

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

October 17, 2016

10:11 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Chair
Representative Kurt Olson
Representative Lance Pruitt
Representative Steve Thompson (via teleconference)
Representative Sam Kito

Senator Anna MacKinnon, Vice Chair
Senator Lyman Hoffman
Senator Click Bishop

MEMBERS ABSENT

Representative Mark Neuman (alternate)

Senator Cathy Giessel
Senator Bert Stedman
Senator Pete Kelly (alternate)

OTHER LEGISLATORS PRESENT

Representative Mike Chenault
Representative Laura Reinbold

COMMITTEE CALENDAR

APPROVAL OF MINUTES
EXECUTIVE SESSION
ASLC/ACPE PERFORMANCE REVIEW
DEED PERFORMANCE REVIEW
AUDIT PRELIMINARY REPORTS
AUDIT FINAL REPORTS
LEGISLATIVE REVISED PROGRAMS (RPLS)

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KRIS CURTIS, Legislative Auditor

Legislative Audit Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Offered her recollection regarding attendance during the approval of minutes portion of the Legislative Budget and Audit Committee meeting.

JULI LUCKY, Staff
Representative Mike Hawker
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information related to attendance during the approval of minutes portion of the Legislative Budget and Audit Committee meeting.

DAVID TEAL, Legislative Fiscal Analyst
Legislative Finance Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Addressed three RPLs for the Legislative Budget and Audit Committee.

ACTION NARRATIVE

[10:11:10 AM](#)

CHAIR MIKE HAWKER called the Legislative Budget and Audit Committee meeting to order at 10:11 a.m. Senators Bishop, Hoffman, and MacKinnon, and Representatives Kito, Thompson (via teleconference), and Hawker were present at the call to order. Representatives Olson and Pruitt arrived as the meeting was in progress.

Approval of Minutes

[10:13:35 AM](#)

SENATOR MACKINNON moved that the minutes from the Legislative Budget and Audit Committee meeting on August 18, 2016, be approved as presented.

[10:13:53 AM](#)

REPRESENTATIVE THOMPSON objected to point out a discrepancy in the attendance reported in the August 18, 2016, Legislative Budget and Audit Committee minutes, wherein Senator Kelly is

marked as having been present in one instance and as absent in another.

[10:14:38 AM](#)

CHAIR HAWKER offered his understanding that his staff had acknowledged the issue and the discrepancy would be corrected.

[10:15:08 AM](#)

REPRESENTATIVE THOMPSON removed his objection.

[10:15:13 AM](#)

SENATOR MACKINNON withdrew her motion that the minutes from the Legislative Budget and Audit Committee meeting on August 18, 2016, be approved as presented.

[10:15:17 AM](#)

SENATOR MACKINNON moved that the minutes from the Legislative Budget and Audit Committee meeting on August 18, 2016, be approved, as amended to [correct the attendance].

[10:15:47 AM](#)

CHAIR HAWKER objected for the purpose of discussion.

[10:15:55 AM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, offered her recollection that Senator Kelly had not been in attendance at the meeting on 8/18/16.

[10:16:04 AM](#)

JULI LUCKY, Staff, Representative Mike Hawker, Alaska State Legislature, offered her understanding that Senator Kelly had not been present during the 8/18/16 meeting, and she assured the committee that the attendance record would be corrected.

CHAIR HAWKER offered his interpretation that Senator MacKinnon's motion was to correct the status of Senator Kelly's attendance during the August 18, 2016, meeting.

[10:17:01 AM](#)

CHAIR HAWKER withdrew his objection to the motion to approve the minutes from the Legislative Budget and Audit Committee meeting on August 18, 2016, as amended to correct the record of attendance. There being no further objection, it was so ordered.

Executive Session

10:17:48 AM

SENATOR MACKINNON moved that the Legislative Budget and Audit Committee enter executive session under Uniform Rule 22(b)(3) and AS 24.20.301 for the discussion of confidential audit and performance review reports. There being no objection, it was so ordered.

10:18:18 AM

The committee took an at-ease from 10:18 a.m. to 3:21 p.m. for the purpose of the executive session.

3:21:15 PM

CHAIR HAWKER called the Legislative Budget and Audit Committee back to order at 3:21 p.m. Present at the call back to order were Senators Bishop, Hoffman, and MacKinnon, and Representatives Kito, Olson, Thompson (via teleconference), Pruitt, and Hawker.

ASLC/ACPE Performance Review

3:22:25 PM

SENATOR MACKINNON moved that the committee release the Alaska Student Loan Corporation/Alaska Commission on Post-Secondary Education preliminary performance review report to the agencies for response. There being no objection, it was so ordered.

DEED Performance Review

3:22:53 PM

SENATOR MACKINNON moved that the committee release the Department of Education and Early Development final performance review report to the public. There being no objection, it was so ordered.

Audit Preliminary Reports

[3:23:31 PM](#)

SENATOR MACKINNON moved that the following preliminary audit be released to the agency for response: Department of Commerce, Community and Economic Development, Alaska Regional Development Organizations. There being no objection, it was so ordered.

Audit Final Reports

[3:24:00 PM](#)

SENATOR MACKINNON moved that the following final audits be released to the public: Department of Commerce, Community & Economic Development Board of Certified Direct Entry Midwives, sunset; Department of Commerce, Community & Economic Development Board of Registration for Architects, Engineers, and Land Surveyors, sunset; Department of Commerce, Community & Economic Development Board of Veterinary Examiners, sunset; Department of Commerce, Community & Economic Development Regulatory Commission of Alaska FY 15 annual report; Department of Administration - State Travel Office; University of Alaska - University Travel. There being no objection, it was so ordered that those reports shall be released to the public.

Legislative Revised Programs (RPLs)

[3:25:28 PM](#)

CHAIR HAWKER announced that the committee would take up three revised program(s) - legislative (RPLs).

[3:26:34 PM](#)

DAVID TEAL, Legislative Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, at the request of Chair Hawker, addressed the three RPLs before the committee. The first was RPL 06-7-0283, from the Department of Health and Social Services (DHSS) requesting \$3,000,000 in federal funds for the Division of Behavioral Health and Substance Abuse. He said it is related to opioid addiction and the department is "out of federal authorization." He suggested questions pertaining to this RPL would be best addressed to the department. He relayed that the Legislative Finance Division asked only whether this money would replace the general fund

money that was appropriated last year. He added, "They are for different purposes."

[3:27:29 PM](#)

CHAIR HAWKER asked - considering how late in the year it is and how rapidly the legislative session is approaching - if the RPLs should be deferred to the legislature to address during the Thirtieth Legislative Session or if it is appropriate for the Legislative Budget and Audit Committee to authorize the receipt of these funds at this time.

MR. TEAL answered that the department has requirements to get underway rapidly in January, before the new session begins; therefore, he said he thinks "the case is pretty clear for approval before session."

[3:28:46 PM](#)

MR. TEAL next addressed RPL 10-7-5000, from the Department of Natural Resources (DNR), which requests \$1,147,500 in federal receipts to cover a grant for Forest Inventory and Analysis. He explained that in anticipation of a motion made by the Legislative Budget and Audit Committee, DNR made a multi-year request, which is not customary. He said it is actually confusing, because the Legislative Budget and Audit Committee approves operating money for one year only in most cases. He said there is no need to appropriate multiple years. He indicated that the department has said it is possible to wait for the FY 17 money, and "it's certainly possible to wait for the FY 18 and 19 money." He requested that the committee clarify whether it is going to change the date from multiple years to a single year request for FY 17 only.

[3:30:13 PM](#)

CHAIR HAWKER said there are other clarifications that need to be made, as well. He explained there is an inconsistency in the RPL submitted by DNR: the first sentence in the statement of purpose [uses the term "capital budget"], while the matrix [lists the funding source as "operating"]. Chair Hawker asked for confirmation that the committee should make clear that this RPL relates to the operating budget - not the capital budget.

MR. TEAL answered that is correct. He said the heading of the RPL is correct where it says "operating." He acknowledged that the mention of federal authority in the capital budget also

makes reference to Section 1 of the operating budget; therefore, he said he thinks the use of the word "capital" was just a typographical error.

CHAIR HAWKER said he would also like clarification that if the Legislative Budget and Audit Committee makes the appropriation for FY 17 only, and it leaves the amount the same for the \$1,147,500 in federal receipts, that authority, if unspent, "would last at the end of FY 17," and then the House and Senate Finance Committees would have the opportunity to consider an appropriation in FY 18 and 19. He summarized, "So, leaving the money the same is not going to cause any problems. If anything, it would simply provide for a bit of excess empty federal authority for ... the remainder of this fiscal year."

MR. TEAL responded that Chair Hawker is correct, but with one additional factor, which is that DNR believes it will spend most of the money in FY 17, so it is actually a good idea to leave the amount as requested. If the department does not need all the money, then it would lapse, and DNR would take the issue up again within the normal budget process for FY 18.

[3:32:34 PM](#)

CHAIR HAWKER moved that RPL 10-7-5000 be interpreted as applying as an operating budget item, and that the authority granted by the RPL be only for the remainder of FY 17 in the operating budget. There being no objection, RPL 10-7-5000 was thus amended.

[3:33:48 PM](#)

MR. TEAL next addressed RPL 12-7-3004, which is a request from the Department Public Safety (DPS) for \$1,000,000 in additional federal receipts to coordinate, administer, and monitor funds for the Council on Domestic Violence and Sexual Assault (CDVSA). He explained that the department is short on federal authorization and is requesting authorization that will allow the grants to be issued.

CHAIR HAWKER asked Mr. Teal to confirm that although it does not say so specifically, the RPL would apply only to the remainder of FY 17.

MR. TEAL responded that is correct.

[3:35:13 PM](#)

CHAIR HAWKER asked committee members if they had any questions for the agencies regarding the RPLs. [No response was given.]

[3:35:23 PM](#)

SENATOR MACKINNON moved that the committee approve the following RPLs: RPL 06-7-0283 Department of Health and Social Services, Behavioral Health Substance Abuse Grants for \$3,000,000 federal receipts, fund code 1002, as an operating budget item; RPL 10-7-5000 Department of Natural Resources, Forest Inventory and Analysis for \$1,147,500 federal receipts, fund code 1002, as an operating budget item, as amended; and RPL 12-7-3004 Department of Public Safety, Council on Domestic Violence and Sexual Assault Grants for \$1,000,000 federal receipts, fund code 1002, as an operating budget item. There being no objection, it was so ordered.

[3:36:56 PM](#)

CHAIR HAWKER relayed that the committee should anticipate meeting in early December and again in January, shortly before the start of the Thirtieth Legislative Session.

[3:37:56 PM](#)

The committee took a brief at-ease at 3:38 p.m.

[3:38:56 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 3:39 p.m.