the meeting.

Ms. Rehfeld addressed slide 9 titled "FY2014 Expenditures by Category." She related the slide's pie chart broke down the budget into a number of specific slices. She relayed that the different red colored slices on the right hand side of the chart were typically considered non-discretionary funds. The left hand side of the chart totaled around \$6.6 billion or 52 percent of the budget; these pie slices included the formula programs, K-12 education, Medicaid, Power Cost Equalization (PCE), public assistance, statewide appropriations, and Permanent Fund Dividends and inflation proofing. The right hand side of the chart reflected about \$6.2 billion or 48 percent of the total budget; this side of the chart represented funds that were "more or less" considered discretionary and included the non-formula pieces of the different agencies and the capital budget. The checkered area of the pie chart broke down the portion of agency non-formula funding, which was general fund; the checkered area represented about \$2.3 billion, roughly half of which would be personal services cost. The agency non-formula funding included 14 state agencies, the University of Alaska, the governor, the Alaska Legislature, and the Alaska Court System; the Alaska State Troopers, public health nurses, highway maintenance employees, and other public servants were included on the right hand side of the chart. She concluded that the slide gave some context to the components of the budget and some of the areas that subcommittees would be examining.

9:20:40 AM

Ms. Rehfeld spoke to slide 10 titled "FY2014 Budget Priorities."

- Public Safety

- Choose Respect- \$14.8 million

- Prevention and Intervention \$5.25 million

- Support for Survivors \$2.6 million

- Law Enforcement \$6.9 million

- New Troopers

- Railbelt: 15 Troopers \$2.8 million

- Hooper Bay: 2 Troopers \$823.7 thousand

Ms. Rehfeld stated that the FY14 budget represented the fourth year of the governor's Choose Respect Initiative, which was a domestic violence and sexual assault prevention initiative. She spoke to the "Prevention and Intervention" increment and related that it was used for public education and awareness, community level prevention projects, and rural pilot projects. She stated that the increment for "Support and Intervention" generally was used to support shelters for victims, services for children who were exposed to violence, as well as trauma services for victims. She spoke to the "Law Enforcement" increment and mentioned that the administration had requested additional prosecutors for child abuse in Bethel, Fairbanks, and Juneau, as well as three investigators for child protection and sex trafficking. She observed that over 120 communities participated in Choose Respect activities the prior year and that the administration expected more communities to participate in March of 2013. She pointed out that the additional troopers in the Railbelt area would be for Fairbanks, Mat-Su, and Kenai. Additionally, the governor was requesting a new trooper post in Hooper Bay. She offered that the Hooper Bay request was similar to the approved increment for the Selawick post and noted that the same model was being used in Emmonak.

Ms. Rehfeld discussed slide 11 titled "FY2014 Budget Priorities."

- Energy

- Susitna-Watana Hydro \$95.0 million

- Weatherization/Home Energy \$51.5 million
- Sustainable Energy Fund \$125.0 million
- Energy Assistance \$67.2 million
- Renewable Energy Projects \$25.0 million

Ms. Rehfeld related that affordable energy was important to the economic health of Alaska and that the governor had proposed a comprehensive energy strategy. She noted that the increment for the Susitna-Watana hydro project would be used on the feasibility studies, the design, and the environmental prerequisites. The administration was requesting capitalization of the Sustainable Energy Transmission and Supply Development Fund; there would be a technical correction in the amended budget for this appropriation. She stated that the weatherization program had been very effective in providing cost effective energy improvements to low-income families and their homes. The Home Energy Rebate Program request was for \$20 million in general funds; the program provided rebates to home owners for energy efficiency improvements to their homes. The "Energy Assistance" increment included just under \$27 million for the Low Income Heating Assistance Program and full funding of PCE at \$40 million. She stated that over the past five years, over \$200 million had been appropriated for renewable energy projects statewide, particularly in high-cost areas and that the current request would fund round six of the project.

[9:25:08 AM](#)

Ms. Rehfeld spoke to slide 12 titled "FY214 Budget Priorities."

- Education
 - 90% Graduation rate by 2020
 - Jobs for Alaska's graduates
 - Alaska Performance Scholarships
 - Digital Learning Initiative
 - K-3 Literacy Initiative

Ms. Rehfeld stated that the governor's budget fully funded the Foundation Program and pupil transportation. Alaska had approximately 129,000 students and 54 school districts including Mt. Edgecombe High School. She pointed out that more than 4600 students had qualified for the Alaska Performance Scholarship to date. The current graduation rate in Alaska was just under 70 percent. Jobs for Alaska's

Graduates was a new initiative that was targeted to students who were at risk of not graduating; the initiative was a cooperative effort between the Department of Labor and Workforce Development, the Department of Education and Early Development, United Way, and businesses. She pointed out that Jobs for Alaska's Graduates was modeled after a program that was already active in 33 states and that it had seen great success; approximately 90 percent of the students involved in these programs were graduating in comparison to about a 20 percent rate for in-danger students that did not have access to a similar program. The Digital Learning Initiative would employ 21st Century technologies, distance learning, and online assessments; the biggest piece of the initiative was \$3.9 million and was a partnership with the Association of Alaska School Boards. She related that the Digital Learning Initiative would provide digital devices to students and teachers statewide over a four-year period. Another component of the Digital Learning Initiative was \$1.1 million for the Alaska Learning Network's distance delivered courses. \$900,000 of the digital learning request would provide support for online homework help through libraries and schools. She opined that efficiency at grade level would ensure student success and that the governor was proposing \$320,000 for a K-3 literacy project; the project would conduct pre and post screening of about 40,000 students from kindergarten through 3rd grade in order to identify deficits and target specific interventions.

Ms. Rehfeld discussed slide 13 titled "FY2014 Budget Priorities."

- Transportation/Infrastructure

Over \$1 billion for Statewide infrastructure projects

- Highways and Aviation \$971.3 million
- Village Safe Water \$56.5 million
- Municipal Water & Sewer \$34.0 million

Schools

- Construction \$46.2 million
- Major maintenance \$22.3 million

Deferred Maintenance \$100.0 million

Ms. Rehfeld stated that the transportation budget was the core of the governor's budget. The governor was requesting

\$33 million for the construction of the Nightmute school; Nightmute was the next school on the list of the "Kaysulie Settlement." The administration was also requesting \$13 million for the Quinhagak K-12 renovation and addition; the project had been approved a few years prior, but was experiencing a short fall in funding. Annually, DEED prepared a list of the school construction grants that were requested from all the school districts; in the current budget, the list totaled \$284 million for 24 projects. The school major maintenance increment would be used to fund 12 projects on DEED's list; this year, DEED's list totaled just under \$254 million for 111 projects. OMB was also requesting \$100 million for the fourth year of a five-year effort to address state facility deferred maintenance. She pointed out that the deferred maintenance program had been very effective and was enabling the administration to plan for and complete deferred maintenance in a way that it had not been able to for many years. She shared that Alaska had about 2200 facilities statewide and that there was a significant deferred maintenance backlog; the program brought facilities managers together to examine conditions and index standards in an attempt to get some consistency in measuring successes of the program. She offered that a difference in the current year's deferred maintenance request was that \$2 million of the \$100 million would be allocated towards a capital asset management system, which departments would use to manage the state's deferred maintenance.

[9:31:37 AM](#)

Ms. Rehfeld spoke to slide 14 titled "2014 Budget Priorities."

- Resources and Permitting
 - Gasline development \$50.0 million
 - Geologic Material Center \$15.0 million
 - Permitting and Statewide Digital Mapping \$7.3 million
 - Roads to resources \$18.0 million
 - Chinook Salmon Research \$10.0 million

Ms. Rehfeld stated that the gasline development increment included \$25 million for the AGIA reimbursement and \$25 million for the Alaska Gasline Development Project. She related that the current Geologic Material Center was series of vans and that it was a difficult place to conduct

research; the appropriation would enable a better facility and would upgrade the existing center. She discussed the permitting and statewide digital mapping increment and related that the appropriation would enable the completion of mapping that was being conducted in the Arctic region. \$8.5 million of the Roads to Resources increment would be targeted to the Ambler mining district. The Chinook Salmon research appropriation was the first part of a five-year research initiative that would look at the abundance and sustainability of the Chinook Salmon stocks. She pointed out that the Department of Fish and Game had been very active in developing a research plan with a number of stakeholders; the plan would look at 12 indicator river systems statewide.

Ms. Rehfeld addressed slide 15 titled "FY2014 Operating Budget Highlights."

- Fully fund K-12 Education and Pupil Transportation \$1.2 billion
- Retirement unfunded liability \$633.8 million
- Community Revenue Sharing \$60.0 million

Ms. Rehfeld stated that the administration was requesting \$25 million that would be specifically targeted for school districts' energy costs. The retirement unfunded liability increment was just under \$20 million increase from the prior year. The previous year's evaluation estimated the unfunded liability at just over \$11 billion; \$7 billion of that was at the Public Employee Retirement System (PERS) and the Teachers Retirement System (TRS). She stated that PERS was roughly funded at 61.5 percent and that TRS was roughly funded at 53.6 percent. She related that the "estimate" was expected to go up after an updated evaluation was completed. Out of the \$633.8 million requested for the unfunded liability, \$312.5 million was for PERS, \$316.8 million was for TRS, and \$4.5 million was for the Judicial Retirement System. She pointed out Medicaid was not listed on the slide but that it was funded in the proposed budget at \$1.66 billion, \$686.5 million of which were general funds; the general fund amount was an \$18 million increase over the current year.

[9:36:00 AM](#)

Ms. Rehfeld discussed slide 16 titled "FY2014 Budget-Another Perspective." She noted that the slide was another

way to look at the \$12.8 billion budget and why it was so important to Alaskans. She relayed that 60 percent of the state's total budget went to Alaskans through grants, direct payments, and capital projects; this included Medicaid, Permanent Fund Dividends, revenue sharing, school funding, the retirement unfunded liability, capital projects, and named recipient grants. She noted that 19 percent of the state's budget went to salaries and benefits.

Ms. Rehfeld addressed slide 17 titled "For More Information on the Budget." She stated that the governor had been consistent in how the budget was presented and the principles that he had used to develop it. The governor's principles were based on fiscal restraint, to spend less and save more, and making strategic investments to grow Alaska's economy. She related that with the declining oil production, the state needed to carefully manage its use of reserves and provide essential services. She stated that OMB had started working on the budget in July to bring forward a budget in December. She related that the Legislative Finance Division had prepared a detailed overview of the governor's budget and noted that it was a useful resource that was beneficial for everyone.

Co-Chair Kelly introduced the Senate Finance Committee Staff.

[9:41:23 AM](#)

Co-Chair Meyer thanked Ms. Rehfeld for her presentation and pointed to slide 7. He commented on the third bullet point and inquired why the different agencies' purchasing was not centralized. He noted that each agency had its own purchasing people and offered that centralizing the function would get economies of scale and volume discounts. He discussed the inefficiencies of the current way that agencies made purchases.

Co-Chair Meyer stated that DEED's and DHSS's budgets probably made up two-thirds of the state's operating budget. He inquired what impact Medicaid and its expansion would have on the budget and further queried if Medicaid was adequately covered in the budget.

Co-Chair Meyer inquired what the committee could expect regarding a supplemental budget.

9:44:23 AM

Ms. Rehfeld responded to the first question and stated that she agreed with Co-Chair Meyer on the purchasing issue; centralization of purchasing was an area that the state would continue to make improvements in. She pointed out that the centralization and decentralization issue had changed over time and that as budgets got "tighter," centralization was something that most agencies and governments used to try and help improve efficiency and minimize cost.

Ms. Rehfeld replied to the second question and relayed that the budget was based on the current Medicaid program and the projections that DHSS had for the individuals who were eligible under the current program; however, the budget did not include funding for any Medicaid expansion. She related that the "decision has not been made" and that it was her understanding that there was not a deadline of when the decision needed to be made. DHSS was currently working on evaluating the effects of Medicaid expansion on the budget. She concluded that Medicaid expansion was not contemplated in the governor's current budget.

Ms. Rehfeld responded to the third question and offered that Alaska would probably have to draw from the Statutory Budget Reserves to cover expenses in the current year. She related that the administration was attempting to manage problems within the different agencies without "coming forward in the supplemental bill;" however, there would be disaster relief funds for the fall flood in the supplemental bill. The supplemental bill would also include funding for fire suppression. She reiterated that the administration was looking very hard at the departments' requests in order to minimize the number in the supplemental. She shared that there was a \$40 million supplemental place holder in the spending plan for FY13 and that the number was fairly low but realistic. She relayed that there would a lot of pressure on the budgets because of federal funding changes, the state's revenue picture, and occurrences at the local level. She concluded that the administration was trying hard to keep the pressure on the kinds of requests that were brought forward in order to keep costs down.

9:48:15 AM

Vice-Chair Fairclough pointed to slide 7 and requested an update on the electronics related to purchasing. She noted that her understanding was that the legislature had provided funding to revamp the electronics of the procurement system and requested an update. She also pointed to slide 4 and requested an explanation of the \$1.6 billion shortfall. She further queried if the shortfall was based in production and throughput or if it was based in price forecasting. Ms. Rehfeld responded that she did not have a good update on purchasing electronics and stated that the shortfall on slide 4 was due to production and price. She stated that John Boucher would provide additional information regarding the shortfall.

JOHN BOUCHER, SENIOR ECONOMIST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, responded that the funding shortfall was a combination of factors, but that lower production was one of the larger reasons for the lower forecast; lower price was also contributing to the lower forecast. He related that another thing that The Department of Revenue (DOR) had done was lower its expectation on earnings for the cash the state had on hand. He stated that the low earnings environment for cash and the lower expectations for corporate income tax also contributed to the funding shortfall.

Vice-Chair Fairclough inquired if a historical perspective was used in order to rebalance the projections going forward in terms of price, production, and earnings. Mr. Boucher responded that he was unsure what the question was.

Vice-Chair Fairclough queried if there was an error rate when the state estimated production historically. Mr. Boucher responded in the affirmative and that DOR had retooled its forecast to have production use a more forward-looking view. Vice-Chair Fairclough inquired if the department took into account the error rate that it had experienced in the past when it looked forward in its projections. Mr. Boucher responded in the affirmative and that DOR was "risking" its long-term production forecast and that a portion of the forecast was being "risked," which influenced the production number going forward; however, in the short-term, the forecast did not experience significant changes to the production level.

[9:53:12 AM](#)

Co-Chair Kelly noted that Commissioner Butcher and his staff from DOR would be giving a presentation and a more detailed explanation of some of the questions at a later date.

Senator Olson pointed to slide 14. He discussed his district's issue with the lack of salmon and a number of criminal cases involving people fishing illegally. He inquired what the \$10 million for Chinook Salmon research would be used for and where, as well as how the funding would be used to increase the number of fish that were available. Ms. Rehfeld responded that the Department of Fish and Game had more information, but that generally, the increment reflected a comprehensive research plan that covered the 12 indicator river systems across the state; the study would examine what happened to juvenile salmon through the adult stages including returns and escapement. She concluded that Department of Fish and Game would be happy to talk in more detail on the issue.

Senator Olson pointed to the DHSS's budget and noted that the Medicaid budget had a very low projected rate of 1.5 percent; He inquired if this meant that there would be more money requested in the supplemental bill. Ms. Rehfeld responded that OMB was trying hard include only what it could manage in the FY14 budget and that it did not want to budget with the expectation of a supplemental to coming forward. She stated that there had been a number of changes in the past several years in how Medicaid was budgeted for, such as the changing federal rates and cost containment measures by DHSS. She offered that the discussion would involve talking to DHSS about the projections that it had developed for the various budgets over the past several years, what the actual experience had been, and what the administration had been able to see regarding containing program costs. She noted that William Streur, who was Commissioner for DHSS, would probably provide the committee with more details regarding positive results in the current program. She reiterated that it was OMB's intention to provide a budget that "we can live with for 14." ["14" was made in reference to FY14.] She added that Medicaid expansion or other things changing were unanticipated in the current budget.

Co-Chair Kelly noted that there was a lot of skepticism in the building regarding the Medicaid number and offered that

historically, it had expanded far more than the administration had anticipated at the time. He added that OMB had a very good reputation, but that the committee was skeptical regarding Medicaid.

Vice-Chair Fairclough noted that the state had been de-centralizing its human resource function and she applauded the effort. She recalled serving on the House Finance Committee and related testimony from various departments that had expressed problems with hiring into the state with the time lag. She hoped that de-centralization would be a cost benefit for the departments. Ms. Rehfeld responded that she appreciated the comments on human resources de-centralization and that there were still components of human resources that were appropriately centralized; the payroll function, the classification, and other similar things were still centralized. She concluded that being able to provide agency specific assistance in workforce development would be very helpful.

[9:58:21 AM](#)

Co-Chair Kelly directed the presentation back to slide 16 and requested that the magenta colored portion of the slide show Medicaid. Ms. Rehfeld responded that Medicaid represented about \$1.66 billion of the magenta colored piece and directed the presentation back to slide 9. She stated that the "other formula" section on slide 9 included Medicaid, public assistance, PCE, and a few other formula programs.

Co-Chair Kelly noted that he would get the requested information from Legislative Finance.

Co-Chair Meyer pointed to slide 11 and requested an explanation of the \$67.2 million energy assistance program. Ms. Rehfeld responded that \$27 million of the funding was for the low-income heating assistance program and that just over \$40 million was for PCE.

Co-Chair Meyer noted that his understanding was that PCE was set up like an endowment and inquired how the program was funded. Ms. Rehfeld responded that Co-Chair Meyer was correct and that over time, the administration was using the earnings off of the PCE Fund in the budget. She shared that the current request for PCE was for about \$7 million

of general funds and that the remaining amount would come from the PCE Fund.

Co-Chair Meyer inquired if the goal for PCE was to have all its funding come from the PCE Fund. Ms. Rehfeld responded as the earnings improved, that is what the state was seeing.

Co-Chair Meyer discussed the renewable energy projects and related that the corresponding bill had been passed in 2008; he inquired if the goal for the program's fund was to have \$250 million put into it. Ms. Rehfeld responded that the first bill's intent was to appropriate \$50 million per year, but that typically only \$25 million had been appropriated per year. She furthered that the Alaska Energy Authority (AEA) had gone through its round 6 evaluations and would be providing a list of the projects that were evaluated and scored. AEA's list of projects included price ranges from \$25 million to \$50 million and would indicate potential projects that would be available with funding.

Co-Chair Meyer remarked that AEA should probably talk to the Finance Committee or the Legislative Budget and Audit Committee. He related that it was his understanding that in past AEA had not been able to keep up with the money that was being appropriated. He stated that it would be good to see how the money for AEA was being spent and if it was meeting the goal of cutting down overall energy costs in Rural Alaska. Ms. Rehfeld replied that AEA had some good information to provide the committee regarding the cost savings and the projects completed; clearly, there had been a benefit to the projects. She concluded that AEA was in a good place.

Co-Chair Meyer stated that he looked forward to having a conversation with AEA. He stressed that people who lived in the Railbelt would benefit from an instate gas line, but that Rural Alaska faced different challenges and issues. He concluded that PCE and the renewable energy projects were setup to help Rural Alaskans and that he wanted to make sure that it happened.

[10:03:57 AM](#)

Senator Bishop commented that there would be a comprehensive overview from AEA on Thursday at 7:30 am.

Senator Dunleavy wondered if there was a way to check the amount of bond debt to the state, as well as the payment schedules. Ms. Rehfeld replied that there was a summary of the state's debt service on the OMB website and that DOR produced an annual report that contained the requested information.

10:04:55 AM

AT EASE

10:06:49 AM

RECONVENED

Co-Chair Kelly discussed the weekly meeting agenda.

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ADJOURNMENT

10:07:34 AM

The meeting was adjourned at 10:07 a.m.