

SENATE FINANCE COMMITTEE
February 15, 2013
9:06 a.m.

[9:06:22 AM](#)

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:06 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

MEMBERS ABSENT

Senator Lyman Hoffman
Senator Donny Olson

ALSO PRESENT

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

SUMMARY

SB 18 BUDGET: CAPITAL

SB 18 was HEARD and HELD in committee for further consideration.

SB 19 APPROP: OPERATING BUDGET/LOANS/FUNDS

SB 19 was HEARD and HELD in committee for further consideration.

SB 20 APPROP: MENTAL HEALTH BUDGET

SB 20 was HEARD and HELD in committee for further consideration.

SB 42 SUPPLEMENTAL/CAPITAL/OTHER APPROPRIATIONS

SB 42 was HEARD and HELD in committee for further consideration.

PRESENTATION BY OFFICE OF MANAGEMENT AND BUDGET: FY 2014
BUDGET AMENDMENTS

#sb18

#sb19

#sb20

#sb42

^PRESENTATION BY OFFICE OF MANAGEMENT AND BUDGET: FY 2014
BUDGET AMENDMENTS

SENATE BILL NO. 18

"An Act making appropriations, including capital appropriations and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

SENATE BILL NO. 19

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, amending appropriations, and making reappropriations; and providing for an effective date."

SENATE BILL NO. 20

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

SENATE BILL NO. 42

"An Act making supplemental appropriations, capital appropriations, and other appropriations; amending appropriations; repealing appropriations; making appropriations to capitalize funds; and providing for an effective date."

[9:07:21 AM](#)

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR (OMB), stated that she would be presenting amendments for SB 42, SB 19, and SB 18. She referred to documents: "Governor Amended Fiscal Summary", "FY 2013 Supplemental Summary", "FY2013 Supplemental Amendments", "FY 2014 Governor Amended Summary", "FY2014 Capital Amendments", and "FY2014 Operating Amendments" (copies on file).

Ms. Rehfeld presented the "Governor Amended Fiscal Summary." The spreadsheet compared the governor's budgets in FY 14 versus FY 13; and stated that OMB had updated the current year's fiscal summary. She pointed out line 3, which was a revenue adjustment of \$48.9 million for the "Carlson Case." She explained that there had been an issue with the differentials between what was charged for instate and non-resident fisherman for commercial fisheries entry licenses. There was an appropriation of over \$82 million as a settlement, but the State appealed that decision. In December, the State was awarded back \$49 million. The Department of Revenue (DOR) would include that money in the spring forecast. She highlighted line 10, and pointed out the numbers that were specifically on the December operating budget fiscal summary; line 11 showed the supplemental requests as of January 28, 2013; and line 12 displayed the February 12, 2013 amendments. Lines 10, 11, and 12 were intended to help the legislature track changes. She looked at line 37, and stated that the December budget contained a \$40 billion "place holder" for FY 13. That place holder had been removed to build in the actual supplemental requests. She added that in FY 14, OMB adjusted the \$40 million place holder to \$20 million. She stressed that there was an overall intention to slow the growth of government, and have each department manage their budgets with the funding that would be appropriated. She looked at line 68, which displayed a change in the estimate of the draw that would be required in FY 13. The December fiscal summary contained \$410 million draw, and was currently reduced to \$322.9 million. She pointed to the FY 14 side of the fiscal summary, and stated that the proposed amendments would reduce the amount of the governor's spending plan by approximately \$19 million. She looked at line 7, which showed a 1.2 percent operating budget change.

Co-Chair Kelly asked for clarification of line 7. Ms. Rehfeld responded that the comparison point on the December

fiscal summary showed a FY 13 number that was different than the current fiscal summary percentage.

Ms. Rehfeld looked at "FY 2013 Supplemental Summary." The top portion of the document represented the total for SB 42 as presented on January 28, 2013. The original version of SB 42 totaled \$24.456 million. The proposed amendments added \$2.365 million. The total supplemental bill would be \$26.821 million, with the proposed amendments.

Co-Chair Kelly requested that the presentation focus on the general fund (GF).

Ms. Rehfeld looked at "FY2013 Supplemental Amendments Submitted February 12, 2013." Line 1 was the FY 13 Alaska Correctional Officers Salary and Benefits Increase, with a total GF request at \$1.244 million. Line 2 was a formula program under the Department of Health and Social Services (DHSS) for subsidized adoptions; which was a mandated change from the Federal Child Welfare Agency for foster care participation rates. The federal funds were reduced by \$2.5 million, so the GF would add \$2.5 million to continue the program. Lines 3 and 4 were requests for a carry-forward of the current year redistricting appropriations. After the budget was submitted in December, there was a court decision to reexamine the redistricting work. Line 5 represented a request for \$106,200 for a settlement related to the Kuspuk School District; and a contaminated site clean-up for the Aniak Vocational School.

[9:17:00 AM](#)

Ms. Rehfeld announced that the government of Japan provided \$5 million to the United States for tsunami debris cleanup; with an anticipation of approximately \$1 million for cleanup in Alaska.

Ms. Rehfeld looked at "Governor Amended Fiscal Summary." She stated that the total amended request was \$16.179 million, which included both operating budget and capital budget changes. The amended operating budget displayed an overall reduction of almost \$11 million, including \$3 million reduction in GF.

Ms. Rehfeld looked at, "FY2014 Operating Amendments." Line 4 represented a technical correction for Department of Commerce, Community and Economic Development (DCCED);

because the same dollar amount had been inadvertently removed twice. Line 5 was the FY 14 amount for the Alaska Correctional Officer's bargaining unit agreement; 2 percent was built into the base, and 2 percent for the full year cost for the geographic differential. Line 6 was a \$305,000 request for Mt. Edgecumbe Boarding School dormitory management contract costs. There were several recent increase costs for Mt. Edgecumbe, and this request was beyond the Department of Education and Early Development's (DEED) management ability. Lines 7 and 8 were requests for the Pioneer Homes for unrealized revenue coupled with increased costs for food services, laundry, and janitorial services.

Senator Dunleavy queried the cost per student in the Mt. Edgecumbe dormitory. Ms. Rehfeld agreed to provide that information.

Ms. Rehfeld looked at line 10, which was a request for security upgrades in the Anchorage Office of Children Services. Line 12 was a \$2.110 million formula adjustment for foster care rates, and a component related to a settlement of a lawsuit. Line 13 was the \$2.5 million formula change for the calculation rate; because the federal funds were no longer available. She pointed out lines 15 through 20, which were related to department structural changes. Line 22 was a \$163,800 request for a radio dispatcher class study. Line 26 was a \$1.75 million request for the redistricting board, and was a multi-year appropriation. Line 27 displayed a decrement of \$17.3 million for debt service to the general obligation (GO) bonds; because the DOR updated their debt service estimate based on the timing and rates at which the bonds would be sold. Line 28 was a request to capitalize the Sustainable Energy Transmission and Supply Development (SETS) Fund; to transfer \$125 million from the Alaska Housing Capital Corporation into the SETS Fund. Line 29 was an \$800,000 decrement, specific to the fund transfer for the Oil and Hazardous Substance Release Prevention and Response Fund.

[9:27:27 AM](#)

AT EASE

[9:29:33 AM](#)

RECONVENED

[9:29:41 AM](#)

Ms. Rehfeld looked at "FY2014 Capital Amendments." Line 2 was a \$727,000 reappropriation from the Major Maintenance Grant List for a Tununak K-12 School major maintenance project. She stated that there were four new requests for federal receipts related to projects that recently completed the STIP amendment process, and the capital amendments included the grants under the National Petroleum Reserve (NPR) Alaska Grant Program.

Senator Dunleavy wondered if there was a reduction in federal funds for the NPR. Ms. Rehfeld replied that the dollar amount in the initial budget proposal was an estimate. She furthered that DCCED worked directly with communities in the impacted areas for the NPR grant allocations. Once DCCED refined the process, OMB refined the appropriation amount.

SB 18 was HEARD and HELD in committee for further consideration.

SB 19 was HEARD and HELD in committee for further consideration.

SB 20 was HEARD and HELD in committee for further consideration.

SB 42 was HEARD and HELD in committee for further consideration.

[9:32:50 AM](#)
AT EASE

[9:32:59 AM](#)
RECONVENED

[9:36:39 AM](#)

Co-Chair Kelly discussed the week's schedule.

Co-Chair Meyer announced the following week's schedule.

Vice-Chair Fairclough expressed concern regarding the effect of inflation on individuals' incomes. Co-Chair Kelly agreed to address that issue at a later meeting.

#

ADJOURNMENT

9:42:11 AM

The meeting was adjourned at 9:42 a.m.