

SENATE FINANCE COMMITTEE
February 20, 2014
9:08 a.m.

[9:08:24 AM](#)

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:08 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 Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Grey Mitchell, Assistant Commissioner, Department of Labor and Workforce Development; Paloma Harbour, Director, Administrative Services, Department of Labor and Workforce Development; Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor; Cora Campbell, Commissioner, Department of Fish and Game; Kevin Brooks, Deputy Commissioner, Department of Fish and Game; Michael Hanley, Commissioner, Department of Education and Early Development; Heidi Teshner, Director, Administrative Services, Department of Education and Early Development; Linda Thibodeau, Director, Division of Libraries, Archives, and Museums, Department of Education and Early Development; Jerry Burnett, Director, Division of Administrative Services, Department of Revenue; Bryan Butcher, Chief Executive Officer and Executive Director, Alaska Housing Finance Corporation, Department Of Revenue; Les Campbell, Director, Budget, Alaska Housing Finance Corporation;

PRESENT VIA TELECONFERENCE

SUMMARY

SB 119 BUDGET: CAPITAL

SB 119 was HEARD and HELD in committee for further consideration.

SB 120 APPROP: OPERATING BUDGET/LOANS/FUNDS

SB 120 was HEARD and HELD in committee for further consideration.

FY 15 GOVERNOR'S BUDGET AMENDMENTS

FY 15 GOVERNOR'S BUDGET OVERVIEWS:

DEPARTMENT OF LABOR and WORKFORCE DEVELOPMENT

DEPARTMENT OF EDUCATION and EARLY DEVELOPMENT

DEPARTMENT OF FISH and GAME

DEPARTMENT OF REVENUE/ALASKA HOUSING FINANCE CORPORATION (AHFC)

#sb119

#sb120

SENATE BILL NO. 119

"An Act making appropriations, including capital appropriations and other appropriations; making appropriations to capitalize funds."

SENATE BILL NO. 120

"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."

Co-Chair Meyer discussed housekeeping.

[9:09:04 AM](#)

^FY15 GOVERNOR'S BUDGET OVERVIEWS: DEPARTMENT OF LABOR and WORKFORCE DEVELOPMENT

[9:09:50 AM](#)

GREY MITCHELL, ASSISTANT COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, provided a general introduction to the department's capital budget requests for FY15, which totaled \$9,170,000.

[9:11:09 AM](#)

PALOMA HARBOUR, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, spoke to the details of the capital requests:

RN 48826

Heavy Equipment Shop/Diesel Shop/Pipe Welding

\$8,000,000

Brief Summary and Statement of Need:

The second phase for the Alaska Vocational Technical Center's (AVTEC) Heavy Equipment Shop/Diesel Shop/Pipe Welding Relocation project will continued work necessary to replace an existing facility with known life, safety, code and ADA deficiencies. Phase two of this project will include construction of a 13,000 square foot steel fabricated building and relocation of the Heavy Equipment and Medium/Heavy Truck Technology programs from the currently deficient space.

Project Description/Justification:

The Alaska Vocational Technical Center (AVTEC) supports the department's mission by training Alaskans for employment in Alaska. The Diesel/Heavy Equipment/Truck Technologies program at AVTEC produces 36 trained Alaskans per year that are highly sought after by the mining, construction, oil/gas, and transportation industries for employment. With a nearly 100 percent job placement rate, this program is a stellar performer preparing Alaska residents for good wage jobs with opportunity for advancement. AVTEC's Combination Welding program trains approximately 28 Alaskans per year in the highly sought after areas of structural and pipe welding. Co-locating the two parts of this program will lead to efficiencies and expand the capacity of the pipe portion of the program.

The existing Pipe Welding, Heavy Equipment, and Medium/Heavy Truck Technology program shops are housed

in a pre-engineered metal building that was constructed in the early 1970s. In October 2012, the department contracted with an engineering firm to complete a structural review of this facility. The review confirmed previous findings that the facility lacked sufficient lateral support for any repair or replacement of the roof to occur. The engineers cited the building as hazardous and dangerous.

Phase one of this project was funded in FY2014 (Sec 1, Ch 16, SLA 13, Pg 68, Ln 26) and included site preparation, utilities, and construction of an 8,000 square foot Diesel shop; and relocation of the Pipe Welding program from the current deficient facility to the vacated Diesel space.

Phase two of this project will include: 1) construction of an 13,000 square foot steel fabricated facility to house the Heavy Equipment and Medium/Heavy Truck Technologies programs; and 3)relocation of the Heavy Equipment and Medium/Heavy Truck Technologies programs to the new facility from a building with known life, safety, code and Americans with Disabilities Act (ADA)deficiencies.

[9:12:23 AM](#)

Senator Hoffman inquired where the operation dollars would come from. Ms. Harbour responded that the new facility would have less heat loss and would therefore cost less in operating dollars than the old facility.

[9:12:50 AM](#)

Senator Dunleavy inquired where the AVTECH funding came from. Ms. Harbour responded that AVTECH was supported with general funds, fees generated from students, funding from interagency agreements and statutory designated program receipt revenue.

Senator Dunleavy understood that the program was open to all Alaskans. Ms. Harbour replied yes. Senator Dunleavy asked whether all programs related to labor training were open to all Alaskans. Ms. Harbour said yes.

[9:13:46 AM](#)

Ms. Harbour continued:

RN 58337

**Employment and Training Services Public Access Network
\$170,000**

Brief Summary and Statement of Need:

This project will develop infrastructure to a public access network infrastructure which includes hardware and software acquisition and installation. The public network will address security audit findings related to allowing anonymous access on job center computers to the state's wide area network. These job center computers are critical to the department's mission to connect Alaskans to gainful employment.

Project Description/Justification:

Recent state legislative security audits have pointed to public access computers on the state network as a potential security threat.

Providing internet resources in the Job Services Offices allows clients to access the various services available with the support and guidance of the job center staff. Without internet access to resources for clients, Job Services would be less effective.

RN 48821

**Deferred Maintenance, Renewal, Repair and Equipment
\$1,000,000**

Brief Summary and Statement of Need:

This project will provide deferred maintenance funding for the Alaska Vocational Technical Center's (AVTEC) 16 buildings in Seward. Specific projects related to this request include student apartment repairs and remodels; replacement of lighting, doors, and baseboard heaters and zone valves to improve energy efficiency at the applied technologies facility, and replacement of ceiling tiles and carpet within the First Lake Campus' three facilities.

^FY 15 GOVERNOR'S BUDGET AMENDMENTS

[9:16:39 AM](#)

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, directed committee attention to the amendment spreadsheets for the supplemental, operating and capital budgets (copy on file). She spoke to the FY14 supplemental spreadsheet, which listed the following proposed amendments totaling \$32,700.0:

**Department of Commerce, Community and Economic
Development
Capital
General Fund
\$32,700.0**

Susitna-Watana Hydroelectric Project

This project supports the Susitna-Watana Hydroelectric project and provides for continued progress of field studies needed to file a Susitna-Watana Hydroelectric Project Federal Energy Regulatory Commission (FERC) license application. The sum of \$32,700,000 is appropriated from the general fund to the Alaska Energy Authority (AEA) for the Susitna-Watana Hydroelectric Project contingent upon AEA obtaining and holding valid executed land access permits needed to conduct field studies and other activities.

Ms. Rehfeld addressed line 3 of the spreadsheet:

**Fuel Branch-wide Unallocated
Appropriation
General Fund
\$0.0**

Reappn: sec. 22e(1), ch. 14, SLA 2013
Reappropriation for costs and lost revenue associated with the Tustumena cancelled service and repairs. The unexpended and unobligated balance, estimated to be \$2,500,000, of the appropriation made in sec. 22(a) and (b) and allocated in sec. 22(e)(1), ch. 14, SLA 2013, page 75, lines 27-28 (Department of Transportation and Public Facilities fuel and utility costs) is reappropriated to the Alaska marine highway system fund (AS 19.65.060(a)) to cover costs and lost revenue associated with the Tustumena cancelled service and repairs.

Ms. Rehfeld pointed to line 4 of the spreadsheet:

**Fuel Branch-wide Unallocated
Appropriation
General Fund
\$0.0**

Reappn: sec. 22e(1), ch. 14, SLA 2013
Reappropriation to Alaska marine highway system vessel replacement fund (AS 37.05.550).
The unexpended and unobligated balance, after application of the amount appropriated in (b) of this section, estimated to be \$5,000,000, of the appropriation made in sec. 22(a) and (b) and allocated in sec. 22(e)(1), ch. 14, SLA 2013, page 75, lines 27-28 (Department of Transportation and Public Facilities fuel and utility costs) is reappropriated to the Alaska marine highway system vessel replacement fund (AS 37.05.550).

Ms. Rehfeld spoke to the 1 page Governors Amended Summary (copy on file), which listed the different components of the operating budget; Operating Agencies - Non-Formula requests \$9,770.3, Formula programs reflected a small decrement of \$150.0, Debt Services reflected a reduction of \$10,512.3 and a reduction in Fund Transfers of \$10,000.0. She noted that there was one capital amendment up for consideration. She turned to the Operating Amendments spreadsheet (copy on file). She noted that the three requests on Page 1 were related to the affordable care act:

**Department of Administration
Finance
General Fund
FY2015 December Budget: \$10,836.9
FY2015 Total Amendments: \$61.3
FY2015 Total: \$10,898.2**

**Patient-Centered Outcomes Research Institute
Mandated by Patient Protection and Affordable
Care Act**

The Patient Protection and Affordable Care Act imposes a fee for self-insured active health plans to fund the Patient-Centered Outcomes Research Institute (PCORI) trust fund. This is a new request for FY2015. It was not included in the FY2015 Governor's budget because it was unclear if the state would continue to pay mandatory and unanticipated fees and taxes that are related to the Affordable Care Act and imposed upon

the state from the federal government. There was discussion regarding potential litigation and it was determined that these fees and taxes should be paid to avoid penalties even if the state entered into litigation.

**Department of Administration
Retirement and Benefits
General Fund**

FY2015 December Budget: \$16,984.7

FY2015 Total Amendments: \$3,268.0

FY2015 Total: \$20,252.7

**Patient-Centered Outcomes Research Institute
Mandated by Patient Protection and Affordable
Care Act**

The Patient Protection and Affordable Care Act imposes a fee for self-insured retiree health plans to fund the Patient-Centered Outcomes Research Institute (PCORI) trust fund. This is a new request for FY2015. It was not included in the FY2015 Governor's budget because it was unclear if the state would continue to pay mandatory and unanticipated fees and taxes that are related to the Affordable Care Act and imposed upon the state from the federal government. There was discussion regarding potential litigation and it was determined that these fees and taxes should be paid to avoid penalties even if the state entered into litigation.

**Department of Administration
Retirement and Benefits**

1017 Benefits Systems Receipts

1,121.4

1029 Public Employees Retirement System Fund

1,485.0

1034 Teachers Retirement System Fund

588.0

1042 Judicial Retirement System

5.6

FY2015 December Budget: \$16,984.7

FY2015 Total Amendments: \$3,268.0

FY2015 Total: \$20,252.7

**Reinsurance Fee Mandated by Patient Protection and
Affordable Care Act**

The Patient Protection and Affordable Care Act imposes a mandatory, temporary, three-year transitional reinsurance program to help stabilize premiums in the individual health insurance market from 2014 to 2016. This is a new request for FY2015. It was not included in the FY2015 Governor's budget because it was unclear if the state would continue to pay mandatory and unanticipated fees and taxes that are related to the Affordable Care Act and imposed upon the state from the federal government. There was discussion regarding potential litigation and it was determined that these fees and taxes should be paid to avoid penalties even if the state entered into litigation.

Ms. Rehfeld turned to Page 2:

Department of Administration
Elected Public Officers Retirement System Benefits
General Fund
FY2015 December Budget: \$2,248.1
FY2015 Total Amendments: -\$150.0
FY2015 Total: \$2,098.1

Elected Public Officers Retirement System Cost Savings

This amendment reduces authority needed for Elected Public Officers Retirement System due to the reduction of members. This is a new request for FY2015. It was not included in the FY2015 Governor's budget because the actuarial completed its review after the FY2015 Governor's budget was released.

Department of Administration
Office of Public Advocacy
General Fund
FY2015 December Budget: \$25,197.7
FY2015 Total Amendments: \$193.0
FY2015 Total: \$25,390.7

Caseload Capacity and Appellant Backlog

Funding to accommodate case load increases and to begin to address the appellant backlog. This amendment provides FY2015 funding based on a FY2014 supplemental request in the same amount.

Department of Administration
Public Defender Agency

General Fund

FY2015 December Budget: \$26,287.0

FY2015 Total Amendments: \$650.0

FY2015 Total: \$26,937.0

Caseload Capacity and Appellant Backlog

Funding to accommodate case load increases and to begin to address the appellant backlog. This amendment provides FY2015 funding based on a FY2014 supplemental request in the same amount.

[9:24:23 AM](#)

Ms. Rehfeld discussed Lines 7 through 10 of the spread sheet:

Department of Natural Resources

Agricultural Development

Statutory Designated Program Receipts

FY2015 December Budget: \$2,542.6

FY2015 Total Amendments: \$25.0

FY2015 Total: \$2,567.6

Phytosanitary Certification for Export of Logs and Plant Products

An increase in phytosanitary inspections, primarily due to China's increased demand for Alaska logs, requires additional receipt authority to charge businesses for the expense of conducting inspections, including travel, issuing the official certificate and documentation, and reimbursing a fee to the U.S. Department of Agriculture. This amendment provides FY2015 funding based on an FY2014 RPL request in the same amount.

Department of Public Safety

Special Projects

General Fund

FY2015 December Budget: \$7,637.4

FY2015 Total Amendments: \$2,200.0

FY2015 Total: \$9,837.4

Restore the Alaska Bureau of Highway Patrol

This amendment restores \$2.2 for the Alaska Bureau of Highway Patrol in the FY2015 budget. This funding will retain dedicated resources for enforcement in Alaska's highway safety corridors.

University of Alaska

Various

General Fund

1,686.5

University Receipts

1,686.5

FY2015 December Budget: \$775,355.0

FY2015 Total Amendments: \$3,373.0

FY2015 Total: \$778,728.0

United Academics Salary and Benefit Increases

The negotiated compensation increase for salary and benefits for United Academics faculty includes a two percent across-the-board adjustment and a one-time lump sum payment of \$750 per eligible unit member for a system-wide total of \$3,373.0. This is a new request for FY2015. It was not included in the FY2015 Governor's budget because the contract was still under negotiations.

Fund Transfers

Permanent Fund Earnings Reserve to Permanent Fund Principal

Permanent Fund Earnings Reserve Account

FY2015 December Budget: \$975,000.0

FY2015 Amendments: -\$10,000.0

FY2015 Total: \$965,000.0

FY2015 December 31, 2013 Projection Update

The December 31, 2013 projection for the transfer from the earnings reserve account (AS 37.13.145) to the principal of the Alaska permanent fund is estimated to be \$965 million, down from the \$975 million estimate in the October 31, 2013 projection used when the December budget was released.

[9:27:11 AM](#)

Senator Dunleavy asked whether the United Academics Salary and Benefits Insurance would be covered by University funds. Ms. Rehfeld replied that the University had been negotiating with the bargaining unit and that an agreement had not been in place when the budget was released in December 2013. She noted that half of the request was paid for by university receipts and half state general fund.

Senator Dunleavy understood that the University was asking the state for more money to cover the recently negotiated contract. Ms. Rehfeld said that in order for all state agencies and state bargaining unit agreements to go into effect the legislature would have to approve the funding.

[9:28:39 AM](#)

Ms. Rehfeld directed the committee's attention to page 3, line 11 of the spreadsheet:

Department of Corrections
Anchorage Correctional Complex
General Fund
FY2015 December Budget: \$27,568.3
FY2015 Total Amendments: \$0.0
FY2015 Total: \$27,568.3

Delete General Fund for Federal Receipts
Contingency

Delete the contingency language section appropriating lost federal receipts with general funds.

[9:29:05 AM](#)

Senator Dunleavy inquired whether the university did the negotiations itself or if the state negotiated contract for the University. Ms. Rehfeld responded that the University itself conducted the negotiations.

[9:29:23 AM](#)

Senator Dunleavy noted that the process differed for school districts. Ms. Rehfeld explained that the university was a state agency. She added that through the school funding formula was the vehicle for fund distribution for school districts.

Senator Dunleavy commented that there would be future discussions surrounding the generous funding for adult training while at the same time there would be arguments about the amount of money put into school districts to fund a constitutionally mandated program.

[9:31:22 AM](#)

Co-Chair Meyer interjected that school districts had the incentive to keep costs down because their funds were limited. He furthered that the University negotiated their wages and benefits knowing that the state would pay it; he wondered whether the University had any incentive to keep its costs down. Ms. Rehfeld replied that the university was mindful of the revenue situation and to what other state bargaining units had agreed.

[9:32:13 AM](#)

Vice-Chair Fairclough shared that her subcommittee would be reviewing the labor negotiations.

[9:32:34 AM](#)

Senator Hoffman shared that Alaska used to have a state operated school system, but that SB 35 had made the change for more local control, which had been per the wished of school districts of the time.

[9:33:04 AM](#)

Co-Chair Meyer thought that an option was to fund the amount partially and make up the rest through student receipts.

[9:33:25 AM](#)

Ms. Rehfeld addressed Lines 12 and 13 of the spread sheet:

Debt Services

General Obligation

General Fund

FY2015 December Budget: \$88,120.2

FY2015 Amendments: -\$10,000.0

FY2015 Total: \$78,120.2

FY2015 Funding for Series 2014A

The FY2015 Governor's budget estimated the 2014A issue amount at \$300,000,000 with an estimated FY2015 debt service to be \$20,000,000. Project cash flow based on actual and projected expenditures for the authorized infrastructure projects was updated in February 2014 and reflects diminished spending. This updated analysis changes the estimated size of the 2014A issue to \$170,000,000. This amendment reduces the debt

service amount to \$10,000,000, which corresponds with the reduction in planned issuance amount.

Debt Services

Jail Construction Reimbursement

General Fund

FY2015 December Budget: \$21,928.8

FY2015 Amendments: -\$512.3

FY2015 Total: \$21,416.5

FY2015 Funding - Anchorage Jail

As a result of a 2012 cash defeasance (Sec17, Ch5, FSSLA2011, P158, L7) for principal and interest due for the Municipality of Anchorage lease (Anchorage Jail), sufficient cash is available to be applied toward the next payments due in August 2014 and February 2015. The general fund amount needed for FY2015 debt service can therefore be reduced by \$512,276.

Ms. Rehfeld spoke to Lines 1 through 5 of the capital amendment spread sheet (copy on file):

Commerce, Community and Economic Development

Appropriation

General Fund

\$0.0

Alaska Energy Authority - Susitna-Watana Hydroelectric Project

This amendment updates the projected future year funding needed to reflect a FY2014 supplemental request in the amount of \$32.7 million and other updated information.

Department of Natural Resources

Appropriation

Exxon Valdez Oil Spill Settlement

\$580.8

Exxon Valdez Oil Spill Trustee Council Land Acquisition for

Public Access on Lower Kenai River

This is a new FY2015 project to purchase the Stewart and Beeson parcels, located on the lower Kenai River. This purchase will allow for riverbank restoration,

provide valuable public access, assist in resource management, and provide benefits to local communities.

**Department of Transportation and Public Facilities
Allocation
Marine Highway Systems Fund
\$6,000.0**

**Alaska Marine Highway System - Vessel and Terminal
Overhaul and Rehabilitation**

The FY2015 Governor request is being increased from \$6,000,000 to \$12,000,000, providing an additional \$6,000,000 from the Alaska Marine Highway System Fund.

**Department of Transportation and Public Facilities
Appropriation
Federal
Receipts
6,299.5
General Fund
2,497.5
Capital Improvement Project Receipts
903.0**

**Aniak High School White Alice Communication System
Site
Clean-up**

This is a new FY2015 capital project. The Aniak High School, located on a former White Alice Communications System site, requires environmental cleanup. Costs will be shared by the three entities that have used the site - the federal and state government and private contractors.

[9:37:50 AM](#)

Vice-Chair Fairclough referenced Line 5 of the capital amendments spreadsheet. She queried the state's involvement and asked whether the difference would be picked by the federal government. Ms. Rehfeld replied that the state had a responsibility to help with the clean-up because the Department of Transportation and Public Facilities owned the property and the Department of Education was responsible for the school. She added that a portion of the request was repayment to the Department of Environmental Conservation's response fund for initial clean-up.

Vice-chair Fairclough read from the project summary:

**Aniak High School White Alice Communication System
Site
Clean-up
RN AMD 50905
\$9,700,000**

Project Description/Justification:

The former White Alice Communications System site was developed and operated by the United States Air Force (USAF) in the mid 1950's through the 1970's. The land was transferred to the state in 1965, under the Statehood Act, with the provision that the USAF be allowed to operate it as long as necessary. In 1979, the USAF issued a license to the Kuspuk School District to renovate the building for use as a school. Polychlorinated biphenyl (PCB) contamination resulted from USAF operations and school district building renovation activities. The PCB contamination was discovered in 1981 when the USAF was completing relinquishment of its interest in the property. Initial cleanup work was conducted between 1981 and 1983, but in 1997 the cleanup was determined to be incomplete as PCBs were discovered in the soil around the building.

Vice-chair Fairclough thought that it was a shame that the federal government had left the state "holding the bag" once again.

Co-Chair Meyer expected that there would be follow-up meetings to discuss the proposed amendments.

[9:39:41 AM](#)

AT EASE

[9:42:46 AM](#)

RECONVENED

^FY15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF FISH and GAME

[9:42:59 AM](#)

CORA CAMPBELL, COMMISSIONER, DEPARTMENT OF FISH AND GAME, spoke to the capital projects up for consideration, totaling \$20.7 million.

[9:44:21 AM](#)

Ms. Campbell spoke to the department's first priority:

RN 57021
Chinook Initiative
\$10,000,000

Brief Summary and Statement of Need:

This capital project will continue to implement the Department of Fish and Game's Chinook salmon research plan, developed in response to significant declines in Chinook salmon returns experienced statewide. These declines in Chinook salmon production have resulted in economic and social hardships across many communities in rural and urban areas of Alaska. Results from this project will be used to better understand and characterize changing productivity and abundance trends. This will ultimately lead to improved Chinook salmon stock assessment programs so that Alaskans will have improved harvest opportunities, even during times of low productivity.

Project Description/Justification:

The first phase of this project began in FY2014, with projects fielded statewide to initiate estimation of adult escapement, stock-specific harvests, and juvenile smolt abundance for those indicator stocks with gaps in information in these areas. The department also initiated investigations of local and traditional knowledge, a near shore marine survey, and provided funding to the University of Alaska to study life history processes in Chinook salmon. Continuation of funding in FY2015 and beyond is required to successfully field these and the remaining projects to fill significant gaps in our knowledge of Chinook salmon statewide. Chinook salmon are critically important to subsistence, sport, and commercial users, and to communities and economies across Alaska. Recent downturns in productivity and abundance of Chinook salmon across the state and the resulting hardships have highlighted the significant need for the department to better understand and characterize the

changing productivity and abundance trends for Chinook salmon and to identify actions that could be taken to lessen the hardships experienced by Alaskans that use and depend on this resource.

To address the decline, the department tasked a team of agency scientists and researchers with developing a comprehensive Chinook salmon research plan to address knowledge gaps and research needs. They conducted a comprehensive review of Chinook salmon programs and developed a report entitled "Alaska Chinook Salmon Knowledge Gaps and Needs" (Gap Analysis) to identify existing knowledge gaps, identify activities that could be undertaken to narrow those gaps, and identify the range of potential costs associated. The department hosted the Chinook Salmon Symposium in October 2012, and invited state, federal, and academic scientists and the public, to discuss and further identify knowledge gaps and compile a list of research priorities to address specific questions informing observations of Chinook salmon abundance and productivity in Alaska. Results from the Gap Analysis, discussion at the Chinook Salmon Symposium, and comments received on the Gap Analysis were combined to develop the Chinook salmon research plan. Documents are available online at http://www.adfg.alaska.gov/index.cfm?adfg=chinook_efforts_symposium.information

This project will fund the next phase of activities identified as needed by the Chinook salmon research plan and initiated in the first phase during FY2014. The plan is structured on a stock-specific, life-history basis for twelve indicator stocks from Southeast Alaska to the Arctic. These stocks include: Unuk, Stikine, Taku, Chilkat, Copper, Susitna, Kenai, Karluk, Chignik, Nushagak, Kuskokwim, and Yukon. Stock assessments to be funded include, for these stocks, a complete assessment of adult escapement and stock-specific harvests in all relevant fisheries, assessment of juvenile Chinook salmon smolt, local and traditional knowledge studies, nearshore marine surveys, and life history process studies. This project is closely aligned with the department's top two core services of management and stock assessment and research.

[9:47:11 AM](#)

Co-Chair Meyer queried the total cost of the program. Commissioner Campbell replied \$30 million over a five year period.

Co-Chair Meyer thought that the total cost was very high. Commissioner Campbell asserted that while it seemed like a large amount of money, the economic impact of the species to the state was greater. She contended that the investment was an important one for the state, both for understanding the causes the decline and to be able to be confident in the management in order to provide opportunities for harvest in a period of low abundance.

[9:48:49 AM](#)

Senator Hoffman believed that the proposal would go a long way in meeting the constitutionally mandated requirements to maintain fish stocks to maximum sustainability.

[9:49:31 AM](#)

Senator Dunleavy asked how the allocations for each river were decided on. Commissioner Campbell replied that a draft gap analysis had been conducted for each river system concerning adult abundance, adult survival, juvenile survival and juvenile abundance. She said that after the analysis had been conducted a public symposium had been held in Anchorage. She stated that through those processes it was decided where the dollars would be best spent.

[9:51:03 AM](#)

Senator Olson expressed concern with the cost of the program. He asked when positive results from the program could be expected. Commissioner Campbell thought that it was important to remember to take a multi-faceted approach to what was happening with Chinook salmon. She relayed that the research initiative was on component, but that the department needed to take every opportunity possible to provide harvest opportunity on other species where possible. She asserted that there were other aspects than research to the program. She stressed that it was important to look at every stage of the lifecycle to get a complete picture. She said that the research would result in a more

precise assessment program which would pay dividends for in-season management on an annual basis.

[9:53:56 AM](#)

Senator Bishop thought that as relevant data was gathered it should quickly translate into solutions. Commissioner Campbell agreed. She assured the committee that the intent was not to wait until the end to consider the results of the have a five-year research program. She explained that some research would take multi-year data sets in order to learn from them, but some would have immediate pay-offs.

[9:55:18 AM](#)

KEVIN BROOKS, DEPUTY COMMISSIONER, DEPARTMENT OF FISH AND GAME, continued the requests:

RN 58645

**Intensive Game Management Research and Implementation
\$4,000,000**

Brief Summary and Statement of Need:

This request will allow the department to continue to implement intensive management programs and their associated monitoring program using a combination of federal funds and general funds to conduct needed baseline research and monitoring as mandated by policy. General funds are requested to perform the actual predation control to prohibit any federal influence.

Project Description/Justification:

Intensive management involves pre and post population studies and inventory determinations as well as the implementation of actual predator control. General funds are most appropriate for predator control activities whereas federal/state matched funds are most appropriate for the biological work. The division also intends to conduct a subsistence migratory bird survey under this capital improvement project (CIP). Federal funding for this work will come through federal Pittman-Robertson (PR) Wildlife Restoration funding. The division continues to foresee increasing apportioned amounts of PR funding to Alaska. Gun and ammunition sales have continued to increase since the presidential election of 2012. Recent history would

suggest a drop in gun sales after the election, however due to national discussions regarding guns and gun control, gun and ammunition sales continue to climb and as a result revenue to the PR fund continues to climb. The result is even greater amount of excise tax revenue for Wildlife Restoration and Hunter Education and funds made available for wildlife management by all states. This CIP will allow the department to spend these funds while not increasing the base operating budget.

RN 58647

Habitat Enhancement for Wildlife

\$1,000,000

Brief Summary and Statement of Need:

Habitat manipulation can be an effective means to maintain or increase wildlife populations. By treating vegetation to enhance winter browse, specifically birch, aspen and willow, moose populations may increase over time to again support hunter interests and viewing opportunities at a viable level. In addition to the benefits of this program to local users, tourism and other businesses are likely to realize benefits as well. This capital improvement project (CIP) provides for a variety of habitat enhancement projects across the state.

Project Description/Justification:

One project to be funded is an interagency effort to enhance moose habitat on the Kenai Peninsula. Due to the declining moose populations, Alaska Department of Fish and Game (ADF&G), Division of Wildlife Conservation (division), seeks to improve habitat quality, with a focus on Game Management Unit 15A. Through collaboration with the Kenai Peninsula Borough, U.S. Fish and Wildlife Service, Division of Forestry and others, we can integrate management of wildland fire, mechanical manipulations and prescribed fire into a strategic approach to improve moose habitat.

ADF&G is requesting \$1,000,000 to facilitate habitat enhancement projects by partnering with other agencies to integrate mechanical treatments and fire onto the landscape in a strategic manner. Funding would be directed toward private contractors operating on

public and private land along with wild land firefighters to support interagency burn operations. This time frame offers agency personnel the time to plan and coordinate implementation across ownership boundaries. ADF&G anticipates that over 80% of these funds would be directed at project implementation - acres treated on the ground. Remaining funds would support seedlings, cooperative assistance and other supplies.

Funding for this work will come through federal Pittman-Robertson (PR) Wildlife Restoration funding. The division continues to foresee increasing apportioned amounts of PR funding to Alaska. Habitat enhancement is an eligible activity provided the state meets compliance requirements from the National Environmental Policy Act (NEPA) and the State Historic Preservation Act. Gun and ammunition sales have continued to increase since the presidential election of 2012. Recent history would suggest a drop in gun sales after the election, however due to national discussions regarding guns and gun control, gun and ammunition sales continue to climb and as a result revenue to the PR Fund continues to climb. The result is even greater amount of excise tax revenue for Wildlife Restoration made available for wild life management by all states. This CIP will allow the department to spend these funds while not increasing the base operating budget.

[9:58:28 AM](#)

Senator Dunleavy understood the appropriation was for \$1 million. Mr. Brooks responded in the affirmative.

Senator Dunleavy probed interagency cooperation. Mr. Brooks replied that the work was a collaborative effort. He said he could get back to the committee with specifics.

[9:59:44 AM](#)

Mr. Brooks continued with the capital requests:

RN 30432
Sports Fish Recreational Boating Access
\$3,000,000

Brief Summary and Statement of Need:

This request authorizes the Division of Sport Fish to continue to construct and upgrade recreational power boating and sport fish access facilities state wide using Sport Fish Restoration apportionment funds comprised of 75% federal assistance and 25% non-federal match. Federal regulations require that 15% of the annual Sport Fish Restoration (Dingell-Johnson/Wallop-Breaux Amendment) apportionment will be dedicated to projects that benefit recreational power boaters. Projects include boat launches, mooring floats, parking lots, restrooms, fish cleaning facilities, and other services. This request proposes to replace Fish and Game Funds (FGF) with general fund match due to the decline of FGF revenues for FY2015.

RN 58597

**Storage Structure for Hunter Education and Shooting Range Programs
\$800,000**

Brief Summary and Statement of Need:

Storage structures are needed to assist the Hunter Education and Shooting Range programs. Metal buildings are proposed for construction at the Rabbit Creek Shooting Park (Anchorage) and by the Fairbanks Indoor Shooting Range. Training materials, shotgun range birds, lead filters, and trailers for mobile training are stored in various places around Raspberry Road and the College Road campuses.

Prior Funding History / Additional Information:

Secure storage is especially needed for the Fairbanks range as filters used to trap lead are changed monthly and must be stored before supervised disposal. A mobile training trailer requires covered storage during the winter months in Fairbanks. It is currently stored in an airplane hangar by a program volunteer who is selling the hanger.

Project Description/Justification:

The Hunter Education program is coordinated from Anchorage and Fairbanks and tasks include the shipment of training materials (guns, books, vests) to volunteer instructors statewide. At present, materials are not stored in any central location, greatly reducing any work efficiency. Materials that are

currently stored are in conex type shipping containers that are not designed for dry storage. The buildings will be located on land already owned by the State. Federal funding through Hunter Education Section 4C of the Pittman-Roberts on Wildlife Restoration program can be acquired. An initial grant proposal to the U.S. Fish & Wildlife Service will be submitted during the fall 2013 to secure 40% of the funding. A grant amendment in 2014 after new apportionments are distributed will add the additional funds up to the amount of this appropriation. The Fish & Game Fund will be used as the required match for the federal funds.

RN 43322

Facilities, Vessels and Aircraft Maintenance, Repair and Upgrades.

\$500,000

Brief Summary and Statement of Need:

This annual request funds repair, maintenance and renovation of department facilities statewide as well as vessel and aircraft repair and maintenance. Facilities funding is managed by the Division of Administrative Services (DAS), vessel funding by the Division of Commercial Fisheries and aircraft funding by the Divisions of Commercial Fisheries and Wildlife Conservation.

[10:02:43 AM](#)

Vice-Chair Fairclough asked whether the department had partnered with the University on researching some of the repair issues. Mr. Brooks replied that the department worked with the University as well as the federal government when necessary.

[10:03:34 AM](#)

RN 45482

Deferred Maintenance, Renewal, Repair and Equipment

\$1,400,000

Brief Summary and Statement of Need:

Funding is requested to address deferred maintenance needs for statewide fish passages, counting and sampling sites, or weir facilities; statewide

warehouse/workshop facilities; statewide small field site/camp facilities.

Mr. Brooks stated that the appropriation request contained four allocations:

Fairbanks Regional Office Compound -
\$750,000
Statewide fish passages, counting & sampling sites, or weir facilities -
\$250,000
Statewide warehouse/workshop facilities -
\$250,000
Statewide small field site/camp facilities - \$150,000

[10:05:30 AM](#)

AT EASE

[10:08:34 AM](#)

RECONVENED

^FY15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF EDUCATION and EARLY DEVELOPMENT

[10:08:51 AM](#)

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

[10:09:11 AM](#)

HEIDI TESHNER, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, spoke to the PowerPoint presentation, "Alaska Department of Education & Early Development: FY2015 Capital Budget Overview"(copy on file). She spoke to Slide 2:

- Four requests in SB119 totaling \$53.2 million:
 - o State Library, Archives and Museum (SLAM) Facility Construction
 - o Kwethluk K-12 Replacement School - Kasayulie
 - o Alaska Digital Teaching Initiative Three-Year Demonstration Project
 - o Mt. Edgecumbe High School Deferred Maintenance

Ms. Teshner addressed Slide 3:

- State Library, Archives and Museum (SLAM) Facility Construction Funding: \$15.0 million UGF
 - Partial funding for remaining construction phase.
 - Remaining funding will be used for construction completion, exhibits, furnishings, and landscaping.
 - Total of \$102.95 million has been appropriated to date.
 - \$22.215 million additional needed by
 - July 1, 2014 to finish project on-time
 - (July 2016) with no increased costs.

Ms. Teshner stated that the new building was designed to last 100 years and would pull together the five locations of the division into one building and enhance the division's goals to protect Alaska's historical treasures and allow growth in the collection.

[10:10:53 AM](#)

Vice-Chair Fairclough wanted to know how much the state had additionally paid by not funding the 2014 appropriation. She asked how much the one year delay was costing the state.

[10:11:51 AM](#)

LINDA THIBODEAU, DIRECTOR, DIVISION OF LIBRARIES, ARCHIVES, AND MUSEUMS, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, replied that the additional cost was \$7 million.

[10:12:04 AM](#)

Vice-Chair Fairclough recalled that last year's request had been short-funded, she queried what the request had been. Ms. Thibodeau replied that the governor's request was \$20 million but that the need at that point had been \$50 million.

Ms. Thibodeau responded that the net difference in the total costs needed was \$37.215 million. Vice-Chair Fairclough inquired if \$37.215 million was needed to complete the project. Ms. Thibodeau added that it was the amount needed for completion with guaranteed maximum pricing.

Vice-Chair Fairclough pointed out for the record that the state had cost itself \$7 million by waiting.

[10:13:27 AM](#)

Co-Chair Meyer understood that the governor's request for the project was \$15 million. Ms. Thibodeau replied yes, and that the total need for the building was \$37.215 million.

Co-Chair Meyer asked whether the state was losing money by not funding the full \$37.215 million in FY15.

Ms. Thibodeau explained that the red cap on the bar graph on Slide 4 indicated the department's best estimate of additional cost requirements.

[10:14:38 AM](#)

Vice-Chair Fairclough felt that the project was an example of how phase funded projects were a problem. She believed that the project should be fully funded.

[10:15:41 AM](#)

Co-Chair Meyer was unsure if it the \$37 million could be spent in one year. He expressed a commitment to the project but was confused about the additional cost of \$9.8 million reflected on Slide 4. Ms. Thibodeau said that there were various parts to the additional cost and that details could be provided at a later date. She added that the \$37.215 would not be spent all in one year, but rather contracts would be finalized to get a guaranteed maximum price that would finish the building by 2016.

[10:16:45 AM](#)

Ms. Teshner spoke to Slide 5:

- Kwethluk K-12 Replacement School - Kasayulie: \$31.5 million REAA Fund (DGF)
 - For design and construction of a K-12 replacement school.
 - Total cost: \$57.7 million
 - State Share: \$56.5 million
 - \$25.0 million of State Share appropriated in FY2014 from the REAA Fund for design, planning, and foundation work.

[10:17:38 AM](#)

Senator Dunleavy queried what the anticipated life of the building. Ms. Teshner replied that she did not have that information with her.

[10:18:00 AM](#)

Commissioner Hanley turned to Slide 6:

- Alaska Digital Teaching Initiative Three-Year Demonstration Project: \$5.0 million UGF
 - o Remove barriers, increase opportunity, and access for Alaska's students.
 - o Develop high quality, interactive courses to middle school and high school students focused on science, technology, engineering, and math (STEM).
 - o Funding to support:
 - o Digital Innovation Districts
 - o Digital Teaching Academy
 - o Digital Course Development
 - o Program Assessment

Commissioner Hanley relayed that the goal of the initiative was to utilize working models represented in different districts around the state to reach out and address the needs of students that did not have the same access.

[10:19:32 AM](#)

Commissioner Hanley turned to Slide 7, which was a map of the state with symbolic representation of the current digital conditions in the state. He continued to Slide 8, which illustrated that hope for conditions in the future.

[10:21:49 AM](#)

Co-Chair Meyer asked what the red dots on the maps represented. Commissioner Hanley responded that they represented the hub. He noted that they had not been placed in particular communities. He shared that the plan was put out grants and identify three to five districts that were already doing similar work, and help to strengthen and expand.

Co-Chair Meyer understood that the plan was to provide all of Alaska with access to the courses required to receive scholarships with the University of Alaska. Commissioner Hanley replied yes. He noted that the courses were currently available through the Alaska Learning Network.

[10:23:05 AM](#)

Vice-Chair Fairclough referenced a broadband study and survey, as well as Senator Olson's bill to make a minimum threshold for broadband access. She asked whether there was a broadband study that could tell the legislature specific needs by location. Commissioner Hanley replied no. He explained that the department was not a broadband developer. He relayed that the department was researching models built on its current capacity while recognizing that broadband was a statewide issue. He declared that increased broadband would enhance lives and education across the state. He communicated that the department was looking to develop models within the capacity already established. He furthered that 43 of the state's 53 school districts participated in online courses; the 10 that were not were not doing so because they did not have access, but because they had other models in place.

Vice-Chair Fairclough thought that a study had been conducted during the summer of 2013 that examined broadband cost drivers for education. She asked who would be responsible for performing the study. Commissioner Hanley replied that the Broadband Taskforce had done some work through the Department of Commerce, Community and Economic Development. He related that the university had done work specifically involving the ability of districts to access online testing.

Vice-Chair Fairclough thought that the better informed the legislature was on the capacity at regional hubs, the more likely funds would be used in the best way possible.

[10:27:24 AM](#)

Senator Dunleavy thought that the state needed a broadband technology audit. He thought that this would help the state understand where the gaps were and where the need was. He wondered whether schools would be technologically prepared for broadband in their school.

Commissioner Hanley agreed. He believed that the department could collaborate with others in order to gather further information.

[10:30:28 AM](#)

Ms. Teshner turned to Slide 9:

- Mount Edgecumbe High School (MEHS) Deferred Maintenance: \$1.7 million UGF
 - o Funding for projects according to the Capital Improvement Projects (CIP) Master Plan, or as MEHS facility management identifies health and safety priorities.
 - o Remaining projects on the CIP Master Plan are estimated at \$22.5 million, which is approximately \$4.5 million per year for FY2015 through FY2020.

Co-Chair Meyer asked whether the last bullet point was the major maintenance list. Ms. Teshner replied no.

Co-Chair Meyer inquired where the major maintenance could be found. Ms. Teshner replied that there were currently no projects in the governor's budget on the major maintenance list. She noted that it was on the department's website and could be provided at a later date.

Co-Chair Meyer thought that it was important to recognize and continue to work down the major maintenance list.

[10:32:12 AM](#)

Senator Hoffman queried the total cost of the current major maintenance list. Ms. Teshner responded that there were currently 102 items on the major maintenance list the state's share of which was \$183.5 million.

[10:33:03 AM](#)

Senator Dunleavy understood the list was current. Ms. Teshner replied yes. Senator Dunleavy asserted that the list did not necessarily reflect all of the maintenance issues involving schools in the state. Ms. Teshner said that was correct.

[10:33:14 AM](#)

Co-Chair Meyer requested a hard copy of the list.

[10:33:35 AM](#)

Senator Olson did not understand why the major maintenance list was not at least partially funded in the governor's budget. Commissioner Hanley replied that the governor had made the decision in light of the state's current financial situation. He stressed that their absence from the budget did not mean that they were not very important and necessary items.

Senator Olson expressed concern that the list had not been included in the request.

[10:35:06 AM](#)

Co-Chair Meyer thought that the budget was light. Commissioner Hanley agreed.

[10:36:02 AM](#)

AT EASE

[10:41:53 AM](#)

RECONVENED

^FY15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF REVENUE/
ALASKA HOUSING FINANCE CORPORATION

[10:42:11 AM](#)

JERRY BURNETT, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, testified that the department had two capital project requests totaling \$370,100; \$81,624 was general fund match, \$158,466 was federal funds and \$130,000 was the Permanent Fund Dividend. He said that both requests were annual requests for personal computers, printers and service storage devices. He said that the request had been funded for the past 10 years.

[10:44:14 AM](#)

BRYAN BUTCHER, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, commented that the housing market in the state was the tightest it had been since the recession in the early

to middle 1980s. He said that people were paying 50 to 60 percent of their salaries to stay in their apartments. He assured the committee that the corporation was aware of the problem and was looking into solutions.

[10:47:02 AM](#)

Co-Chair Meyer noted that some believed that a way to help with the affordable housing would be to go forward with the Knik Arm Bridge and Toll Authority (KABATA) project. He wondered if that was a project that the corporation would be willing to take on. Mr. Butcher replied that it was a possibility.

Co-Chair Meyer queried the department's accomplishments.

[10:48:20 AM](#)

LES CAMPBELL, DIRECTOR, BUDGET, ALASKA HOUSING FINANCE CORPORATION, presented a PowerPoint presentation, "Budget Presentation to Senate Finance Committee February 20, 2014"(copy on file.) He spoke to Slide 1:

RN 54796

Domestic Violence Designation Program (Empowering Choice Housing Program)

\$2,000,000

Purpose: Provide a referral-based transitional housing assistance program, the Empowering Choice Housing Program (ECHP), designed to meet the housing needs of victims of domestic violence and sexual assault.

Projected outcome:

- Rental assistance for up to 254 households statewide;
- Provide voucher assistance in twelve communities; and
- Enhances Governor Parnell's Choose Respect initiative.

[10:50:02 AM](#)

Senator Dunleavy noted that the funds were public funds that would be used for vouchers. Mr. Campbell replied in the affirmative.

[10:50:31 AM](#)

Vice-Chair Fairclough believed that the item should be in the operating budget. She recalled that the department had requested funding for the program in FY14 because those that were experiencing domestic violence were being given a higher priority than other homeless people on the list. She believed that if the state were going to expand the amount of people that could access housing through a voucher system, the item belonged in the operating budget. Mr. Campbell replied that the timing of the program had stopped the item's placement in the operating budget. He said that operating budget dollars lapsed on June 30, and the department had a commitment to provide housing on for a three-year period.

Vice-Chair Fairclough said that the legislature had set criteria inside of the corporation that prioritized need, some of which was based on whether a person was in danger. She reiterated that the request should be put into the operating budget.

[10:54:38 AM](#)

Mr. Campbell spoke to Slide 2:

RN 37918

**Housing Loan Program: Teacher / Health / Public Safety
\$6,000,000**

Purpose: Provide gap funding to increase homeownership and/or rental units.

Projected outcome:

- Improving retention of desirable professionals through housing development

Mr. Campbell turned to Slide 3:

RN 49395

**Housing Loan Program: Teacher / Health / Public Safety
\$5,000,000**

Purpose: Provide gap funding to increase homeownership and/or rental units.

Projected outcome:

- Increase Teachers, Health Professionals, or Public Safety official's housing in rural Alaska

[10:56:07 AM](#)

Co-Chair Meyer asked whether the program had succeeded in attracting and retaining teachers. Mr. Campbell replied that it had helped to retain teachers.

[10:56:36 AM](#)

Mr. Butcher interjected that AHFC could get back to the committee with more information.

[10:57:20 AM](#)

Senator Dunleavy noted that he lived in the housing for 20 years. He thought that the program was commendable.

[10:58:04 AM](#)

Co-Chair Meyer restated his question to Senator Dunleavy. Senator Dunleavy believed that the program was helping to retain teachers.

[10:58:35 AM](#)

Mr. Butcher stated that at the inception of the program people did not want to participate, but wanted to wait until it became a grant program. He said that ultimately several school districts worked with the corporation on a model that proved successful in all participating rural school districts.

[10:59:17 AM](#)

Vice-Chair Fairclough asked if the corporation was working with Cold Climate Research Center to make sure that the buildings being built were energy efficient. Mr. Butcher replied in the affirmative. He added that all of the building programs under the corporation had a requirement of a high energy efficient standard.

[11:00:48 AM](#)

Co-Chair Meyer inquired whether the photos in the slides were current. Les Campbell replied yes.

[11:01:20 AM](#)

Mr. Campbell addressed Slide 4:

RN 49369
Housing Loan Program: VPSO
\$1,000,000

Purpose: Provide gap funding to increase homeownership and/or rental units.

Projected outcome:

- Adding units for Village Public Safety Officers (VPSO);
- Increasing VPSO retention through housing development

Mr. Campbell continued to Slide 5:

RN 6323
Supplemental Housing Development Program
\$7,000,000

Purpose: Supplement federal housing funds provided to regional housing authorities to ensure safe, decent, affordable housing.

Projected outcome:

- Construction of affordable homes in up to 20 urban and rural communities;
- Build on-site water and sewer facilities;
- Provide energy-efficient design features in homes;
- Construct roads to project sites;
- Provide electrical distribution systems;
- Retrofit homes to provide a safe, healthy, workable home environment; and
- Provide clients with new, safe, energy efficient, comfortable housing.

Mr. Campbell turned to Slide 6, which provided images of the construction of the housing development.

Mr. Campbell addressed Slide 7:

RN 6351
Energy Efficiency Monitoring Research
\$750,000

Purpose: Conduct research, analysis, information dissemination, and interchange among members of the industry, as well as between the industry and the public.

Projected outcome:

- Conduct research, analysis, information dissemination and interchange among members of the industry, and between industry and the public;
- Gather data and perform analysis of geographically diverse area energy-efficient designs for homes; and
- Monitor homes for energy usage, comfort levels, durability, occupant health and economic benefits of efficiency features.

[11:04:33 AM](#)

Vice-Chair Fairclough inquired whether the research was receiving any additional funding from Alaska Energy Authority (AEA). Mr. Campbell said that he did not know.

Mr. Campbell spoke to Slide 8:

RN 6334

**Senior Citizen's Housing Development Program (SCHDP)
\$4,500,000**

Purpose: Provide funds for development of senior citizen housing and accessibility modification to seniors' residences.

Projected outcome:

- Three development projects or about 30 units;
- Modifications for accessibility for approximately 50 units; and
- Provide technical assistance grants for building capacity in organizations that develop senior housing.

Mr. Campbell spoke to Slide 9, which contained two pictures of Raven's View 1 and 2: Cooper Landing Senior Citizens SCHDP, Denali Commission, AHFC financed 12 units, 2007 and 2008.

Mr. Campbell addressed Slide 10:

RN 6347

**HUD Federal HOME Grant Program
\$750,000 State General Funds
\$3,750,000 Federal Receipts**

Purpose: Expand supply of affordable, low- and moderate- income housing and strengthen ability of state to design and implement strategies to achieve

adequate supply of safe, energy-efficient and affordable housing.

Projected outcome:

- Develop affordable rental housing by funding development gap for three rental projects or about 30 units;
- Assist 35 homebuyers to achieve homeownership for lower-income families by providing down payment and closing cost assistance; and
- Preserve low-income homes through a moderate rehabilitation.

[11:07:00 AM](#)

Mr. Butcher interjected that the corporation had recently begun work with the Department of Correction on the program in an effort to work toward rental assistance for people recently released from prison.

Mr. Campbell shared that the program had funded 49 projects containing 886 units and had rehabilitated 414 low income homes. He furthered that the program had assisted 409 low income households to purchase homes and had provided 87 households with rental assistance to prevent homelessness.

Mr. Campbell spoke to Slide 11, which was a picture of the project Hooper Bay Family Housing.

Mr. Campbell discussed Slide 12:

RN 6342
HUD Capital Fund Program (CFP)
\$3,200,000

Purpose: Renovate and modernize public housing rental units statewide.

Projected outcome:

- Modernize public housing rental units;
- Code compliance; and/or
- Conduct energy audits.

Mr. Campbell spoke to Slide 13:

RN 6348
Federal and Other Competitive Grants
\$3,000,000 Federal Receipts
\$1,500,000 State General Funds

Purpose: Allow AHFC to apply for HUD, other federal agency, and private foundation grants that target housing needs and supportive services of low-income and groups with needs such as senior citizens, those with mental, physical, or developmental disabilities, or homeless Alaskans.

Projected outcome:

- HUD Supportive Housing;
- Housing Opportunities for Persons With AIDS (HOPWA);
- Grant Match Program; and
- OneCPD HUD Technical Assistance Program (Community Planning Development); and
- Section 811 Housing Program for Persons with Disabilities.

[11:10:50 AM](#)

Mr. Campbell addressed Slides 14 through 16:

RN 6350

**Competitive Grants for Public Housing
\$750,000 Federal Receipts
\$350,000 State General Funds**

Purpose: Allow AHFC to apply for HUD, other federal agency, and private foundation grants that target housing needs of low-income and groups with special needs who live in public and/or assisted housing.

Projected outcome:

- Match requirements for federal grants such as:
- Family Self-Sufficiency (FSS) Coordinator and case workers;
- Senior Services Coordinator; or
- Resident Opportunities and Supportive Services (ROSS) grant.
- Match for operations of services, such as after-school programs, public housing developments and resident computer training labs.

RN 52598

**AHFC Energy Programs
\$45,000,000 State General Funds
\$1,500,000 Federal Receipts**

Purpose: Provide cost-effective energy improvements to homes.

This appropriation has two allocations for:

- AHFC Weatherization Program

- AHFC Energy Rebate Program

RN 50683

AHFC Energy Programs - Weatherization

\$27,500,000 State General Funds

\$1,500,000 Federal Receipts

Purpose: Provide cost-effective energy improvements to homes occupied by low-income families throughout the state.

Projected outcome:

- Reduce household operating costs of the resident;
- Improve resident health and safety;
- Improve durability and longevity of housing stock;
- Replace unsafe heating systems;
- Install smoke detectors and/or carbon monoxide detectors;
- Create and sustain local jobs

Mr. Butcher interjected that approximately 66 percent of the houses that had been weatherized contained either a senior citizen or person with a disability, 37 percent of the homes contained children under the age of 6 years old.

[11:13:07 AM](#)

Co-Chair Meyer acknowledged the good work done through the program.

Mr. Campbell turned to Slide 17, which contained two images; one "before", and one "after" image of a home that had been weatherized.

Mr. Campbell discussed Slide 18:

RN 51947

AHFC Energy Programs - Home Energy Rebate

\$17,500,000

Purpose: Assist homeowners to decrease fuel consumption by providing rebates for making recommended, cost-effective energy improvements to their homes throughout the state.

Projected outcome:

- Reduce household operating costs of the resident;
- Improve resident health and safety;
- Improve durability and longevity of housing stock;

- Replace unsafe heating systems; and
- Gather statistical intelligence about home energy consumption.

Mr. Campbell shared that the program rebate could be up to \$10,000, the average was approximately \$7,000.

[11:14:51 AM](#)

Co-Chair Meyer inquired about the wait list for the program. Mr. Campbell replied that the wait list had been going down. He said that there were approximately 200 people on the waitlist, but that 200 requests were processed weekly.

[11:15:20 AM](#)

Mr. Butcher added that the number of raters for the program had increased, which had helped to lessen the waitlist.

[11:15:51 AM](#)

Senator Hoffman probed the justification for the reduction in the general fund of \$5 million, from previous years, and then increasing again in 2016 through 2018. Mr. Butcher replied that the corporation had worked to determine a reasonable number for this particular fiscal year.

[11:16:59 AM](#)

Mr. Cambell spoke to Slide 19:

RN 45390

Homeless Assistance Program (HAP) (Mental Health Bill)

\$6,300,000 State General Funds

\$850,000 MHTAAR

\$850,000 GF/Mental Health

Purpose: Support programs that address homelessness by providing assistance to families in imminent danger of becoming homeless or those who are currently homeless.

Projected outcome:

- Prevent near homeless individuals and families from becoming homeless; and/or
- Provide homeless individuals and families assistance to obtain safe, sanitary shelter.

[11:18:25 AM](#)

Co-Chair Kelly asked how many people were served by the program. Mr. Campbell replied that in 2013 the program served 8,750 households containing 12,382 people.

Co-Chair Kelly wondered how a homeless person financially maintained residency in a home after the assistance was given. Mr. Campbell replied that many of the funds went toward support services and financial training for those individuals.

Co-Chair Kelly asked whether the corporation was involved with the Housing First program. Mr. Campbell replied yes.

[11:20:27 AM](#)

Mr. Butcher interjected the approach was many tiered.

Co-Chair Kelly understood that the corporation's role in the program was strictly financing.

[11:21:11 AM](#)

Mr. Campbell responded that AHFC partnered with different organizations throughout the state.

Mr. Campbell spoke to Slide 20:

RN 6360

Beneficiary and Special Needs Housing (Mental Health Bill)

\$1,750,000

Purpose: Provide funds for Alaskan nonprofit service providers and housing developers to increase housing opportunities to Alaska Mental Health Trust beneficiaries and other special needs populations throughout Alaska.

Projected outcome:

- Add 20 congregate housing units for people with mental illness or developmental disabilities;
- Reduce recidivism among clients spending time in institutions;
- Provide supportive housing, including assisted living, for people with mental, physical, or developmental disabilities, or multiple disorders; and

- Provide transitional housing with support services for newly recovering alcoholics and addicts.

[11:23:22 AM](#)

Co-Chair Meyer discussed housekeeping.

SB 119 was HEARD and HELD in committee for further consideration.

SB 120 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[11:24:09 AM](#)

The meeting was adjourned at 11:24 a.m.