

HOUSE FINANCE COMMITTEE
March 10, 2015
1:33 p.m.

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CALL TO ORDER

Co-Chair Neuman called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Mark Neuman, Co-Chair
Representative Steve Thompson, Co-Chair
Representative Dan Saddler, Vice-Chair
Representative Bryce Edgmon
Representative Les Gara
Representative Lynn Gattis
Representative David Guttenberg
Representative Scott Kawasaki
Representative Cathy Munoz
Representative Lance Pruitt
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Representative Matt Claman; Representative Andy Josephson;
Representative Dan Ortiz; Representative Lora Reinbold;
Representative Adam Wool.

SUMMARY

HB 72 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 72 was HEARD and HELD in committee for further consideration.

HB 73 APPROP: MENTAL HEALTH BUDGET

HB 73 was HEARD and HELD in committee for further consideration.

#HB72

#HB73

HOUSE BILL NO. 72

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

HOUSE BILL NO. 73

"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."

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Co-Chair Neuman discussed the agenda for the day. He asked members to limit their comments to the scope of the amendments. He communicated that the committee would address a Committee Substitute the following morning.

Co-Chair Thompson MOVED to ADOPT Amendment 1:

OFFERED BY: Reps. Neuman and Thompson
DEPARTMENT: Department of Commerce, Community and Economic Development
APPROPRIATION: Insurance Operations
ALLOCATION: Insurance Operations

POSITIONS: Add 2 PFT PCNs and delete 2 Non-Perm PCNs

EXPLANATION: The House Subcommittee deleted a total of \$598.2 and deleted 8 PFT positions in Insurance Operations. The intent was to delete 6 PFT positions and 2 Temporary positions. This amendment corrects the error.

Representative Gara OBJECTED.

Co-Chair Neuman explained that the amendment was technical and corrected an error. He detailed that the budget subcommittee had deleted a total of \$598,200 and eight full-time positions in insurance operations. The amendment reflected the subcommittee's intent, which deleted six full-time and two temporary positions.

Representative Gara WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

Co-Chair Thompson MOVED to ADOPT Amendment 2:

OFFERED BY: Rep. Neuman and Thompson
DEPARTMENT: Department of Commerce, Community and Economic Development

DELETE THE FOLLOWING LANGUAGE

Sec.12. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (h) The sum of \$345,000 is appropriated from federal receipts for energy projects to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority for operating costs associated with emerging energy technology fund data collection for the fiscal years ending June 30, 2016, June 30, 2017, and June 30, 2018.

EXPLANATION: The Governor's FY15 supplemental request includes \$345,000 of federal receipts as a multi-year appropriation. After discussions with the department, it was determined that both this appropriation and the supplemental appropriation are better described as a capital project. The intent of the House Finance Committee is to include the full amount (\$690.0) of federal receipts as a supplemental capital project.

Co-Chair Neuman OBJECTED for discussion. He explained that the amendment was technical. He elaborated that the federal appropriation request belonged in the supplemental capital budget. He noted that the amendment did not add any money to undesignated general funds (UGF).

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 2 was ADOPTED.

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Co-Chair Neuman MOVED to ADOPT Amendment 3:

OFFERED BY: Representatives Neuman, Thompson
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Student and School Achievement

DELETE: \$350,000 General Funds, 1004

EXPLANATION: This removes funding that was not requested by the Governor. Funds were for a statewide license for Microsoft Academies to be used by all public schools.

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained the amendment. He communicated that the project cost \$350,000 and was for Microsoft work for public schools. He understood that the program would probably benefit a significant number of schools, but he believed it was an increase that should go into the capital budget for consideration. He thought the funds were included in the wrong piece of legislation.

Representative Guttenberg asked for further explanation on the origin of the initial funding request.

Representative Gattis replied that the request had been included in the Department of Education and Early Development (DEED) budget. She furthered that the request had been in the former governor's budget. The department had explained to her that the program licensed Microsoft certificates for programs such as Word and Engineering, for all schools including the Department of Corrections (DOC). She had agreed to remove the increment because it was not in the correct budgetary location.

Representative Gara understood that former Governor Parnell had included the item in the budget to provide students with job skill training on software programs. He asked if his understanding was accurate. He believed the program was valuable.

Representative Gattis explained that the program was utilized by students throughout the state and was not related to training done by the Department of Labor and Workforce Development (DLWD). She had been told by

Microsoft that the company wanted to get a "toe-hold" in the Alaska industry; it wanted a pilot program in Alaska in rural and urban areas. She did not believe the operating budget was the right location for the increment; therefore, she had agreed with the co-chair to withdraw the item.

Co-Chair Neuman remarked that additions were not typically inserted into the operating budget by the subcommittees. He repeated his belief that the request should be added into the capital budget.

Representative Gara OBJECTED.

A roll call vote was taken on the motion to adopt Amendment 3.

IN FAVOR: Gattis, Munoz, Pruitt, Saddler, Wilson, Edgmon, Thompson, Neuman
OPPOSED: Gara, Guttenberg, Kawasaki

The MOTION PASSED (8/3). Amendment 3 was ADOPTED.

[1:43:11 PM](#)

Co-Chair Thompson MOVED to ADOPT Amendment 4:

OFFERED BY: Reps. Wilson, Neuman, and Thompson
DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Workers' Compensation
ALLOCATION: Workers' Compensation Appeals Commission

ADD: \$439.6 Workers Safety & Compensation
Administration Account (1157)

POSITIONS: 2 PFTs

EXPLANATION: This amendment restores the Workers' Compensation Appeals Commission subcommittee decrement. AS 23.30.008(a) specifies that the "commission shall be the exclusive and final authority for the hearing and determination of all questions of law and fact arising under this chapter in those matters that have been appealed to the commission, except for an appeal to the Alaska Supreme Court." Defunding the Commission without repealing this statute leaves aggrieved workers with no recourse. If

the Commission is eliminated in statute, the fiscal note should remove the funding.

Co-Chair Neuman OBJECTED for discussion.

Co-Chair Thompson explained that the amendment would add \$439,600 back to the Workers' Safety and Compensation Administration Account. The increment would restore the Workers' Compensation Appeals Commission. He detailed that commission would be the exclusive and final authority for the hearing and determination of all questions. He elaborated that the amendment would reinstate the commission because without it the state would face Alaska Supreme Court cases. He communicated that if the commission was eliminated the fiscal note would remove funding and injured workers would have no appeal status or leverage to aggrieve a case.

Co-Chair Neuman added that the item was funded by the Workers' Safety Compensation Administration Account and not UGF.

Representative Gara requested to add his name as a cosponsor to the amendment.

Representative Guttenberg requested to add his name as a cosponsor to the amendment. He believed there would be movement later in the session to eliminate the entire commission through legislation. He explained that without the funds aggrieved workers had no place to go; the state did not want workers taking cases directly to the Supreme Court. He furthered that workers would be stuck in limbo if the funding was eliminated. He believed the amendment showed universal acceptance that there could be other ways of handling the issue besides the Workers' Compensation Appeals Commission.

Co-Chair Neuman noted that legislation on the topic would possibly be before the committee at a later time.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 4 was ADOPTED.

[1:45:08 PM](#)

Representative Munoz MOVED to ADOPT Amendment 5:

OFFERED BY: Reps. Munoz and Edgmon
DEPARTMENT: Fish and Game
APPROPRIATION: Commercial Fisheries
ALLOCATION: Commercial Fisheries Entry Commission

ADD: It is the intent of the legislature that moving the Commercial Fisheries Entry Commission Allocation under the Commercial Fisheries Appropriation does not diminish or affect their statutorily designated budgetary or judicial autonomy or authority; nor does this move grant the Commissioner of Fish and Game or designee any budgetary or operational control over the Commercial Fisheries Entry Commission.

EXPLANATION: This intent language is to preserve the independent and quasi-judicial autonomy of the Commercial Fisheries Entry Commission.

Co-Chair Neuman OBJECTED for discussion.

Representative Munoz explained that during the budget subcommittee process the allocation for the Commercial Fisheries Entry Commission (CFEC) had been moved to the Commercial Fisheries area of the Department of Fish and Game (DFG) budget. The amendment reaffirmed the intent of the legislature that CFEC functions, and its statutory or quasi-judicial authority would not be diminished. She asked for the committee's support.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 5 was ADOPTED.

[1:45:56 PM](#)

Co-Chair Neuman moved Amendment 6:

OFFERED BY: Representatives Neuman and Thompson
DEPARTMENT: Department of Fish and Game

ADD: It is the intent of the legislature that the department focus research and management dollars on fishery systems which have stocks of concern, in order to satisfy its constitutional responsibility of managing for sustained yield.

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment asked DFG to focus its research projects and management funds on fisheries with a stock of concern or areas in the state that were stressed. He pointed to areas of concern in Yukon-Kuskokwim, Cook Inlet, and Southeast. He noted that additionally the item satisfied the constitutional responsibility on sustainable yield management.

Representative Gara MOVED to ADOPT a friendly amendment to Amendment 6. The amendment to the amendment would insert the word "first" before the word "focus." He explained that the current wording of the amendment could require DFG to focus its research on stocks of concern. He reasoned that the amendment may unintentionally require all of the department's funds to go to stocks of concern.

Co-Chair Neuman further explained the amendment to the amendment. He had no objection.

Representative Edgmon asked for clarification.

Co-Chair Neuman explained that the word "first" would be inserted between the words "department" and "focus."

There being NO OBJECTION, the amendment to Amendment 6 was ADOPTED.

Co-Chair Thompson WITHDREW his OBJECTION to the adoption of Amendment 6. There being NO further OBJECTION, Amendment 6 was ADOPTED as amended.

Representatives Pruitt and Saddler requested to have their names added as cosponsors to Amendment 6.

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Vice-Chair Saddler MOVED to ADOPT Amendment 7:

OFFERED BY: Rep. Saddler, Neuman, Thompson
DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health

ALLOCATION: Alcohol Safety Action Program (ASAP)
ADD: \$500,000 Alcohol and Other Drug Abuse Treatment & Prevention Fund, 1180
\$703,800 General Fund, 1004

DELETE: \$1,203,800, General Fund/Program Receipts,
1005

EXPLANATION: This action amends a change made by the DHSS Budget Subcommittee; it replaces GF Program Receipts with money from the general fund and from the Alcohol and Other Drug Abuse Treatment & Prevention Fund. Collections for the ASAP program are currently maximized and additional GP/Program receipts are not available. Over 80 percent of the participants in the 24-7 Sobriety Program are deemed indigent by the courts and are not required to pay the testing fees themselves. DHSS estimates that, without the funding provided by this amendment, ASAP would be able to test less than 20 percent of participants in the 24-7 Sobriety Program. People unable to be tested and monitored often remain incarcerated, increasing costs to the state.

Co-Chair Neuman OBJECTED for discussion.

Vice-Chair Saddler explained that the budget subcommittee had sought to place more costs of the Alcohol Safety Action Program on the costs of participants. The subcommittee had learned from the department that it was maxed out and could not get additional receipts even if it had receipt authority. He discussed that many of the program participants were indigent and could not make payment themselves. He elaborated that \$500,000 of the funding had been located in the Alcohol and Other Drug Abuse Treatment and Prevention Fund and the remainder would come from General Funds (GF).

Co-Chair Neuman clarified that the amendment replaced \$500,000 in UGF spending with funds from the Alcohol and Other Drug Abuse Treatment and Prevention Fund. Vice-Chair Saddler agreed.

Representative Guttenberg asked about the source of the funds in the Alcohol and Other Drug Abuse Treatment and Prevention Fund. Vice-Chair Saddler replied that funds came from alcohol taxes. He relayed that the Legislative Finance Division had provided assurance that there were sufficient funds in the account to support the increment.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 7 was ADOPTED.

Vice-Chair Saddler MOVED to ADOPT Amendment 8:

OFFERED BY: Representatives Neuman, Thompson and Saddler

DEPARTMENT: Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Family Preservation

DELETE: \$2,938.4 UGF (1004)

EXPLANATION: The Office of Children's Services plans to partner with the Division of Public Assistance to use available TANF grants to provide funding for Child Advocacy Centers with federal funds. The receipt authority in the Division of Public Assistance is already present.

DEPARTMENT: Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Family Preservation

ADD: \$2,938.41/A Receipt Authority (1007)

EXPLANATION: In order to use Division of Public Assistance grants, the Office of Children's Services Interagency Receipt authority.

Co-Chair Neuman and Representative Gara OBJECTED.

Vice-Chair Saddler explained that the amendment reflected a fund source change from UGF to interagency receipts. He noted that diligent work had discovered the availability of \$3 million in [federal] Temporary Assistance for Needy Families to pay for child advocacy centers under Family Preservation. The amendment allowed the Department of Health and Social Services (DHSS) to transfer the \$2.9 million from Public Assistance to the Office of Children Services (OCS) Family Preservation.

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Co-Chair Neuman WITHDREW his OBJECTION.

Representative Gara MAINTAINED his OBJECTION. He believed the amendment was missing a crucial component. He elaborated that DHSS had been diligently searching to

locate federal funds to replace general funds; the department had located \$3 million to fund child advocacy centers, which freed up \$3 million in GF. He relayed that that the department planned to use the \$3 million in GF to begin fixing the foster care system. The system was experiencing challenges due to short staffing in OCS (a study by the former governor indicated that the division was 50 staff short). Additionally, foster youth had increased from 1,700 to 2,400 in the last five years. He stressed that the funds offered the best chance at fixing the staff shortage at OCS and the division's ability to detect child abuse and neglect. He emphasized that it was a lost opportunity to protect abused and neglected children in the state. He noted that 100 percent of the children did not have parents to responsibly take care of them and 60 percent of the children were Alaska Native. He concluded that the state acted as the guardian of foster children because it had taken them away from their parents.

A roll call vote was taken on the motion.

IN FAVOR: Gattis, Guttenberg, Munoz, Pruitt, Saddler, Wilson, Edgmon, Thompson, Neuman
OPPOSED: Kawasaki, Gara

The MOTION to adopt Amendment 8 PASSED (9/2). Amendment 8 was ADOPTED.

[1:54:21 PM](#)

Representative Edgmon MOVED to ADOPT Amendment 9:

OFFERED BY: Rep. Edgmon, Neuman, Thompson
DEPARTMENT: Administration
APPROPRIATION: Public Communications Services
ALLOCATION: Public Broadcasting Commission

ADD: \$21,800 General Fund (1004)

ALLOCATION: Public Broadcasting - Radio

ADD: \$1, 182, 700 General Fund (1004)

ALLOCATION: Public Broadcasting- T.V.

ADD: \$295,500 General Fund (1004)

EXPLANATION: This amendment restores a total of \$1,500,000 in the Public Communications Services appropriation, or 87 percent of the House subcommittee proposed budget reduction of \$1,716,000.

This amendment would increase funding for

- Public Broadcasting Commission from \$24,900 to \$46,700;
- Public Broadcasting - Radio from \$1,353,000 to \$2,535,700; and
- Public Broadcasting-T.V. from \$337,800 to \$633,300.

Co-Chair Neuman OBJECTED for discussion.

Representative Edgmon explained that the amendment would restore \$1,500,000 in the Public Communications Services appropriation, or 87 percent of the House subcommittee proposed budget reduction of \$1,716,000. He pointed out that the amendment detailed how the money would be allocated between three areas.

Co-Chair Neuman WITHDREW his OBJECTION.

Representative Wilson OBJECTED. She remarked that the item was "public" radio and the state did not have the money to provide the funds. She elaborated that the state was in deficit and could not continue every program. She believed communities would have to be responsible for funding some programs.

Representative Edgmon appreciated the need to cut the budget, which the committee was doing during the current meeting. He countered with the importance of public broadcasting. He reasoned that the committee had heard about the importance of public broadcasting repeatedly from every corner of the state. He believed the need had been fully demonstrated.

Representative Gattis reluctantly supported the amendment. She had been raised on public radio, but it was "a long time ago." She believed there were other opportunities available at present. She communicated her intent to work on the budget in depth throughout the interim with public radio stations.

Representative Guttenberg recalled former Senator Ted Stevens speaking up for public broadcasting. He remarked that public broadcasting included more than Sesame Street and Alaska News Nightly. He cited Senator Steven's belief that public broadcasting was the backbone and infrastructure of communication across the state. He noted that the cut proposed by the budget subcommittee was not the first cut to public broadcasting; it was on the chopping block annually. He stated that the stations had been successful at building a network of efficiencies. He elaborated on the significant percentage of people giving to public broadcasting. He believed even the small cut that would remain under the amendment was too much. He stressed that making significant cuts to public broadcasting would mean the loss of an infrastructure in Alaska that was irreplaceable.

Representative Gara asked to have his name added as a cosponsor. However, he noted concern that the amendment did not reflect a full restoration of the cut.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Munoz, Pruitt, Saddler, Edgmon, Gara, Gattis, Thompson, Neuman
OPPOSED: Wilson

The MOTION to adopt Amendment 9 PASSED (10/1). Amendment 9 was ADOPTED.

[1:59:03 PM](#)

Co-Chair Neuman MOVED to ADOPT Amendment 10:

OFFERED BY: Representatives Neuman, Thompson
DEPARTMENT: Administration
APPROPRIATION: Centralized Administrative Services
ALLOCATION: Office of the Commissioner

ADD the following language:

It is the intent of the legislature that, in FY2016, the Department of Administration implements the plan to consolidate statewide information technology services including IT procurement, IT support, IT

contractual services and IT services currently performed by executive branch state employees. The stated goal of the plan is to improve services while reducing executive branch information technology spending. The legislature established a savings goal of approximately 30 percent --estimated to be \$67,000,000--over three fiscal years. It is the intent of the legislature that the Department of Administration submit a report to the House and Senate Finance Committees annually by January 15th, for the next three years, identifying in detail the path and tasks to achieve the total savings.

APPROPRIATION: Enterprise Technology

DELETE intent language reading:

It is the intent of the legislature that the Department of Administration, through implementation of its five-year statewide plan to consolidate statewide information technology services, including procurement, support, and contracting services previously done by state employees, realize twenty five million dollars in savings statewide during FY2016. It is the intent of the legislature that the Department of Administration submit a report identifying and detailing these savings to the House and Senate Finance Committees by January 15, 2016.

EXPLANATION: Facilitate implementation of the Department of Administration 2015 Enterprise Strategic IT Plan

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment had been brought to the committee by the Department of Administration (DOA). He detailed that the department had recently had research conducted on the consolidation of information technology (IT) services. He elaborated that the amendment directed the department to provide for financial savings. A program had been implemented several years earlier with the anticipation that some savings would occur; the legislature had established a savings goal of approximately 30 percent (estimated to be \$67,000,000 over three fiscal years). The amendment would direct the department to follow through on what it would cost to cover

some of its investments in IT. He thanked the department for bringing the amendment forward for the committee's consideration.

Co-Chair Thompson WITHDREW his OBJECTION.

Representative Guttenberg voiced his support for the amendment. He spoke to the IT infrastructure that the state was building for procurement support, contractual services, and other things the state should be doing. He spoke to savings in IT and the state moving towards a modern, efficient telecommunications infrastructure. He discussed the need for greater expansion of broadband, which was expensive. He believed the need for further broadband would be beneficial for the entire state. He noted that all departments pointed to deficiencies in broadband and the inability to deliver services due to slow speeds. He assumed the department would build out the infrastructure and efficiencies and would need increased bandwidth.

Representative Pruitt requested to add his name as a cosponsor to the amendment. He appreciated the amendment and opined that the strategy was exactly what the state should be doing if it was going to get control of state spending. He had been told the prior fall that the Department of Public Safety (DPS) and DOC computer systems were not aligned; therefore, the state was wasting money transporting prisoners. He stressed the importance of consolidation and tightening up procurement.

Representative Gara wondered if the amendment restored a \$400,000 reduction by the budget subcommittee for the University of Alaska student advising services.

Co-Chair Neuman noted that the issue was separate. He noted that the issue pertained to the University of Alaska; the current amendment related to DOA IT services.

Representative Gattis requested to add her name as a cosponsor to the amendment. She had chaired the DOA budget subcommittee. She detailed that the savings would be 10 percent per year.

Representatives Wilson, Saddler, and Guttenberg requested to add their names as cosponsors to the amendment.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 10 was ADOPTED.

[2:04:24 PM](#)

Representative Munoz MOVED to ADOPT Amendment 11 [Note: see copy on file for detailed explanations]:

OFFERED BY: Representatives Neuman, Thompson, Munoz & Edgmon

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska

ALLOCATION: Various (21 Allocations)

TOTAL ADD: \$10,831.2 UGF (1004)

The University of Alaska budget recommended by the subcommittee contains \$334,768.5 of Unrestricted GF. That amount is \$35,831.2 below Mgt Plan for FY15. This amendment will bring the FY16 UGF budget to \$25 million below the FY15 Mgt Plan. The University estimates that approving the subcommittee recommendation would result in the elimination of approximately 78 positions throughout the state. This amendment would allow the University to retain approximately 75 of those positions (and provide associated services) throughout the University of Alaska system. Individual allocations, line-item breakouts, and impacts of this amendment are as follows:

ALLOCATION: Statewide Services

ADD: \$402.6 UGF (1004)

\$348.1 personal services

\$ 54.5 travel

(House Finance Subcommittee recommended reduction: \$3,691.7)

ALLOCATION: Office of Information Technology (OIT)

ADD: \$280.6 UGF (1004)

\$280.6 personal services

(House Finance Subcommittee recommended reduction: \$2,224.3)

ALLOCATION: System-wide Education & Outreach

ADD: \$32.5 UGF (1004)

\$32.5 personal services

(House Finance Subcommittee recommended reduction:
\$257.8)

ALLOCATION: Anchorage Campus
ADD: \$2,564.5 UGF (1004)
\$1,214.7 personal services
\$ 849.8 travel
\$ 500.0 contractual services
(House Finance Subcommittee recommended reduction:
\$6,777.8)

ALLOCATION: Small Business Development Center
ADD: \$27.8 UGF (1004)
\$13.9 personal services (71000)
\$13.9 contractual services (73000)
(House Finance Subcommittee recommended reduction:
\$47.5)

ALLOCATION: Kenai Peninsula College
ADD: \$110.6 UGF (1004)
\$14.1 personal services
\$96.5 contractual services
(House Finance Subcommittee recommended reduction:
\$329.4).

ALLOCATION: Kodiak College
ADD: \$47.1 UGF (1004)
\$11.2 personal services
\$35.9 contractual services
(House Finance Subcommittee recommended reduction:
\$122.6)

ALLOCATION: Mat-Su College
ADD: \$80.4 UGF (1004)
\$ 11.8 personal services
\$ 68.6 contractual services
(House Finance Subcommittee recommended reduction:
\$234.2)

ALLOCATION: Prince William Sound College
ADD: \$69.7 UGF (1004)
\$26.5 personal services
\$43.2 contractual services
(House Finance Subcommittee recommended reduction:
\$147.6)

ALLOCATION: Fairbanks Campus

ADD: \$3,310.6 UGF (1004)
\$2,352.3 personal services
\$ 958.3 travel
(House Finance Subcommittee recommended reduction:
\$7,555.4)

ALLOCATION: Fairbanks Organized Research
ADD: \$616.7 UGF (1004)
\$461.4 personal services
\$155.3 contractual services
(House Finance Subcommittee recommended reduction:
\$922.8)

ALLOCATION: Cooperative Extension Services
ADD: \$29.5 UGF (1004)
\$29.5 travel
(House Finance Subcommittee recommended reduction:
\$50.0)

ALLOCATION: Bristol Bay Campus
ADD: \$22.3 UGF (1004)
\$2.8 personal services
\$19.5 contractual services
(House Finance Subcommittee recommended reduction:
\$66.8)

ALLOCATION: Chukchi Campus
ADD: \$14.5 UGF (1004)
\$1.2 personal services
\$13.3 contractual services
(House Finance Subcommittee recommended reduction:
\$45.6)

ALLOCATION: Interior-Aleutians Campus
ADD: \$30.8 UGF (1004)
\$6.6 personal services
\$24.2 contractual services
(House Finance Subcommittee recommended reduction:
\$82.5)

ALLOCATION: Kuskokwim Campus
ADD: \$53.6 UGF (1004)
\$10.4 personal services
\$43.2 contractual services
(House Finance Subcommittee recommended reduction:
\$147.4)

ALLOCATION: Northwest Campus
ADD: \$39.4 UGF (1004)
\$16.9 personal services
\$22.5 contractual services
(House Finance Subcommittee recommended reduction:
\$76.7)
Representative Wilson objected.

ALLOCATION: College of Rural and Community Development
ADD: \$140.1 UGF (1004)
\$59.0 personal services
\$81.1 contractual services
(House Finance Subcommittee recommended reduction:
\$276.9)

ALLOCATION: UAF Community and Technical College
ADD: \$74.9 UGF (1004)
(\$4.1) personal services
\$79.0 contractual services
(House Finance Subcommittee recommended reduction:
\$269.5)

ALLOCATION: Juneau Campus
ADD: \$558.6 UGF (1004)
\$360.6 personal services
\$198.0 travel
(House Finance Subcommittee recommended reduction:
\$1,405.3)

ALLOCATION: Ketchikan Campus
ADD: \$40.7 UGF (1004)
\$40.7 personal services
(House Finance Subcommittee recommended reduction:
\$116.2)

ALLOCATION: Sitka Campus
ADD: \$48.0 UGF (1004)
\$48.0 personal services
(House Finance Subcommittee recommended reduction:
\$152.0)

ALLOCATION: Budget Reductions/Additions - System-wide
ADD: \$754.2 General Fund (1004)

ADD: \$1,081.5, general funds (1004)

Representative Wilson OBJECTED.

Representative Munoz explained Amendment 11. She detailed that the current reduction to the University budget was \$35.8 million below the FY 15 management plan; the amendment would bring the FY 16 UGF to \$25 million below the FY 15 management plan.

Representative Wilson spoke against the amendment. She stated that the University budget was difficult; one amount was basically appropriated to the Board of Regents for distribution. She stated that the amendment gave the impression that a designated number of individuals would be put back to work. She referred to discussion during the committee process related to graduation rates that were about 31.8 percent statewide; part of the discussion had related to increased revenue that would result if the students were retained [throughout their college careers]. She remarked on the large size of the state's budget and noted that over 55 people at the University made more than the governor and over 1,500 earn more than \$100,000 per year. She stated that cuts were hard and "the private industry are making those." Additionally, she believed the University was leasing a multitude of buildings that it would be looking at in the coming year to determine if more needed to be brought back on campus. She opined that perhaps the budget needed to be provided in multiple allocations. She believed it may be prudent to some combine training schools with the University. She stated that the proposed reduction was less than 10 percent. She remarked that the University received over \$899 million. In response to an earlier question by Representative Gara, she added that the amendment would restore \$400,000 in student counseling.

Representative Gara agreed that the University had poor graduation rates, which were the lowest in the nation. However, the university had begun a student advisor program to increase graduation rates. He opined that eliminating funding for student advisors would increase the graduation rate problem. He asked where the increase appeared in the amendment.

Co-Chair Neuman replied that the University received one allocation that it could split how it wanted.

Representative Gattis struggled with putting \$10 million back in the university budget under the current financial

circumstances. She recognized that other areas had been cut.

Co-Chair Thompson referenced Representative Gara's earlier question and pointed to page 9 of the amendment. The explanation read that \$400,000 GF would be added as a one-time funding restoration for student advising.

Representative Pruitt echoed the comments of Representative Gattis. He spoke as University alum; one of the struggles that existed was the failure to recognize that the university was a system and not three universities. He was not confident that the University had gotten out of the silos that were creating some of the barriers and burdens to being more efficient with the state's money. He spoke in opposition to the amendment; he felt that it was time the state did something to address the need for increased efficiency. He stressed that the state could not afford to continue its current path.

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Representative Guttenberg clarified that the amendment was not an addition of \$10 million to the University's budget; it was a reduction of the proposed cut from \$35 million down to \$25 million.

Representative Edgmon spoke in support of the amendment. He added that the proposed cut was in addition to a \$16 million cut from the prior year. He contended that the figures represented a steep phasing down of staff, services, curriculum, and programs. He believed the amendment better achieved the delicate balance of downsizing without crippling a government entity.

Vice-Chair Saddler was torn on the amendment. He applauded the efforts of Representative Munoz to find significant reductions; the state faced significant budget challenges. However, he noted that it was a reduction of \$25 million in round one. He remarked that there would be a second round of reductions the following year. He intended to spend time over the interim sharpening his perspective on the University budget and how to "sharpen his budget knife."

Representative Wilson clarified that there had been an \$18 million and not a \$60 million cut the previous year.

Representative Edgmon replied that he had said \$16 million.

Co-Chair Neuman added all of the budgets would be scrubbed and looked at throughout the rest of the year. He elaborated that the legislature would continue to look at all departments for clarification on how they could be refined and improved.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Kawasaki, Munoz, Saddler, Edgmon, Gara,
Guttenberg, Thompson, Neuman
OPPOSED: Pruitt, Wilson, Gattis,

The MOTION to adopt Amendment 11 PASSED (8/3). Amendment 11 was ADOPTED.

[2:14:01 PM](#)

Co-Chair Neuman MOVED to ADOPT Amendment 12:

OFFERED BY: Reps. Neuman and Thompson

ADD a new subsection to section 4 (Legislative Intent):

It is the intent of the legislature that all state agencies and instrumentalities that intend to contract for basic or applied research, including consultation, undertaking a study, performing a needs assessment, or providing an analysis, pursue discussions and negotiations with the University's Vice-President for Academic Affairs and Research to determine if the University can provide that service to the agency, and if so, to obtain that service from the University unless contrary to the best interests of the State or contrary to another provision of law.

EXPLANATION: The directive to contract with the University is subject to negotiation including negotiations regarding the cost of services-as indicated by the phrase "in the best interests of the State."

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment directed state agencies and "instrumentalities that intend to contract for basic or applied research" to try to use the University to conduct research projects needed by the state. He detailed that he had received a "glossy" report from the wildlife commission that had been done by the University of Oregon related to the economics of wildlife in Alaska. He questioned why the state was not using its own university to do the work. The amendment asked state agencies to use the University of Alaska and its students [for research projects]. He spoke to the knowledge the University and its students had about Alaska's wildlife.

Representative Wilson spoke in strong support of the amendment. She remarked on the great research abilities the University had. She noted that the University had done an "awesome" presentation.

Representatives Wilson, Saddler, Pruitt, Gattis, Munoz, Edgmon, Guttenberg requested to add their names as cosponsors to the Amendment 12.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 12 was ADOPTED.

[2:16:33 PM](#)

Representative Edgmon MOVED to ADOPT Amendment 13:

OFFERED BY: Rep. Edgmon
DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska

ADD: It is the intent of the legislature to have the University of Alaska focus the majority of additional decrements through reduction in management positions from below the chancellor level through the levels of: Associate Deans; Vice, Assistant, and Associate Vice Provosts; Vice, Assistant, and Associate Vice Chancellor; and Shaping Alaska's Future staff.

EXPLANATION: The University of Alaska can consolidate positions to increase efficiencies and reduce overlapped job duties.

Co-Chair Neuman OBJECTED for discussion.

Representative Edgmon explained that the amendment included intent language he had received by Representative Paul Seaton, a member of the University budget subcommittee. The language specified that in the future the University should focus the majority of its additional decrements on reduction in management positions below the chancellor level. The intent was that the action would be a better way to absorb reductions by increasing efficiencies and reducing any overlapping job duties.

Representative Kawasaki observed that the amendment appeared to only speak to the local chancellor's level and not statewide presidents and vice presidents.

Representative Edgmon replied that the appropriation was to the University. He believed the maker of the amendment intended it to apply to the statewide system.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 13 was ADOPTED.

Representatives Wilson, Gattis, Thompson, Gara, Pruitt, Saddler asked to be added as cosponsors to Amendment 13.

[2:18:09 PM](#)

Vice-Chair Saddler MOVED to ADOPT Amendment 14:

OFFERED BY: Representatives Neuman, Thompson & Saddler
DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Treatment and Recovery Grants

DELETE: \$500,000 UGF 1004

DEPARTMENT: Health and Social Services
APPROPRIATION: Senior and Disabilities Services
ALLOCATION: Senior Community Based Grants

ADD: \$500,000 UGF 1004

EXPLANATION: This amendment removes funding from the Behavioral Health Treatment and Recovery Grants in order to add funding to the Senior Community Based Grants to restore funding for Adult Day Services. Adult Day Services provided through Senior Community

Based Grants allow family caregivers to maintain their own employment schedules by providing day care to seniors, enabling them to return to their own homes every evening instead of moving in to more expensive alternatives. The Senior Community Based Grants program encompasses multiple services with a total budget of \$16,608.8; the Adult Day Services portion comprises \$1,575.0 of that total. A \$500.0 reduction is a 31.7 percent cut.

Co-Chair Neuman OBJECTED for discussion.

Vice-Chair Saddler explained that the amendment would transfer \$500,000 in UGF from Behavioral Health Treatment and Recovery Grants to Senior Community Based Grants for adult day services. He spoke to significant public testimony in support of adult day services that kept seniors at home, occupied, provided a cost savings, and other. He detailed that Senior Community Based Services had \$16 million and adult day services had approximately \$1.5 million. He stated that the reduction in Behavioral Health Grants was a small reduction. He believed the amendment represented an appropriate transfer of assets.

Representative Guttenberg supported the amendment. He addressed the grant and the impact it would have on the community. He recognized that the amendment would keep and support families at home, but he observed that the state's population was growing. He hoped the state would monitor and quantify what it cost the state if the population did not receive the grants. He reasoned that a little money up front would save a significant amount down the road. He spoke to results that would pay off for the state. He hoped the department would monitor the issue going forward.

Representative Kawasaki MOVED to divide the amendment. He spoke in support of the second half of the amendment that restored funding to Senior Community Based Grants, but he was uncertain about the cut to Behavioral Health Treatment and Recovery Grants. He observed that the cut was not insignificant (approximately 13 percent GF reduction). He referred to many discussions that had taken place with the department about Behavioral Health and the need for active management.

Co-Chair Neuman replied in the negative. He clarified that \$500,000 was not a 13 percent reduction to Behavioral Health. He believed Behavioral Health Grants were close to \$200 million. Vice-Chair Saddler agreed.

Co-Chair Neuman opposed dividing the question because the amendment would transfer money from one grant to another.

[2:22:25 PM](#)

Representative Gara MOVED an amendment to Amendment 14 to delete the \$500,000 reduction to Behavioral Health Treatment and Recovery Grants. He agreed with Representative Kawasaki. He referred to compelling public testimony the committee had heard from families that use adult day services. He highlighted that families using the services worked and needed a place for a family member in their care to stay during the day. He supported restoring funds to the program. However, he stressed that cutting \$500,000 from substance abuse treatment was unwise. He noted that drug abuse was increasing in Alaska. He spoke to current lengthy waiting lists for substance abuse treatment programs. He disputed that the amendment would save money. He underscored that the amendment would cut money that would result in increased crime and dangerous neighborhoods.

Co-Chair Neuman OBJECTED to the amendment to Amendment 14.

Representative Gattis supported the original Amendment 14. She agreed with Representative Gara, but stressed that making cuts was not easy. She emphasized that the state could not afford its past level of spending.

Co-Chair Neuman communicated that the committee would vote on whether to amend Amendment 14 by separating it into two parts. He reiterated his objection to the proposed amendment.

Representative Guttenberg asked a procedural question. He wondered why Representative Kawasaki's request to divide the question had not been allowed, but Representative Gara's motion to amend Amendment 14 had been allowed.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Munoz, Pruitt, Saddler, Wilson, Edgmon, Gattis, Thompson, Neuman

The MOTION to amend Amendment 14 FAILED (3/8).

A roll call vote was taken on the motion to adopt Amendment 14.

IN FAVOR: Pruitt, Saddler, Wilson, Edgmon, Gattis, Kawasaki, Munoz, Gara, Thompson, Neuman

OPPOSED: Guttenberg

The MOTION PASSED (10/1). Amendment 14 was ADOPTED.

[2:28:32 PM](#)

Representative Pruitt MOVED to ADOPT Amendment 15:

OFFERED BY: Rep. Pruitt, Neuman, Thompson

DEPARTMENT: Natural Resources

APPROPRIATION: Land & Water Resources

ALLOCATION: Forest Management & Development

ADD: \$245,200 General Fund, 1004

\$400,000 Timber Rep, 1155

POSITIONS: Add 3 positions in the Ketchikan Area Office and 1 position in the Juneau Office

EXPLANATION: Use timber receipts to fund operations of southeast forestry offices. Currently timber receipts alone aren't enough to cover operations of the timber sale program in southeast. This amendment reinstates southeast forestry offices at a reduced level using timber receipts to help fund operations with some UGF.

Co-Chair Neuman OBJECTED for discussion.

Representative Pruitt explained that the amendment would restore a portion of funding to the timber sales program. He detailed that the budget subcommittee had recognized that a substantial amount of UGF (approximately \$3 million) was going into the overall timber program with a \$400,000 return in sales receipts the prior year. The subcommittee had worked to determine how the industry could cover more

of the costs; the subcommittee had cut some of the funding, but the cut had been more significant than intended. He relayed that the goal was to bring about increased efficiency, but not to shut down the Southeast timber industry. He had worked with the department on the ability to maintain operations with the Southeast forestry office to continue sales with three positions in Ketchikan and one position in Juneau. The amendment would bring timber receipts up to \$400,000 with the intent that it would give the department the buffer it needed to perform the work.

Representative Wilson asked if timber receipts went back to the general fund. Representative Pruitt replied that the timber receipts would go back to the forestry office. The amendment would give the forestry office the authority to use up to \$400,000. He elaborated that the office estimated that there may be up to \$400,000 in the upcoming year; if there were funds that exceeded the amount he believed they would be deposited into designated receipts.

Co-Chair Neuman agreed.

Representative Kawasaki stated that timber receipts were received from timber sales and proceeds. He wondered if it was reasonable to believe that the same number of receipts would be generated if the number of staff was reduced by seven.

Representative Pruitt replied in the affirmative. He elaborated that the receipts should still be received from Southeast because timber sales could continue.

Representative Munoz spoke in support of the amendment and requested to have her name added as a cosponsor. She appreciated the subcommittee chair's work on the issue. She stressed that the item was a very important function for Southeast Alaska. She noted that the committee had heard public testimony from operators throughout Southeast who had been concerned about the removal of the program.

[2:31:56 PM](#)

Representative Gara asked for an explanation pertaining to the deletion of 11 positions throughout Southeast; the cut was \$1.292 million in UGF. He noted that the amendment would restore approximately one-fifth of the amount. He wondered how the same level of timber activity could occur.

Representative Pruitt explained that there were ten positions in Southeast and one in Copper. The amendment would restore four of the ten positions in Southeast. He discussed that the Anchorage and Fairbanks offices had staff that could assist with the program. There were several administrative positions. Essentially, the issue pertained to increasing efficiency in a division that received substantially more general funds than money it was bringing back in. He did not claim that the Department of Natural Resources (DNR) believed the change would be simple, but it had indicated that it could make it work. He acknowledged that the shift would be challenging. He planned to monitor the change over the interim.

Representative Kawasaki supported the amendment, but did not believe the amendment went far enough to restoring DNR's ability to make the sales possible for many people. He had been told the decrease in funds would not necessarily impact the Tanana Valley State Forest. However, according to the state forester, the level of service and the pace of sales auctions would be impacted because there would be a reduction in state foresters from a region stretching from Tok to Kantishna. He spoke to impacts to the Interior, the potential loss of the forester position in Delta and other statewide forest planning positions. Additionally, personal use firewood sales particularly in Fairbanks and over the counter sales would have significant trouble. He noted that DNR was a money maker for the state.

Vice-Chair Saddler spoke in support of the amendment. He believed the reduction was necessary, responsible, and intelligent given the state's financial challenges.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 15 was ADOPTED.

[2:36:04 PM](#)

Representative Pruitt MOVED to ADOPT Amendment 16:

OFFERED BY: Representatives Neuman, Thompson & Pruitt
(for Rep. Colver)
DEPARTMENT: Department of Natural Resources
APPROPRIATION: Fire Suppression, Land & Water
Resources

ALLOCATION: Fire Suppression Preparedness, Fire Suppression Activity

TRANSFER: Transfer the Fire Suppression Preparedness allocation (\$1,486.6 Fed, \$15,984.5 UGF, \$398.9 I/A Rcpts, \$850.8 CIP Rcpts, 200 PCNs) from the Fire Suppression appropriation to the Land & Water Resources appropriation. Transfer the Fire Suppression Activity allocation (\$11,960.4 Fed, \$6,659.1 UGF, \$1,500.0 Other, 0 PCNs) from the Fire Suppression appropriation to the Land & Water Resources appropriation.

EXPLANATION: This amendment transfers the Fire Suppression Preparedness and Fire Suppression Activity allocations into the Land & Water Resources appropriation. These two allocations and the Forest Management & Development allocation make up the Division of Forestry. Consolidating the division into a single appropriation would facilitate cooperative efforts and eliminate the need for RSAs within the division, reducing the administrative burden on the department.

Co-Chair Neuman OBJECTED for discussion.

Representative Pruitt discussed the backstory behind the development of the amendment. He relayed that the Legislative Finance Division thought the amendment could potentially create some efficiencies. He explained that the amendment would transfer the Fire Suppression Preparedness and Fire Suppression Activity allocations into the Land and Water Resources appropriation. The transfer would eliminate some of the paperwork passing between the entities. He spoke to the importance of ensuring that the money appropriated to fire suppression remained in suppression.

Co-Chair Neuman noted that the amendment would not add funds and the ability to track funds through the program would be preserved.

Representative Guttenberg OBJECTED. He spoke to his concern that fire suppression and land and water resources offered two distinct functions. He was concerned about losing the ability for rapid fire suppression response time. He questioned whether transferring fire suppression would blur the ability to rapidly respond to fires.

Co-Chair Neuman answered that DNR was neutral on the amendment. He read from the amendment explanation:

This amendment transfers the Fire Suppression Preparedness and Fire Suppression Activity allocations into the Land & Water Resources appropriation. These two allocations and the Forest Management & Development allocation make up the Division of Forestry. Consolidating the division into a single appropriation would facilitate cooperative efforts and eliminate the need for RSAs within the division, reducing the administrative burden on the department.

Co-Chair Neuman added that based on the explanation the amendment would decrease the administrative burden on the department; therefore, speed would increase.

Co-Chair Neuman and Representative Guttenberg WITHDREW their OBJECTIONS. There being NO further OBJECTION, Amendment 16 was ADOPTED.

[2:41:01 PM](#)

Co-Chair Neuman MOVED to ADOPT Amendment 17:

OFFERED BY: Reps. Neuman and Thompson
AMEND THE FOLLOWING LANGUAGE

Sec. 6. PERSONAL SERVICES TRANSFERS. It is the intent of the legislature that agencies restrict transfers to and from the personal services line. It is the intent of the legislature that the office of management and budget submit a report to the house and senate finance committees [Legislature] on January 15, 2016, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the first half of the fiscal year ending June 30, 2016, and submit a report to the house and senate finance committees [Legislature] on October 1, 2016, that describes and justifies all transfers to and from the personal services line by executive branch agencies for the entire fiscal year ending June 30, 2016.

EXPLANATION: This amendment clarifies that OMB will need to submit the personal services transfers report to the house and senate finance committees.

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment directed budget related reports from the Office of Management and Budget to be sent to the House and Senate Finance Committees instead of the Senate President and the House Speaker.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 17 was ADOPTED.

[2:41:54 PM](#)

Vice-Chair Saddler MOVED to ADOPT Amendment 18 [Note: see copy on file for detailed explanations]:

OFFERED BY: Reps. Neuman, Thompson, Saddler and Munoz
DEPARTMENT: Legislature
APPROPRIATION: Legislative Council
ALLOCATION: Administrative Services

DELETE: \$681,500 General Fund (1004)

DEPARTMENT: Health and Social Services
APPROPRIATION: Juvenile Justice
ALLOCATION: Youth Courts

ADD: \$530,900 General Fund (1004)

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Anchorage Campus

ADD: \$125,000 MHTAAR (1092)
\$125,000 General Fund (1004)
1PFT, 2 PPT

ADD THE FOLLOWING LANGUAGE SECTION

Sec. XX. LEGISLATIVE INTENT LANGUAGE RELATING TO REDUCING

ALASKA RECIDIVISM: It is the intent of the legislature that the Department of Corrections, Department of

Health and Social Services, Department of Labor and Workforce Development, Alaska Mental Health Trust Authority, Alaska Housing Finance Corporation, Alaska Criminal Justice Commission, and Alaska Court System continue to work collaboratively to implement a recidivism reduction plan using evidence-based practices for the purpose of slowing Alaska's three percent prison population growth rate and reduce its 63 percent recidivism rate.

The above-identified state agencies shall continue to engage in and support meaningful consultation with Alaska Native entities on the design, content and operation of the Alaska Justice system with the purpose of reducing the overrepresentation of Alaska Native people in this system. Further, these entities shall work together to:

1. Analyze the state's criminal justice data to identify the factors driving Alaska's rate of prison population growth;
2. Identify evidence-based or promising practices that will address each of those factors; and
3. Outline a plan for the implementation of each proposed practice that:
 - a. identifies the service or treatment program proposed;
 - b. identifies the number of inmates or returning citizens to be served; and
 - c. includes a five consecutive year, beginning in FY 2017, phased-in outline of the programs and services to be implemented and the cost per fiscal year.

The implementation plan shall include effectiveness and efficiency measures addressing, but not limited to:

1. Recidivism rates and cost per client served of current practices and programs;
2. Recidivism rates and cost per client served of proposed practices and programs;
3. Quality assurances;
4. Fidelity to the model assurances; and
5. projected savings to the State of Alaska.

The draft implementation plan described herein shall be delivered to the Office of Management and Budget by

September 30, 2015 so it can be considered for inclusion in the Governor's FYI 7 budget and legislative proposals. The final implementation plan shall be delivered to the legislature by January 22, 2016.

Co-Chair Neuman OBJECTED for discussion.

Vice-Chair Saddler explained the four-stage amendment. First, it would cut approximately \$680,000 from the legislature's budget (due to increased efficiencies); \$530,900 of the funds would be transferred to the Youth Court. He referred to public testimony on the Youth Court's ability to reduce youth recidivism and youth offences. The remainder of the funds in addition to a contribution from Mental Health Trust Funds and GF (\$125,000 each) would go towards funding an Alaska Justice Information Center under the University of Alaska Anchorage. The center would enable the compilation of information to inform a Smart Justice-type initiative in cooperation with the Pew Trust. The initiative would provide the state access to the expertise and cost-benefit modeling offered by the Pew Trust. Finally, the amendment included language declaring the intent of the legislature that the state coordinate with departments to generate and monitor recidivism in order to comply with Pew Trust requirements.

Co-Chair Neuman elaborated on the state's recidivism reduction plan. He spoke to work done the prior year to reduce recidivism. He remarked that currently correctional facilities were at 101 percent. He stressed that additional work was needed to reduce the number of people entering the correctional system. He discussed that the amendment would allow the state to partner with Pew Trust results. He noted that Texas had worked with Pew Trust to reduce the number of individuals entering the correctional system. The amendment would add \$125,000 GF to match \$125,000 in Mental Health Trust Funds. The goal was to considerably reduce the recidivism rate, which was currently 63 percent.

Representative Kawasaki spoke in support of the second component of the amendment and expressed uncertainty about the remaining components. He asked if the sponsor intended to make sure the GF deletion was roughly the same as the GF addition.

Vice-Chair Saddler replied in the affirmative.

Representative Kawasaki referred to the explanation for the deletion \$681,500 from the legislature's budget. He spoke to a new legislative building in Anchorage [Legislative Information Office] that would cost significantly more than it had in the past. He mentioned another building purchased by the legislature in recent years that would cost more. He wondered what the efficiencies and cost reductions may mean.

Co-Chair Neuman believed that the Masonic building had been paid for. He noted that the increment represented a 5 percent reduction to the legislature's appropriation to Legislative Council. He noted that considerable reductions to the legislature's budget were expected throughout the budgetary process. He noted that funds were included in the legislature's budget in anticipation of a special session to move gasline discussions forward. He spoke to costs of special session including clerks, Legislative Legal Services, Legislative Finance Division, consultants, and other. He explained that any extra funds would be returned to the general fund; the legislature did not have the ability to come back for a supplemental. Also funded was Legislative Council, Legislative Budget and Audit, and all other legislative components.

Representative Pruitt thanked the chairs for taking his concerns into account pertaining to the legislature's budget, specifically related to increasing efficiencies and applying the funds to some of the important services statewide (e.g. Youth Court and recidivism). He believed there were significant opportunities to save the state money and to put people back to work.

[2:48:47 PM](#)

Representative Gattis liked the first few portions of the amendment. She spoke to efficiencies created in the legislature's budget. She remarked that the legislature was cutting other budgets and would locate efficiencies in its own. She commented on youth court and its success. She noted that the City of Wasilla sponsored the Mat-Su Youth Court and had done a great job. She believed there were significant savings resulting from catching kids at a young age. She spoke to recidivism and a Pew Trust report and noted that the state would get a large bang for its buck. She believed it would benefit the state.

Representatives Gara, Kawasaki, Gattis, Guttenberg, Wilson, Edgmon, and Pruitt requested to add their names as cosponsors to Amendment 18.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 18 was ADOPTED.

[2:50:56 PM](#)

Co-Chair Thompson MOVED to ADOPT Amendment 19:

OFFERED BY: Representatives Neuman and Thompson
(Governor's request)

DEPARTMENT: Labor and Workforce Development

APPROPRIATION: Labor Standards & Safety

ALLOCATION: Occupational Safety & Health

ADD: \$300,000 Workers' Safety and Compensation
Administration Account (WSCAA) (1157)

EXPLANATION: This increases designated general funds (DGF) in the Occupational Safety and Health (AKOSH) to offset a corresponding unrestricted general fund (UGF) reduction. The subcommittee reduced the UGF that supports AKOSH activities by \$759,600, and increased the DGF (WSCAA) supporting AKOSH by \$459,600 to help offset a portion of the UGF reduction. Recent fund projections demonstrate there is a sufficient WSCAA fund balance to offset the entire UGF decrease, which will allow AKOSH to continue the extremely effective workplace safety consultation activities that this UGF previously supported.

With this funding, the AKOSH consultation and training team has developed a seafood processing training course in partnership with a major seafood producer in Alaska to increase workforce training and awareness of hazards common to the seafood processing industry. The seafood industry has historically experienced a high rate of lost time accidents; to respond, AKOSH focused additional efforts on training these workers. Not only does this training provide awareness about the hazards, but it provides awareness necessary to develop a positive culture about workplace safety within the workforce. This additional training and consultation is a key reason why Alaska's workplace

injury rate dropped to a historic low in FY2014. A \$300,000 cut to AKOSH will impact the delivery of consultation and training services to private sector employers and workers across Alaska. These services help reduce workplace accidents and would be curtailed by the subcommittee reduction.

Co-Chair Neuman OBJECTED for discussion.

Co-Chair Thompson explained that the amendment had come at the governor's request. He explained that the [DLWD] budget subcommittee had reduced the GF spending for Alaska Occupational Safety and Health by \$759,600, replacing \$459,600 with Workers' Safety and Compensation Administration Account (WSCAA) funds. He elaborated that subsequently it had been determined that sufficient funds remained in the WSCAA to offset the entire UGF decrease. The amendment would restore the \$300,000 cut back to the WSCAA. He spoke to the importance of the program that had been proven to reduce injuries, especially in the seafood industry. He noted that no GF were included.

Representative Wilson appreciated that the funds had been located. She hoped the department would go to industries that were also saving money due to the programs being put together. She asked to have her name added as a cosponsor to the amendment.

Co-Chair Neuman believed the intent was to reduce workers' compensation rates within the state.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 19 was ADOPTED.

[2:52:49 PM](#)

Representative Munoz MOVED to ADOPT Amendment 20:

OFFERED BY: Representatives Munoz, Neuman and Thompson
DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Business Partnerships
ALLOCATION: Construction Academy Training

ADD: \$2,504,200 General Fund 1004

EXPLANATION: This amendment would restore 80% of the funding for the Construction Academy to allow this

program to continue to train young people and adults for employment and apprenticeship programs in the high-demand construction and trade industry. The construction industry requires an estimated 700 new workers every year to keep up with demand. The high demand for a construction workforce is driven by 1) an aging workforce; 2) job growth in the industry; and 3) a desire to reduce Alaska's dependence on nonresident workers.

Representative Wilson OBJECTED.

Representative Munoz explained that the amendment would restore \$2,504,200 GF to the Alaska Construction Academy programs. She elaborated that the funding paid for ten programs across the state for adults and high school students. She detailed that training was in mining, oil and gas, maritime, building, transportation, and construction. She expounded that 2,100 adults had been trained through the funds over the past seven years; between 1,500 and 3,000 students had been trained through the Career and Technical Education funds over the past four years. The amendment funded 80 percent of the previously funded GF portions of the two programs.

Representative Wilson reiterated that the state did not have the money. She acknowledged the benefit of the program, but stressed that the state did not have the money. She thought it was a problem that the program did not charge for training. She noted that the state was asking training schools to charge; the university charged for similar classes. She referred to other programs such as the State Training Employment Program. She believed unions and businesses could put funding in. She was concerned that the state was competing against other programs it funded for the same children. She was not speaking against the program.

Representative Gara stated that it was important to be pound wise and not penny foolish. He spoke to the difference between a \$3.5 billion and a \$3.4 billion budget (the governor's proposed budget compared to the committee's proposed budget). He disputed that the committee's budget was getting the state's financial house in order. He stated that there was currently no bill or budget proposal that would get the state's house in order. He remarked that the state was running out of savings in the next two to three

years. He believed the difference was negligible. He opined that cutting job training programs in a state that was on pace to lose 2,000 jobs in the current year was not wise. He remarked that the amendment did not restore the full \$3 million subcommittee cut. He appreciated the sponsor's intent. He supported the restoration of the construction academies.

[2:57:52 PM](#)

Representative Pruitt disputed that the difference in budgets was insignificant. He noted that he did not necessarily agree with the fact that the state was paying for the construction programs. He stated that the programs competed with the University and private sector entities. However, he supported the amendment because he appreciated that the sponsor was willing to work with a "step down" approach (80 percent instead of full funding). He noted another amendment would follow that continued the discussion, which would allow the opportunity to give notice to the programs that they needed to begin raising their own money.

Representative Guttenberg was happy to see 80 percent restoration, but was unhappy that it was not a restoration of 100 percent. He stressed the importance of workforce training. He elaborated that the programs guided individuals into high-skilled jobs. He remarked that the state should just come out and say it if the it was not going to train Alaskans for jobs in Alaska. He spoke to the state's resource development goals and the need for workers. He stated that many private sector training programs were not good deals for students due to the expense. He elaborated that some students left University programs as soon as they got the job they wanted in their field of study. He discussed the goal of putting individuals on track to do the jobs; there were 2,000 replacement jobs per year in the oil and gas industry in Alaska. He stressed that the training programs had all been in place for years. He stated that if the program did not put qualified youth and people into the positions the programs would not be supported. He underscored that the issue was about putting Alaskans to work. He stated that the programs did not turn out journeymen level electricians and pipe welders; but the programs put people on track to become those things later on. He reasoned that as the budget contracted the legislature would need to look

increasingly at the things the state wanted to do, but contractors had pressure to hire Alaskans because the legislature applied the pressure. He emphasized that cuts to the programs would stop training for Alaskans. He noted that he would support the amendment, but would not support the subsequent one.

[3:04:07 PM](#)

Co-Chair Neuman spoke in support of the amendment. He spoke to his personal experience making a living with his hands. He shared that he had served on the board of the Alaska Construction Academy. He detailed that the program reached many youth and adults that generally did not have access to the opportunities; the program opened up opportunities to introduce individuals to different trades. He noted that 8 to 9 percent of high school students in Alaska attended a four-year college program. He believed it was important to provide opportunities for the rest of Alaskans and to introduce them to trades.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Saddler, Edgmon, Gara, Gattis, Guttenberg, Kawasaki, Munoz, Pruitt, Thompson, Neuman
OPPOSED: Wilson

The MOTION PASSED (10/1). Amendment 20 was ADOPTED.

Co-Chair Neuman MOVED to ADOPT Amendment 21:

OFFERED BY: Neuman, Thompson
DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Business Partnerships
ALLOCATION: Construction Academy Training

ADD INTENT: It is the intent of the legislature that the department implement a plan to annually supplant \$600,000 of general funds with private or federal fund sources until, after a five-year period, the Construction Academy Training program uses no general funds.

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment directed DLWD to implement a plan to locate increased private funding for the Construction Academy Training program. The amendment specified that at the end of a five-year period the program would use no general funds. He recalled board discussions about working to develop more [private funding]. Many other programs within the state were facing a similar issue due to budget reductions. He noted that historically when the state had been flush with money it tended to fill in holes in society. He stressed that due to a lack of money it was necessary for the state to pull back. He remarked that the state would expect private industry and individuals to do more. The amendment instructed the department to implement a plan to annually supplant \$600,000 of general funds with private or federal fund sources until the end of the five-year period.

[3:07:35 PM](#)

AT EASE

[3:07:48 PM](#)

RECONVENED

Co-Chair Neuman believed the \$600,000 figure in the amendment was incorrect.

[3:08:09 PM](#)

AT EASE

[3:08:25 PM](#)

RECONVENED

Co-Chair Neuman explained that his intent was that the amount in the amendment would be near \$600,000. He noted that the figure would change [as other funds were brought in].

Representative Wilson stated that the issue was not just about the money. She reported that there had been two presentations given by the Alaska Construction Academy and the committee had not received the statistics it desired. The committee had been told how many students participated, but not what kind of training had resulted. She explained that it was not just about the money, it was about accountability. She questioned whether it was the mission of DLWD to put people back to work or obtain better paying jobs.

Vice-Chair Saddler expressed that it was his desire that the focus of money spent by the program focused more on adults. He believed young students had significant opportunities.

Co-Chair Thompson WITHDREW his OBJECTION.

Representative Guttenberg OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Edgmon, Gattis, Kawasaki, Munoz, Pruitt, Saddler, Thompson, Neuman, Gara
OPPOSED: Guttenberg

The MOTION PASSED (10/1). Amendment 21 was ADOPTED.

[3:12:02 PM](#)

Representative Munoz MOVED to ADOPT Amendment 22 (copy on file).

Co-Chair Neuman OBJECTED for discussion.

Representative Munoz explained that the DLWD commissioner had provided an explanation on the Interpreter Referral Line program. She detailed that there were 10 interpreters in Fairbanks and Juneau and their services would continue to be available to the public. Therefore, she WITHDREW Amendment 22.

Representative Edgmon MOVED to ADOPT Amendment 23:

OFFERED BY: Rep. Edgmon
DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Business Partnerships
ALLOCATION: Southwest Alaska Vocational and Education Center Operations Grant

ADD: \$78,700 General Fund (1004)

ALLOCATION: Alaska Technical Center

ADD: \$265,000 General Fund (1004)

ALLOCATION: Northwest Alaska Career and Technical Center

ADD: \$173,000 General Fund (1004)

EXPLANATION: The CS removed all of the general funds, \$1,099,400, from the three allocations. This amendment restores \$516,700. This amendment would increase funds for

- Southwest Alaska Vocational and Education Center from \$375,300 to \$454,000;
- Alaska Technical Center from \$1,126,000 to \$1,391,000; and
- Northwest Alaska Career and Technical Center from \$375,300 to \$548,300.

Co-Chair Neuman OBJECTED for discussion.

Representative Edgmon explained that the amendment would partially restore reductions in UGF that would normally be appropriated to three out of four regional training centers in Western Alaska. He estimated the restoration was approximately 40 to 45 percent of the original governor's appropriation. He contended that there was a right way to downsize and another way to dismantle programs. He discussed that if the total funding was removed from the three training centers, the programs would be set on the pathway towards being dismantled. He detailed that the Southwest Vocational Technical Center in King Salmon would have to lay off two of its five employees if the amendment did not pass. He elaborated that the center had done many positive things and was partnering with the Bristol Bay Economic Development Corporation with a focus on the seafood industry. He communicated that the Alaska Technical Center in Kotzebue was a newly renovated regional training center that offered housing, a culinary section, a healthcare training facility, and provided training for the Red Dog Mine; the Northwest Arctic Borough and others had been working closely on keeping a local workforce in place. He believed the center would play an important role for the Ambler mining district when it came online in the future. He discussed that the Nome facility focused more on secondary students; 390 students had gone through the facility the prior year. He asserted that the Nome region was a potential staging area for the opening of the Arctic. He would like to see full funding restored, but in the

spirit of compromise he recognized that a partial restoration of funds was better than no restoration.

[3:15:54 PM](#)

Representative Wilson thanked the sponsor and the operators of the three schools for working with her. She referred to great information that had been provided. She noted that the Nome center catered to high school students and was expanding its healthcare industry training. She noted that the center had more equipment to offer adult training as well. She encouraged members to support the amendment. She elaborated that the schools needed the funding and she planned to help them look for other funding sources.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 23 was ADOPTED.

[3:17:26 PM](#)

Representative Edgmon MOVED to ADOPT Amendment 24:

OFFERED BY: Rep. Edgmon
DEPARTMENT: Commerce, Community and Economic
Development
APPROPRIATION: Community and Regional Affairs
ALLOCATION: Community and Regional Affairs

ADD: \$100,000 UGF (1004)

EXPLANATION: This amendment adds back \$100,000 of the \$200,000 subcommittee reduction to the Alaska Legal Services grant. The grant amount will now be \$450,000.

Co-Chair Neuman OBJECTED for discussion.

Representative Edgmon explained that the amendment partially restored \$100,000 of the \$200,000 reduction that took place at the Department of Commerce, Community and Economic Development (DCCED) subcommittee level for Alaska Legal Services. He detailed that with no reduction the agency would have received \$550,000 in state funds that would be matched by other revenue sources. He believed that the program stretched state dollars farther than any other entity or program in the state; it provided a tremendous amount of legal work helping families deal with crisis (i.e. domestic violence, foreclosures, evictions), writing

wills, lack of access to healthcare, and other. He believed the amendment represented a good compromise.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 24 was ADOPTED.

[3:18:52 PM](#)

Representative Edgmon MOVED to ADOPT Amendment 25:

OFFERED BY: Representatives Neuman, Thompson, Edgmon
DEPARTMENT: Education and Early Development
APPROPRIATION: Alaska Library and Museums
ALLOCATION: Online with Libraries (OWL)

ADD: \$761,800 Alaska Higher Education Investment Fund (1226)

ADD: It is the intent of the legislature that libraries utilizing Online with Libraries (OWL) establish a fee structure that covers the cost of OWL in FY2017.

EXPLANATION: This amendment restores the amount requested in the Governor's Amended Budget, but replaces general funds with money from the Alaska Higher Education Investment Fund. This program is aligned with the mission of the Higher Education Investment Fund because it enables students in rural areas to take distance classes and tests that are needed for the Alaska Performance Scholarship program.

Co-Chair Neuman OBJECTED for discussion.

Representative Edgmon explained that the amendment would fully restore the Online with Libraries (OWL) program. The funding allowed community facilities (primarily libraries) to leverage federal dollars 10 to 1. He detailed that broadband accessibility in the state's smaller communities was sometimes virtually nonexistent. He elaborated that the library was the one place that people could go to [for internet service]; libraries provided valuable service for seasonal workers in the seafood industry and other. He believed it was a wise investment. He added that much of the state's future was tied to broadband; particularly in rural areas.

Representative Gattis agreed that the program was good for libraries. She relayed that she and the amendment sponsor had discussed the goal of establishing a fee schedule for FY 17 that covered the cost of the program. She spoke to potential opportunities to make money for the program. She furthered that the amendment sponsor had discussed fishing industry employees who used the services in the summer months; they had discussed the possibility of selling a library card to the individuals. She requested to have her name added as a cosponsor of the amendment.

Representatives Gara, Kawasaki, Guttenberg, and Munoz requested to be added as cosponsors to the amendment.

Representative Wilson asked for verification that the amendment did not increase UGF spending.

Co-Chair Neuman replied that the funding would come from the Alaska Higher Education Fund and no UGF funds were added.

Representative Kawasaki asked if the Alaska Higher Education Fund was solvent. He wanted to ensure the money could be used without jeopardizing other programs.

Co-Chair Neuman replied in the affirmative. He elaborated that the fund had been created by former Governor Sean Parnell to assist students who had done well in school. He shared that the fund had performed well in the current year; there was some "spinoff" that did not affect the core of the fund or the available funds for other students to receive a higher education. He noted that the sponsors had carefully checked the programs supplanted by funds from the account to ensure they fell within the boundaries and qualifications. He stated that the account was fully functional and was not affected by the reductions due to its positive investment performance.

[3:23:36 PM](#)

Vice-Chair Saddler spoke in support of public libraries. He stated that online library access and broadband were force multipliers and helped to keep libraries vibrant learning centers. He asked to be added as a cosponsor to the amendment.

Representative Kawasaki noted that the amendment's intent language discussed the establishing of a fee structure. He observed that there were numerous participating libraries across the state. He believed there were many urban areas using OWL that could potentially absorb a decrease in funding; however, he would hate to see rural communities without a tax base try to come up with enough money to fund their share.

Representative Edgmon believed the federal matching component prohibited any kind of fee structure. He agreed with Representative Kawasaki about creative ways for communities to come forward in the future. He opined that by providing the funding in the current year the communities would be given additional time to search out other opportunities. He believed the approach was fair.

Co-Chair Neuman noted that some of the discussion had included solutions such as offering a library pass for purchase.

Co-Chair Neuman WITHDREW his OBJECTION.

Representatives Wilson and Guttenberg requested to be added as cosponsors to the amendment.

There being NO further OBJECTION, Amendment 25 was ADOPTED.

[3:26:24 PM](#)

Co-Chair Neuman MOVED to ADOPT Amendment 26:

OFFERED BY: Representatives Neuman, Thompson
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Student and School Achievement

DELETE: \$525,000 General Funds, 1004

ADD: \$525,000 Alaska Higher Education Investment Fund,
1226

EXPLANATION: This fund source change for the College and Career Readiness Assessment (SAT, ACT, or WorkKeys) is aligned with the goal of the Alaska Higher Education Investment Fund and supports the Alaska Performance Scholarship program. Students must

take one of these tests to be eligible for an Alaska Performance Scholarship.

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment supplanted \$525,000 in GF with funds from the Alaska Higher Education Investment Fund. He detailed that the fund source change was aligned with the goals of the Alaska Higher Education Investment Fund and supported the Alaska Performance Scholarship. He discussed that students were required to take one of the tests [SAT, ACT, or WorkKeys] to be eligible for the scholarship.

Representative Gattis appreciated the amendment. She spoke to legislation that had passed through the House Education Committee. The amendment "essentially gets us through so that these kids that we can fund for these tests."

Co-Chair Thompson clarified that the Alaska Higher Education Investment Fund held approximately \$436 million. He explained that the funds used by the amendment did not reduce the principal of the account.

Representative Gara expressed concern that three amendments would take money from the account that was supposed to fund scholarships. He ascertained that something would need to be done if the fund began disappearing or the state was unable to provide students with funds needed for vocational and higher education in the state. He remarked that the fund was already asked to spinoff what he deemed to be an unsustainable amount (7 percent annually); most trust funds were asked to generate 4 to 5 percent. He noted that it had been a lucky stock market year. He supported the amendment, but if the fund began to dissipate it would need to be replaced.

Co-Chair Neuman understood the situation, which was why the sponsors had determined the fund would not be adversely affected.

Representative Gara asked for verification that the three amendments used the fund source indefinitely. Co-Chair Neuman replied that the amendments used the fund source for the current year.

Representative Gattis stated that the use of funds would not continue if a bill was passed.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 26 was ADOPTED.

[3:30:14 PM](#)

AT EASE

[3:47:32 PM](#)

RECONVENED

Representative Edgmon MOVED to ADOPT Amendment 27:

OFFERED BY: Reps. Neuman, Thompson, Munoz, Saddler, Gattis & Edgmon

DEPARTMENT: Department of Education and Early Development

APPROPRIATION: Alaska Library and Museums

ALLOCATION: Library Operations

ADD: \$3,600,000 Alaska Higher Education Investment Fund (1226)

EXPLANATION: Currently there are 122 rural schools funded through the broadband program, bringing these schools up to the minimum of 1 OMB. This is a tremendous opportunity for the State to leverage its investment at a 4: 1 ratio on a statewide basis, meaning this \$3.6 million can leverage an additional \$14.4 million in federal funding. Broadband access is critical to the delivery of distance courses for students and teachers in rural areas to improve the quality of education and increase graduation rates. This amendment uses money from the Alaska Higher Education Investment Fund as this purpose is consistent with the goals of the fund.

Co-Chair Neuman OBJECTED for discussion.

Representative Edgmon explained that the amendment would restore \$3.6 million of the \$5 million that the budget subcommittee had removed from the broadband program. There were currently 122 rural schools funded through the program. He explained that the Federal Communications Commission had taken special interest in the program and had increased target speeds and the size of the federal e-

rate subsidies available for the service. He reasoned that broadband was the primary tool of the 21st century. He believed many schools were finding that increased coursework was available online and that with proper broadband capability rural schools had the ability to download presentations, pictures, video tutorials, and other. Additionally, the connectivity would enable rural schools to stretch their limited funds. He added that the rural students would have access to the Alaska Performance Scholarship due to a broadened curriculum the increased broadband would provide.

Representative Gattis spoke in support of the amendment. She shared that the increment had been in the education subcommittee budget. She relayed that she had struggled with restoring the increment; however, the last thing she wanted to do was "hog tie" a large portion of Alaska by taking away their opportunity to provide education in a different way.

Representative Guttenberg requested to add his name as a cosponsor to the amendment. He remarked that broadband was "the road we all travel." He noted that one of the major problems in Alaska had been distances between communities and the delivery of goods and commodities. He reasoned that expanding broadband capabilities across the state, especially in libraries, was a basic infrastructure need. He stressed that it was needed for daily life, teaching, business, and other. He discussed that the broadband task-force had an expensive plan to increase speed to 100 megabits [per second]. He did not know if the goal would be achieved, but the state would be driven in the direction. He believed the amendment represented a good start for the libraries around the state.

Representative Gara requested to add his name as a cosponsor to the amendment.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 27 was ADOPTED.

[3:52:40 PM](#)

Co-Chair Neuman MOVED to ADOPT Amendment 28:

OFFERED BY: Representative Neuman, Thompson

DEPARTMENT: Department of Education and Early Development

APPROPRIATION: Teaching and Learning Support

ALLOCATION: Student and School Achievement

DELETE: \$1,000,000 Unrestricted General Funds, 1004

EXPLANATION: SERRC was granted funds for a pilot Science, Technology, Engineering and Math (STEM) program through the operating budget during a time of significant budget surpluses. This program currently serves 45 students at a cost of close to \$22,000 per student.

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment would delete \$1 million UGF from Teaching and Learning Support student and school achievement for the SERRC pilot Science, Technology, Engineering, and Math (STEM) program. He relayed that when the pilot program had begun there had been more money in the budget. He believed the program could probably be worthwhile. He communicated that the program currently served 45 students at a cost of approximately \$22,000 per student. He believed the money needed to be used elsewhere in the budget.

Representative Kawasaki stated that the pilot program was almost through the first year of a three-year commitment. He discussed that STEM program administrators had communicated that the program could be replicated and used in various environments. He believed it would be hasty to end a pilot project when one year of data was close to complete. He preferred to see the program completed, receive a report, and have the ability to duplicate the project. He spoke against ending pilot projects prior to their completion.

[3:54:49 PM](#)

Representative Gattis supported the amendment. She noted that there were some great programs with good data. She pointed to the Alaska Native Science and Engineering Program (ANSEP) as an example. She agreed that the \$1 million needed to be used elsewhere in the budget due to the difficult budget environment. She acknowledged that

STEM was a great program; however, she believed there was existing data for another successful program [ANSEP].

Co-Chair Thompson WITHDREW his OBJECTION.

Representative Kawasaki OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Edgmon, Gattis, Pruitt, Saddler, Wilson,
Thompson, Neuman

OPPOSED: Gara, Guttenberg, Kawasaki, Munoz

The MOTION to adopt Amendment 28 PASSED (7/4). Amendment 28 was ADOPTED.

Representative Gattis MOVED to ADOPT Amendment 29:

OFFERED BY: Representatives Neuman, Thompson and
Gattis

DEPARTMENT: Education and Early Development

APPROPRIATION: Alaska Postsecondary Education
Commission

ALLOCATION: WWAMI Medical Education

DELETE:

It is the intent of the legislature that the department begin discontinuing the WWAMI program. After the 2015 cohort begins, the department shall reduce the number of students accepted by 50 percent annually. The number of students accepted in 2016 shall be 10; 2017, 5 students; 2018, 2 students and no new students in 2019. The funding will be reduced accordingly for the reduced number of students.

ADD:

It is the intent of the legislature that the Alaska Postsecondary Education Commission give notice of termination of the WWAMI agreement. The termination clause requires a three years' formal written notice to the other parties and that no new students would be admitted to the WWAMI program

EXPLANATION: Any party of WWAMI may terminate the agreement with three years' formal written notice. This language serves as notice to terminate the program in three fiscal years. No new students will be

admitted in 2017-19, and the program will be completed at the end of FY20.

DELETE: \$1,482.4 General Fund (1004)

ADD: \$1,482.4 Higher Education Investment Fund (1226)

EXPLANATION: The subcommittee changed 50 percent of WWAMI funding from the general fund to the Higher Education Investment Fund. The effect of this amendment is that 100 percent of WWAMI's funding will now come from the Higher Education Investment Fund.

Co-Chair Neuman OBJECTED for discussion.

Representative Gattis explained that the amendment recognized the legislature's intent to begin discontinuing the WWAMI medical program. She detailed that the program had a three-year contract that could not be undone without providing notice. She relayed that she had met with a couple of doctors in her district with positive ideas about how to make improvements in the program. She stated that the amendment would keep the WWAMI program whole, while providing intent that the legislature was looking at tightening the state's belt.

[3:57:32 PM](#)

Representative Kawasaki did not know how WWAMI would work if its agreement was terminated. He asked if the program received notice of the intent to terminate the agreement could it be restored if something changed later on.

Representative Gattis replied that action to discontinue the program had not been taken as of yet. She noted that there were doctors in the community that were excited about participating. She opined that something better could be done. She was uncertain that the current WWAMI program was accomplishing its original goal. She believed it was important to look at what hospitals and doctors really need, which she intended to research over the summer.

Vice-Chair Saddler testified in support of the amendment. He spoke about a physician in his district who was associated with the program. He believed it was important to consider new ways to accomplish healthcare goals. He opined that the old ways were not always necessarily the

best. He thought the amendment was respectful to current program participants and would allow time to figure out how to move forward.

Representative Guttenberg spoke in opposition to the amendment. He had spoken to the hospital administrator in his district who had not heard about the potential discontinuation of the program; the administrator could not believe the program may end. He had heard that residency programs were cost-effective for communities. He spoke to the success of the WWAMI program; there was nothing comparable in place. He stated that it took significant time to educate doctors. He noted that the shortage of doctors in Alaska had been severe in the past. He elaborated that it was not possible to start a program, stop it, and to start it again. He stressed that the program had been successful at bringing doctors back. He remarked that people would lose confidence in the state's ability to have similar programs. He stated that there were three states that used the University of Washington's facilities to educate their students. He emphasized that the other states would fill the voids and Alaska would lose doctors.

[4:02:28 PM](#)

Representative Munoz struggled with the amendment; however, she appreciated the sponsor's decision to delete subcommittee language that would have immediately begun ramping down the program. She wondered if it would be wise to seek input from the medical community prior to announcing an intent to terminate the program.

Co-Chair Neuman noted that the current termination clause required a formal written notice to the WWAMI program three years in advance.

Representative Gattis communicated that she had spent significant time speaking with long-term doctors in her district. When she had looked at the program records she had discovered that the program's original mission was no longer occurring. She detailed that there were long-term doctors in her district who hired from the West Coast and Alaska; they were part of international hiring teams and believed the program could do a better job. She intended to reach the people who were hiring and to determine what Alaska could do to accommodate it. She and others were not

certain WWAMI was the appropriate program. She intended to extensively explore the issue. She invited Representative Munoz to join her in the process.

Representative Gara spoke to a shortage of family practice doctors in Alaska. He stated that the two best ways to get doctors to move to Alaska were residencies and the WWAMI program. He was concerned that the program would be eliminated without knowing what would replace it. Additionally, he was concerned that the program would be ended when there was a shortage in family practice. He wondered about a plan to fill the shortage.

Co-Chair Neuman underscored that the amendment fully funded WWAMI.

[4:06:23 PM](#)

Representative Kawasaki noted that the program was funded through the next year; therefore, no new students would be admitted after the upcoming year. He wondered about buying time to communicate with the medical community to determine whether WWAMI was or was not the best program. He believed that given physician shortages across the state it did not make sense to discontinue the program. He did not believe it made sense to end the program prior to knowing what the medical community thought. He relayed that the program had been terminated in the 1980s when there had been a budget issue. As a result, for a long time there had not been physicians trained for Alaska. He noted that the program had been reinstated under the University of Alaska Anchorage in the 1990s. He MOVED an amendment to Amendment 29 to add that the notice of termination would be made in the coming year at this time. He believed the change would provide time for the committee to learn whether the program was performing well.

Co-Chair Neuman believed the amendment would already accomplish the goal. He explained that the amendment fully funded the WWAMI program for three years, but would prevent the program from adding new students beginning in FY 17. The change would allow time for the state to try to catch up on budgetary needs. He surmised that perhaps the economy would improve in the future or maybe there would be other options.

Representative Gattis observed that the state had come a long way since the WWAMI program had been implemented. She relayed that there were other programs the medical field believed offered more bang for the state's buck. She planned to continue work on the issue during the summer.

Co-Chair Neuman WITHDREW his OBJECTION.

Representative Guttenberg OBJECTED. He stated that the ability to attract general physicians and internists was difficult. He noted that it was even more difficult and expensive to recruit heart surgeons and specialized doctors. He did not believe the WWAMI program should be terminated or phased out until there was a better understanding of the options. He stated that a general practitioner was difficult to bring home. He remarked that expensive doctors would come if they were paid enough. He reasoned that training Alaskan residents and bringing them home to work put the state ahead of the curve.

[4:11:24 PM](#)

Co-Chair Neuman noted that the intent of the amendment was to serve notice. He remarked that whether or not notice of termination was served was a separate question. He believed it would most likely would take legislation to serve termination notice. He stressed that the amendment contained intent language only.

Representative Guttenberg MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gattis, Pruitt, Saddler, Wilson, Thompson, Neuman
OPPOSED: Gara, Guttenberg, Kawasaki, Munoz, Edgmon

The MOTION PASSED (6/5). Amendment 29 was ADOPTED.

[4:13:26 PM](#)

Representative Edgmon MOVED to ADOPT Amendment 30:

OFFERED BY: Rep. Edgmon
DEPARTMENT: Education & Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Pre-Kindergarten Grants

ADD: \$1,900,000 UGF (1004)

EXPLANATION: This restores Pre-Kindergarten grants to the level proposed in the Governor's Amended Budget.

Co-Chair Neuman OBJECTED for discussion.

Representative Edgmon relayed that he intended to withdraw the amendment after speaking to it. He discussed the value of early learning. He believed committee members were all aware that there was more evidence of the life-long benefits that early learning provided to children. He remarked on difficult choices the legislature had to make related to budget cuts. He wondered if the legislature was dipping into the "seed-core" with the cut to Pre-K. He detailed that the cuts were going to a program that had existed for a few years. He stated that the funds would have allowed for six facilities (Anchorage, Mat-Su, Lower Kuskokwim, Yukon-Koyukuk, Juneau, and Nome) to continue a two-year Pre-K cycle. He relayed that he had attended a Council of State Governments forum on early learning the prior August in Anchorage; the forum had communicated that early learning was still struggling to find its niche in school curriculum throughout the country. The broad consensus was that there is an increasing amount of evidence that early learning provides life-long benefits. He recalled that a couple of years earlier the Department of Corrections commissioner had told the committee that one of the major ways to combat recidivism was through early learning. He WITHDREW the amendment.

[4:16:27 PM](#)

Co-Chair Neuman MOVED to ADOPT Amendment 31:

OFFERED BY: Representatives Neuman and Thompson
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Statewide Mentoring

ADD: \$500.0 Alaska Higher Education Investment Fund (1226)

EXPLANATION: The purpose of this amendment is to add \$500.0 of the \$750.0 for the Statewide Mentoring Program that the House Finance Subcommittee reduced. The Statewide Mentoring Program includes two specific

activities: the Alaska Statewide Mentor Project (ASMP) and the Alaska Administrative Coaching Project (AACP). The ASMP supports the profession of teaching in Alaska. The program provides individualized support to firsthand second-year teachers, developing an effective teaching force that is responsive to the diverse academic needs and cultural backgrounds of all students. Since the beginning of the program in 2004, teacher retention has increased from a 67 percent retention rate to a 77 percent retention rate. Additionally, in-state research shows a positive impact of mentoring on the learning of students who have new teachers who are receiving mentoring.

The AACP component provides coaching to Alaska's new principals. Data collected indicates that early career principals overwhelmingly report that the knowledge and skills necessary for effective school leadership are learned through the AACP.

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment would restore \$500,000 of the original \$750,000 increment to the statewide mentoring program from the Alaska Higher Education Fund. The Statewide Mentoring Program included two specific activities: the Alaska Statewide Mentor Project (ASMP) and the Alaska Administrative Coaching Project (AACP). He explained that since the program's inception in 2004 teacher retention had increased from 67 percent to 77 percent. He believed the most significant impacts of the program were seen in rural Alaska. Additionally, research showed that AACP had a positive impact on principals and their ability to perform their jobs. He surmised that maintaining the program to help with retaining skilled personnel and coaching opportunities was important during a time of budget cuts. He relayed that the amendment had come at the request of the governor.

Representative Gara observed there were six amendments funded through the Alaska Higher Education Fund. He referred to an earlier statement that the funds were a one-time occurrence. He did not see how the items would be funded in the future. He wondered if the fund could sustain the expenditures.

Co-Chair Neuman noted that the state was currently facing a \$3.5 billion deficit. He elaborated that the committee had been tasked with finding reductions to state operating budgets. He stressed that the state did not have sufficient savings to continue to fund at the current level. He emphasized that the Alaska Higher Education Fund was not in jeopardy. He observed that fortunately the state could use the funds to get through another year, which would give the state more time to find other ways to fund items.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 31 was ADOPTED.

4:20:54 PM

Representative Edgmon MOVED to ADOPT Amendment 32:

OFFERED BY: Representatives Neuman and Thompson
DEPARTMENT: Education and Early Development
APPROPRIATION: Alaska Library and Museums
ALLOCATION: Live Homework Help

ADD: \$138,200 Higher Education Investment Fund 1226

EXPLANATION: Live Homework Help assists Alaskan student to do well in courses, participate in statewide initiatives such as the Alaska Performance Scholarship Awards, meet goals and prepare for post-secondary success by providing online tutoring services with accomplished and vetted tutors. Last year Live Homework Help delivered 25,046 tutoring sessions online in math, physics, chemistry, biology and writing for grades four through early college. It is a widely used, beneficial, and less expensive alternative to in-person sessions requiring travel, especially in rural Alaska. Using the Higher Education Investment Fund for this purpose is consistent with the goals of the fund.

Co-Chair Neuman OBJECTED for discussion.

Representative Edgmon believed the benefit of the program would far outweigh its relatively low cost. He communicated that the previous year the Live Homework Help program had delivered 25,046 tutoring sessions online in various topics (e.g. physics, chemistry, biology, and writing) to students in grade 4 through college. The amendment would fund

\$138,200 to the Live Homework Help program through DEED. He noted that the program worked in tandem with the OWL program. He believed the program contributed to enabling students to move into the 21st Century with online learning capabilities and to access resources that may not be immediately available in their communities.

Representative Wilson noted that some of Alaska's great school districts were providing tutoring through other universities in the Lower 48. For example, one district was working with a university in Pennsylvania and had matched education students with students in Pennsylvania. She remarked that there were more volunteers at the specific university than children in the school district. She hoped the University of Alaska could be a participant and believed it would be a great training experience. She added that the tutors had come to different districts and had stayed longer than those under the mentoring program. She thought the state should look at potentially repeating some of the great ideas already being put into districts. She believed it would be a positive transition to utilize the University of Alaska as opposed to universities out-of-state.

Representative Gara remarked that he had an identical amendment later on in the amendment packet. He requested to be added as a cosponsor to Amendment 32 and noted he would withdraw his amendment later on in the meeting.

Representatives Kawasaki, Guttenberg, and Edgmon requested to add their names as cosponsors to the amendment.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 32 was ADOPTED.

[4:24:04 PM](#)

Representative Munoz MOVED to ADOPT Amendment 33:

OFFERED BY: Munoz
DEPARTMENT: Transportation/Public Facilities

Part 1:
APPROPRJATION: Marine Highway System

ALLOCATION: Marine Vessel Operations

ADD:

\$700,000 Unrestricted General Funds

Explanation: This addition changes the decrement for "Service Level Reduction and Efficiencies" from \$6 million to \$5.3 million by adding \$.7 million back to Personal Services.

Part 2:

ALLOCATION: Marine Vessel Operations

Transfer \$1 million from the Services line-item to the Personal Services line-item.

Explanation: The intent of this action is to decrease repair/maintenance on equipment and machinery (Expenditure Account 73676) by \$1 million and apply it to Personal Services to lessen the impact to service levels. This expenditure account had Actuals of \$117.3 in FY14, but has \$1.3 million budgeted for FY16.

Commissioner Part 3:

ALLOCATION: Marine Vessel Operations

Transfer \$1 million from the Commodities line-item to the Personal Services line item.

Explanation: The intent of this action is to decrease commodities by \$1 million and apply it to Personal Services to lessen the impact to service levels. This expenditure account has \$7.8 million budgeted for FY16.

Part 4:

ALLOCATION: Marine Vessel Operations

ADD: \$1,500,000 Unrestricted General Funds

ALLOCATION: Marine Vessel Fuel

DELETE: \$1,500,000 Unrestricted General Funds

Explanation: The intent of this action is to decrease Marine Vessel Fuel by \$1.5 million and apply it to Personal Services to lessen the impact to service levels. With average fuel delivery costs now projected to be lower in FY16 over FY15, it is rational to assume that the overall cost for fuel will decrease.

Co-Chair Thompson OBJECTED for discussion.

Representative Munoz explained that the amendment would move approximately \$4.2 million into the Alaska Marine Highway System (AMHS) service levels for ferry system service. The funds were broken down into four components. She detailed that the first component would add \$700,000 UGF; the second component would move \$1 million from the services line item, which had 34 components totaling \$12.1 million; the third component would move \$1 million from the commodities line item, which contained \$7.8 million for items like mattresses, restaurant items, and other; and the fourth component would take \$1.5 million from marine vessel fuel. She detailed that the current budgeted amount for AMHS fuel was \$2.56 per gallon (based on 10.4 million gallons), whereas the current published rate for petroleum out of Seattle, WA was \$1.94 per gallon. She elaborated that the average delivery fee was about \$0.42. She reasoned the two costs combined still equated to a \$0.20 to \$0.25 savings per gallon, which more than covered the reduction of \$1.5 million.

Representative Wilson spoke in opposition to the amendment. She wondered why the \$700,000 UGF funding was necessary especially if fuel costs continued declining. She understood wanting to add additional money to AMHS, but observed that the Department of Transportation and Public Facilities (DOT) budget had been reduced statewide. She remarked that the northern region would be losing quite a bit of funding; she had told constituents to get used to driving on new snow due to a reduction in DOT services.

Co-Chair Thompson spoke in support of the amendment. He discussed that he had chaired the DOT budget subcommittee. He detailed that the subcommittee had reduced the DOT budget by \$20 million: \$10 million from roads and airports and \$10 million from AMHS. He was sensitive to the island communities using the ferries as roads to receive groceries and travel to the doctor. He stated that significant work needed to be done on the ferry system budget, which he planned to do over the summer. He stated that with the restoration of \$700,000 UGF there would still be a reduction of \$9.3 million. He noted that there was some readjusting of funds between the current amendment and Amendment 34. He reiterated that much work would be done on the budget over the summer to determine ferry routes and other.

4:29:30 PM

Representative Gattis struggled with the amendment, but understood that \$10 million had already been removed from the AMHS budget. She hoped that Southeast recognized that the state was struggling with its road system; some of the state's fastest growing communities were struggling with keeping roads. She supported the amendment reluctantly due to adding back funds. She recognized that a \$20 million reduction was a substantial reduction to the DOT budget.

Representative Pruitt echoed the words of Representatives Gattis and Thompson. He struggled with adding funds due to the fiscal situation; however, he credited Representative Munoz for looking at various areas within the department where money could be used more efficiently. He remarked that the funds were a temporary plug. He looked forward to information in the future on how service could be continued in a more efficient way. He stated that there had been many people over many years who had done some "fascinating things" that prevented the state from managing AMHS. He vocalized support for the amendment due to the work put in by the sponsor and because the issue would be worked on over the summer. He recognized that restoring \$700,000 did not represent adding new UGF, but lessened the cut to \$9.3 million.

Representative Edgmon spoke in support of the amendment. He underscored the importance of the seasonal ferry system service to Southwest Alaskan communities (i.e. Sandpoint, King Cove, Chignik, Unalaska, Akutan, False Pass, and other). He stated that the amendment acknowledged that times were changing; it provided AMHS with a short reprieve, but the ferry system would be required to continue to prove its existence. He lauded Representative Munoz and Co-Chair Thompson for their work on the amendment and pointed to its creativity.

4:33:04 PM

Vice-Chair Saddler associated himself with previous comments by committee members. He was conscious of adding money back, but he took comfort knowing there would still be reductions. He observed that it was only in times of shortage that people really worked to find creative ways to find service at the lowest possible cost, while maintaining

essential services. He looked forward to the work going forward and looking into the possibility of preferential pricing. He remarked that the service was important and was also a scarce commodity for visitors in the summer. He commented on the high price of a last-minute airline ticket and wondered about increasing prices for last-minute ferry travel.

[4:34:02 PM](#)

Co-Chair Thompson WITHDREW his OBJECTION.

Representative Wilson OBJECTED. She stated that the rest of the DOT system was taking a larger hit than AMHS.

Representative Pruitt clarified that he would be frustrated if a ferry schedule was published in October that put the legislature in a position of making more cuts. He remarked that AMHS had previously published a schedule while it had been under consideration for potential downsizing. He remarked that because the legislature was putting the ferry system on notice, he expected AMHS to be cognizant of potential cuts when setting its schedule. He stated that it was not fair to Alaskan communities.

Representative Gara remarked that legislators represented the entire state. He stated that the people driving roads in his part of the state (Southcentral) were fortunate that they did not pay. He did not want them to pay and did not want to impose tolls; however, they drove their roads for free. He stated that people in Southeast actually pay to travel their roads (i.e. the marine highway). He had heard many people beating up on AHMS. He thought it was important to recognize that it was the only highway where people pay in Alaska.

Co-Chair Thompson agreed that people did pay fees; but the fees accounted for slightly less than 30 percent of the \$160 million cost. He stated that of the \$124 million cost to maintain the state's roads, over 80 percent was paid for with gas, tire, and rental car taxes. He would be happy if the state could get the ferry system pay for 80 percent of its cost.

[4:37:37 PM](#)

Representative Wilson MAINTAINED her OBJECTION to Amendment 33.

A roll call vote was taken on the motion.

IN FAVOR: Gattis, Guttenberg, Kawasaki, Munoz, Pruitt, Saddler, Edgmon, Gara, Thompson, Neuman
OPPOSED: Wilson

The MOTION PASSED (10/1). Amendment 33 was ADOPTED.

Co-Chair Thompson requested to have his name added as a cosponsor to Amendment 33.

[4:38:36 PM](#)

Representative Munoz MOVED to ADOPT Amendment 34:

OFFERED BY: Munoz
DEPARTMENT: Transportation/Public Facilities
APPROPRIATION: Marine Highway System
ALLOCATION: Marine Vessel Operations

ADD: \$1,800,000 Alaska Marine Highway System Funds
(Fund Code 1076)

Explanation: This increase would stem from a fare increase of 4.5 percent to be applied to the Winter 2015 and Summer 2016 schedule.

ADD INTENT LANGUAGE: It is the intent of the legislature that the Alaska Marine Highway System continue existing service levels during the peak summer months and any reduction in service levels will occur during non-peak months."

Co-Chair Thompson OBJECTED for discussion.

Representative Munoz explained that the amendment would give AMHS the authority to institute a 4.5 percent fare increase, which would be applied to the winter and summer schedules. She detailed that the increase was anticipated to generate \$1.8 million for the ferry system.

Co-Chair Thompson explained that the 4.5 percent increase was projected to generate \$1.8 million, which would be marine highway service funds. The amendment would give AMHS

receipt authority to utilize the money, but it would not be given to the system in completeness; if the money was not raised, it could not be spent. He stated that the funds would make AMHS whole through the winter. He hoped that by the coming fall the funding would be exceeded.

Co-Chair Neuman asked if the fare increase was in addition to a recent fare increase. Representative Munoz responded in the affirmative. She detailed that a fare increase had been instituted in the 2015 summer schedule. She elaborated that the amendment would enable AMHS to adjust the fee for the winter and following summer; the total increase would equal approximately 9 percent. She believed it was appropriate as it had been many years since a fare increase had been implemented.

Representative Gara asked for verification that the amendment would mean an overall fare increase of 9 percent.

Representative Munoz replied that an increase of 4.5 percent had been published for the summer of 2015. The amendment would allow the ferry system to increase rates for the following winter and summer by an additional 4.5 percent.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 34 was ADOPTED.

[4:41:53 PM](#)

Representative Gara MOVED to ADOPT Amendment 35 [Note: final page of Amendment 35 titled "Annual State Spending on Expansion" on file]:

OFFERED BY: Representative Gara
DEPARTMENT: Corrections
APPROPRIATION: Health and Rehabilitation Services
ALLOCATION: Physical Health Care

DELETE: \$4,108.2 Gen Fund (1004)
EXPLANATION: This portion of the amendment reinstates the budget savings of \$4,108.2 UGF that will no longer be required to be spent if the Governor's proposal to expand Medicaid is reinstated in the Operating Budget.

DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health

ALLOCATION: Behavioral Health Treatment and Recovery Grants

DELETE: \$1,558.7 GF/MH (1037)

EXPLANATION: This portion of the amendment reinstates the budget savings of \$1,558.7 UGF that will no longer be required to be spent if the Governor's proposal to expand Medicaid is reinstated in the Operating Budget.

DEPARTMENT: Health and Social Services
APPROPRIATION: Health Care Services
ALLOCATION: Catastrophic and Chronic Illness Assistance

DELETE: \$1,000.0 Gen Fund (1004)

EXPLANATION: This portion of the amendment reinstates the budget savings of \$1,000.0 UGF that will no longer be required to be spent if the Governor's proposal to expand Medicaid is reinstated in the Operating Budget.

DEPARTMENT: Health and Social Services
APPROPRIATION: Health Care Services
ALLOCATION: Medical Assistance Administration

ADD: \$410.0 (\$205.0 Fed [1002], \$205.0 MHTAAR [1092])
POSITIONS: ADD: 3 PFT positions

EXPLANATION: This portion of the amendment allows the state to accept Federal and Mental Health Trust funds for three positions associated with Medicaid expansion.

DEPARTMENT: Health and Social Services
APPROPRIATION: Public Assistance
ALLOCATION: Public Assistance Field Services

ADD: \$2,777.3 (\$1,385.6 Fed [1002], \$1,385.7 MHTAAR [1092])
POSITIONS: ADD: 23 PFT positions

EXPLANATION: This amendment allows the state to accept Federal and Mental Health Trust funds for 23 positions associated with the expansion of Medicaid.

DEPARTMENT: Health and Social Services

APPROPRIATION: Departmental Support Services
ALLOCATION: Commissioner's Office

ADD: \$0.0

POSITIONS: Establish a project manager to manage Medicaid expansion team.

EXPLANATION: This amendment adds a temporary position to manage the Medicaid expansion team - not money or PFTs.

DEPARTMENT: Health and Social Services
APPROPRIATION: Medicaid Services
ALLOCATION: Behavioral Health Medicaid Services

ADD: \$4,799.5 Fed (1002)

EXPLANATION: This portion of the amendment allows the department to accept \$4, 799.5 in Federal funds that will benefit Behavioral Health.

DEPARTMENT: Health and Social Services
APPROPRIATION: Medicaid Services
ALLOCATION: Adult Preventative Dental Medicaid Services

ADD: \$5,381.2 Fed (1002)

EXPLANATION: This portion of the amendment allows the department to accept \$5,381.2 in Federal funds that will benefit Adult Preventative Dental services.

DEPARTMENT: Health and Social Services

APPROPRIATION: Medicaid Services

ALLOCATION: Senior and Disabilities Medicaid Services

ADD: \$2,908.8 Fed (1002)

EXPLANATION: This portion of the amendment allows the department to accept \$2,908.8 in Federal funds that will benefit Senior and Disability Medicaid services.

DEPARTMENT: Health and Social Services
APPROPRIATION: Medicaid Services
ALLOCATION: Health Care Medicaid Services

ADD: \$132,348.9 Fed (1002)

EXPLANATION: This portion of the amendment allows the department to accept \$132,348.9 in Federal funds that will provide the opportunity for healthcare to the over 40,000 individuals without it in Alaska, create 4,000 jobs, and inject money into the state's economy.

DEPARTMENT: Health and Social Services

APPROPRIATION: Medicaid Services

ALLOCATION: Health Care Medicaid Services

DELETE WORDAGE: No money appropriated in this appropriation may be expended for services to persons who are eligible pursuant to 42 United States Code section 1396a(a)(10)A)(i)(VIII) and whose household modified adjusted gross income is less than or equal to one hundred thirty-three percent of the federal poverty guidelines.

EXPLANATION: This portion of the amendment deletes wordage that prohibits the expenditure of Medicaid funding on the expansion population.

Vice-Chair Saddler OBJECTED.

Representative Gara opined that the amendment represented the easiest \$6.6 million savings anywhere in the budget by accepting Medicaid expansion. The amendment included a summary from the Evergreen study (copy on file), provided by DHSS. He stated that not only would state savings be achieved, Alaska would receive \$145 million in federal money. He detailed that the federal money would generate 4,000 good jobs, which were important to the state's economy. He referred to a comment by labor economist Neil Fried that the state would lose 2,000 jobs in the coming year. He stressed that it would not be wise to speed a recession. He reasoned that turning away budget savings and 4,000 jobs would be a mistake. He expounded that Medicaid expansion would provide healthcare to 20,000 to 40,000 Alaskans (the difference factored on including or excluding individuals who received Indian Health Service medical care). He continued that expansion would fix a gap created by a lawsuit brought by a number of governors. He explained that a gap existed for low-income people working for a living who did not receive insurance subsidies. Accepting

Medicaid expansion would provide the individuals with insurance subsidies.

Representative Gara addressed that without expansion, Medicaid covered individuals with disabilities or a child, but it did not cover single individuals or a couple with no child. He explained that with Medicaid expansion the state would receive 100 percent federal funding for costs the state was currently paying (e.g. costs for alcohol treatment). He stated that \$4 million in savings would result because the state funded prisoner healthcare outside its prison system. He discussed that Evergreen had been working for the state and analyzing its Medicaid data for approximately 12 years. He stressed that no consultant had studied the state's Medicaid system more than Evergreen. He addressed an argument that the amendment should not be passed because someone should file a bill. He remarked that most bills in the legislature failed due to road blocks. He wanted to include Medicaid expansion in the budget to avoid the subject getting blocked in the committee process. He referred to presentations to the committee on the subject by DHSS. He emphasized that the committee had the information it needed to make an informed decision. He reiterated that there was no easier \$6.6 million cut to the budget. He believed the increment should be included in the current budget.

Co-Chair Neuman remarked that there was no \$6.6 million in the budget. He stated that Evergreen had been the third group to conduct a report on Medicaid expansion and Alaska. One report had found that expansion would not work for Alaska and another report done by Econ One had found different conclusions than the Evergreen report.

[4:49:11 PM](#)

Co-Chair Neuman stated that the amendment attributed specific values to money the state did not have. He thought it was difficult to write a budget with money the state did not have.

Vice-Chair Saddler spoke in objection to the amendment. He stated that the amendment would add \$150 million to the budget on top of \$1.7 billion already spent on Medicaid. He believed the amendment would put Alaska on the hook for Medicaid expansion forever. He noted that the amendment included no provisions for reform, cost-containment,

utilization control, managed care, care coordination, health savings accounts, medical provider tax, side boards for withdrawal, and other. He stated that the legislature took big policy issues and put them through big policy committees with a transparent public process. He believed the issue should and would be debated in another bill.

Representative Guttenberg spoke in support of the amendment. He supported Medicaid expansion and he believed the budget was an appropriate place to put it. He stated that in many ways Medicaid reform and expansion took inefficiencies and created efficiencies. He stressed that the lowest-income residents were the most costly to the system due to how they used the healthcare system. He referred to an example of homeless individuals who visited the emergency room 20 times per year and had 45 encounters with police; when those individuals received insurance the cost to the state decreased dramatically. He reasoned that the approach could be viewed as a fiscally conservative approach to managing medical care in the state. He elaborated that one of the side benefits would be building out the medical community. He noted that the value may not be possible to demonstrate in current dollars, but he believed the benefits had been shown. He remarked that the savings would not all be accrued by the state, but there were many savings that would accrue back to the communities. He noted that expansion would accept \$145 million in federal money. He continued that the governor had committed to withdrawing from the program if the reimbursement decreased to a certain level. He remarked that the state fought to keep military personnel in the state, who were funded by federal money. He spoke to a huge benefit to the state dealing with the health of all Alaskans. He believed the budget was an appropriate place to put the funds.

[4:55:23 PM](#)

Representative Gara provided closing remarks. He responded to a statement made about studies conducted on Medicaid expansion in Alaska. He stated that Evergreen used the real demographics in the state that they were familiar with, which had resulted in their conclusion that expansion would save the state \$6.6 million in the first year. He relayed that the study had factored in that 53 percent of the Medicaid recipients in the state were male; males tended to go to the doctor less frequently than females. He furthered

that of the 53 percent, 20 percent were between the ages of 19 and 33, which was a low-cost group related to healthcare costs. He stressed that the great political mistake would be to pass on expansion in the years the federal government would pay 100 percent. He had heard the argument that there was no Medicaid reform; however, the DHSS commissioner had proposed \$20 million in Medicaid reform. He added that any legislator could file a reform bill if they desired. He asserted that committee had held full and transparent hearings on the subject. He remarked that he had never seen the state turn away 90 percent federal road funding. He believed the state should accept 100 percent medical care funding that would turn into 90 percent funding by 2020. He remarked on the many benefits of Medicaid expansion for the state.

Vice-Chair Saddler MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Gara

OPPOSED: Munoz, Pruitt, Saddler, Wilson, Edgmon, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 35 FAILED (3/8).

[4:58:28 PM](#)

Representative Gara MOVED to ADOPT Amendment 36:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Early Learning Coordination

ADD: \$357.5 UGF (1004)

EXPLANATION: Restores all funds to the Parents as Teachers program and adds \$50.0 to reach more families. Parents as Teachers was passed as a bill by the Legislature because it is the most cost-effective way to provide Pre-K education to young children, and is proven to save money by graduating more students, reducing social service and criminal costs, and increasing a student's future earning potential and educational attainment.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara discussed that all state funded Pre-K had been eliminated by the DEED budget subcommittee. He pointed to the benefits of Pre-K programs. He detailed that youth who went to Pre-K graduate high school in higher numbers, attend college in higher numbers, earn more money, end up in jail in smaller numbers, and cost the state less in criminal costs. He elaborated that Parents as Teachers had been an effort by many legislators including himself, former Representative Bill Thomas, Representative Chris Tuck, and others (Parents as Teachers was a non-classroom Pre-K program). He stressed that the program worked; he referred to significant public testimony in support. He explained the amendment would add \$50,000 to funding from the prior year. He stated that the investment would save the state money in the long-term. He underscored the program would improve the state's low ranking in reading proficiency and would improve graduation rates.

[5:01:03 PM](#)

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Kawasaki, Gara, Guttenberg

OPPOSED: Munoz, Pruitt, Saddler, Wilson, Edgmon, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 36 FAILED (3/8).

Representative Gara MOVED to ADOPT Amendment 37:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Early Learning Coordination

ADD: \$287.5 UGF (1004)

EXPLANATION: Restore the Governor's proposed level of funding to the Parents as Teachers program. Parents as Teachers was passed as a bill by the Legislature because it is the most cost-effective way to provide Pre-K to young children, and is proven to save states money by graduating more students, reducing social

service and criminal costs, and increasing a student's future earning potential and educational attainment.

Co-Chair Neuman OBJECTED.

Representative Gara explained the amendment would restore funding to Parents as Teachers at the governor's level of \$287,500. He relayed that the amendment was more modest than the previous amendment (\$70,000 less).

Representative Guttenberg spoke in support of the amendment. He noted that the committee had heard compelling public testimony on the program. He commented that many of the parents who supported Parents as Teachers had received stress relief as a result of their experience in the program. He believed that eliminating funds for the program during the challenging budget environment was a disservice to residents. He stated that expenses in other areas such as social service programs and public safety would increase without the program. He noted that the program had been in place for several years and had been proven as cost-effective. He believed it was important to support Parents as Teachers and similar programs that would help keep the state stable. He spoke to the decrease in recidivism that resulted from early childhood programs. He opined that the program was healthy for the state in the long-term.

[5:04:15 PM](#)

Representative Kawasaki testified in support of the amendment. He believed the proposal was modest. He spoke to past bipartisan support of the program. He elaborated that the program was a great way to get parents engaged with families. He communicated that the program had exceeded his expectation; it was currently in 50 communities and the program in Southeast included 343 families in various communities. He highlighted that parents relayed that the program offered them with a successful education. He observed that the education would help the state down the road. He noted that the program was currently offered in all other states; Alaska would be the only state in the nation without the program if funding was eliminated.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Munoz, Edgmon, Gara, Guttenberg, Kawasaki
OPPOSED: Pruitt, Saddler, Wilson, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 37 FAILED (5/6).

[5:06:19 PM](#)

Representative Gara WITHDREW Amendment 38 (copy on file).

Representative Gara MOVED to ADOPT Amendment 39:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Pre-Kindergarten Grants

ADD: \$1,900.0 UGF (1004)

EXPLANATION: Restore all funding to the Pre-K grants deleted by the Subcommittee. This is the mainstay of Alaska's state voluntary classroom Pre-K program and has proven to improve intellectual growth.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara discussed that in the past the legislature had worked across party lines to become the 43rd state to try for a statewide Pre-K program. He noted that Alaska was one of just a handful of states without a statewide Pre-K program. He continued that former Governor Sarah Palin had agreed to work with the legislature to start a pilot program; the administration had agreed to double the funding to \$4 million if the program was shown to be successful after three years. He stressed that the program had worked and was evidence-based. He spoke to increased graduation rates and a reduction in criminal costs. He discussed that Pre-K decreased costs in K-12 schools and increased the well-being of students. He stressed that the eradication of the state's only Pre-K program would be a mistake. He noted that the amendment would fund the program at the level of the governor's request of \$1.9 million. He underscored that it was not possible to do better than evidence. He hoped members would support the amendment.

[5:09:33 PM](#)

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Edgmon, Gara, Guttenberg, Kawasaki, Munoz

OPPOSED: Pruitt, Saddler, Wilson, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 39 FAILED (5/6).

[5:10:17 PM](#)

Representative Gara MOVED to ADOPT Amendment 40:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Early Learning Coordination

ADD: \$937.5 UGF (1004)

EXPLANATION: This amendment restores the Best Beginnings program to the level of funding in the Governor's budget. Best Beginnings fosters strong partnerships with local and statewide entities that promote early learning opportunities for children to start school prepared to succeed. Studies show children with more books in the home are more likely to become good readers. Best Beginnings supports Imagination Libraries and early childhood partnerships that provide services in 113 Alaskan communities with an enrollment of 23,603. These partnerships promote healthy parent-child interaction, higher quality early care and learning, and parent education. The program costs \$30 per year per child (0-5), and is funded through a combination of state and private sources, nearly half of which are raised locally. In FY 2014 the partnerships raised \$1.40 (cash and in-kind) for every Best Beginnings dollar they received.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara stressed that the state was running out of ways to remain in the list of states that provide state-funded Pre-K. He emphasized that Best Beginnings was successful; it leveraged private money and provided books to youth through the Imagination Library. He detailed that the program increased the intellectual activity of use

beginning in infancy. Additionally, the program had been proven to increase academic achievement. He remarked that the state had funded the low-cost program for many years; the program reached out to over 23,000 children. He opined that it would be a large mistake to get rid of the program. The amendment would restore the DEED subcommittee cut and elimination of the program.

[5:12:09 PM](#)

Representative Gattis opined that all of the committee members believed that books for kids were important. She stressed that the state did not have the money. She remarked that it was necessary to focus on what the state was constitutionally mandated to fund. She believed it was not possible to fund everything for everybody. She understood that the programs worked. She believed parents should be involved with reading books to their children and taking them to libraries.

Representative Guttenberg shared a story about a child who had received her book in the mail at the post office. He recognized that the state's decline curve in income was significant, but all of the childhood education programs had an impact either way. He emphasized that Best Beginnings and providing books to children had huge benefits to the state. He disputed the argument that the state could not afford to provide the programs. Alternately, he wondered how the state could not fund the programs.

Representative Wilson stated that the program had begun with volunteers who signed up for \$25 to sponsor a child. She believed it had done well under the initial model that did not depend on state funding. She believed communities would pick up the programs to make them work. She emphasized that the absence of state funding did not mean the program would end; it meant it may revert back to its original form of communities supporting children through libraries and possible donations.

Vice-Chair Saddler spoke against the amendment. He questioned when parents had not been teachers. He wondered when parents did not want to have a best beginning for their child that was not contingent on a state program. He was not against kids, books, or parents; however, he did

not believe it was the state's role to provide the functions.

Representative Kawasaki spoke in support of the amendment. He communicated that the Imagination Library in Fairbanks had started due to volunteers and state capital funding. He noted that the programs continued largely because of a good organizational backbone. He pointed out that the partnership raised cash in addition to funds provided by the state. He stated that the organization clearly worked outside the frame of government in a more cost-effective way than the state could provide. He stated that if the legislature cut the last program related to early education it represented less than 0.5 percent of the DEED budget. He stressed that the legislature was not funding early education like it should be.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Edgmon, Gara, Guttenberg, Kawasaki, Munoz

OPPOSED: Saddler, Wilson, Gattis, Pruitt, Thompson, Neuman

The MOTION to adopt Amendment 40 FAILED (5/6).

[5:18:02 PM](#)

Representative Gara MOVED to ADOPT Amendment 41:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Student and School Achievement

ADD: \$320.0 UGF (1004)

EXPLANATION: This amendment restores the Subcommittee's cut to the K-3 Literacy Project. This allocation allows school districts to perform early literacy screening for students in kindergarten through third grade. These funds also provide intervention direction for educators, parents, and agencies that work with children to improve literacy for all learners. Approximately 40,000 students are served.

Co-Chair Neuman OBJECTED.

Representative Gara hoped the House Finance Committee was not the last stop for statewide Pre-K. He stated that without funding Alaska would be one of the ten states without the program. He relayed that the amendment was a low-cost way for the state to screen young children having problems with reading in K-3. He spoke to Alaska's ranking as last in the nation in 4th grade reading levels. The amendment would restore funds to the K-3 early literacy program that had been cut by the DEED budget subcommittee. He believed it was smart to screen youth to determine who had fallen behind. He stressed that it would save the state money in jail and education costs in the long run.

[5:20:10 PM](#)

Representative Gattis disputed that the amendment represented a money saver. She stressed that the amendment was a money spender. She believed the state had "rock stars" for teachers who knew whether their students could read or not. She stated that the money went to the department for another unfunded mandate for schools to report what they already know. She believed that if teachers did not already know that students could not read, the increment would not be helpful.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Wilson, Edgmon, Gattis, Munoz, Pruitt, Saddler, Thompson, Neuman

The MOTION to Adopt Amendment 41 FAILED (3/8).

[5:21:44 PM](#)

Representative Gara MOVED to ADOPT Amendment 42:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Education and Early Development
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Student and School Achievement

ADD: \$150.0 UGF (1004)

EXPLANATION: This amendment reverses the Subcommittee's cut to the Statewide Literacy project. The State Literacy Institute is designed to support and train teachers in literacy instruction from preschool to graduation. This allocation supports presenter contracts and expenses, EEO staff costs for organization and travel to the institute, facility and conference expenses, and scholarship and support for teachers to attend. In 2014, 118 participants from 11 different districts and organizations participated. This amendment restores the Governor's proposed level of funding for the program.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained that the amendment would restore a \$150,000 cut from the governor's budget by the DEED budget subcommittee. He detailed that the Statewide Literacy program trained teachers and educators to help youth who were behind in reading. He discussed that the program would help get the state out of last place in 4th grade reading level. He had heard no explanation about how or why the small amount of money did not work.

Representative Wilson replied that the money did not go into school districts. She stated that districts had already provided the function. She stated that DEED had wanted increased reporting and the funds did not go towards literacy for children. She stressed that the department had decided to force unfunded mandates; the money went to the department and not districts. She stated that services would continue to be funded outside of the increment.

[5:23:27 PM](#)

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Edgmon, Gattis, Munoz, Pruitt, Saddler, Wilson, Thompson, Neuman

The MOTION to adopt Amendment 42 FAILED (3/8).

[5:24:03 PM](#)

Representative Gara MOVED to ADOPT Amendment 43 [Note: final three pages of Amendment 35 titled "Legislative Research Services Research Brief" on file]:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki

Page 1, line 2, following "capitalizing funds;":
Insert "lapsing appropriations"

Page 76, line 18, following "APPROPRJATIONS.":
Insert "(a)"

Page 76, line 19:

Insert new subsections to read: "(b) the unexpended and unobligated balance on June 30, 2015, estimated to be \$17,973,847, of the appropriation made in sec. 01, ch. 16, SLA 2013, page 12, lines 20-21, lapses to the general fund on June 30, 2015."

EXPLANATION: This causes the available general fund balance appropriated to the Anchorage - U-Med District Northern Access project to lapse into the general fund. The Bragaw Road extension in Anchorage is not an affordable project compared to other priorities in this fiscal climate.

"(c) \$6 million of the unexpended and unobligated balances, estimated to be a total of \$6,681,700, of the appropriations made in sec. 4, ch. 16 SLA 2013, page 105, lines 20-24, and sec. 4, ch. 18, SLA 2014, page 87, lines 10-11, and without elimination of any department positions, lapses to the general fund on June 30, 2015."

EXPLANATION: This causes the available general fund balance appropriated to Susitna-Watana Hydroelectric projects to lapse into the general fund. The Susitna Dam would serve the same customers as the two gasline projects being considered by the State at this time, and all three projects will bring excess power to the Railbelt. This amendment withdraws the remaining unobligated funds with appropriated to the Susitna Dam in a time of budget shortfalls. This lapse does not affect any positions at DCCED.

DEPARTMENT: Education and Early Development

APPROPRIATION: K-12 Aid to School Districts
ALLOCATION: Additional Foundation Funding
ADD: \$62,243.7 UGF (1004)

ADD: Language: The sum of \$62,243.7 is appropriated from the general fund to the Department of Education and Early Development to be distributed as state aid to districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A) - (D) for the fiscal year ending June 30, 2016. If any portion of the \$32,243.7 intended to be appropriated in HB278 passed in 2014 is appropriated in FY 16, and distributed through the foundation formula per the language in HB278, the amount of this appropriation shall be reduced by that appropriated amount.

EXPLANATION: HB278 effectively flat funds schools in the coming two school years, and staff and education cuts, even under HB278 without the Governor's reductions, will be seen in Mat-Su, Juneau, Fairbanks and other districts. This amendment seeks to prevent staff cuts, and make up for some prior year's cuts. HB278 passed in 2014 adds a \$50 Base Student Allocation increase at a roughly cost of \$12.5 million. But in the coming school year HB278 grant funds to be distributed through the Foundation Formula fall by \$11,710,000, effectively nullifying the Base Student Allocation Increase. According to a recent 2015 Legislative Research Report, the amount in this amendment will hold schools even with inflation compared to last school year. Without this amount, the Mat-Su School District predicts a roughly \$2 - \$3 million deficit; Fairbanks estimates it will lose between 30 - 70 educators, and the Juneau School District has stated in the Juneau Empire that it will pile more educator cuts on top of prior year cuts.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara spoke to Amendment 43. He discussed that there had been teacher layoffs on and off in Alaska for the past five years. He noted that the superintendent in Juneau had called the layoffs devastating. He elaborated that in Juneau, Mat-Su, and Fairbanks (even with one-time grant funding provided the previous year) the districts would face shortfalls and layoffs. The amendment would

restore grant funding promised by the legislature the previous year and added an amount to inflation proof funding to the prior year. He detailed that the amendment moved funds into education from places that served a lesser need, including \$17.9 million in unobligated funds for the controversial Bragaw Road in Anchorage and \$6 million in unobligated funds for the Alaska Energy Authority (AEA) for the Susitna-Watana Dam. He stated that the \$23.9 million funded the majority of the increase over grant funding promised by the legislature the prior year. He remarked that it was not possible to keep running schools that cut teachers. He cited projections that Mat-Su, Juneau, and Fairbanks would lay off over 70 staff (the layoffs would increase without the one-time grant funding). He underscored that shedding teachers was not the way to move the state's schools forward. He understood that money needed to be saved; the governor had proposed roughly \$250 million in agency operations cuts and with the committee's amendments it would have cut a bit more. He agreed with the governor's goal to make cuts without hurting the economy. He believed it was possible to make cuts, while continuing to fund schools at a level that would prevent layoffs. He directed attention to a memorandum from Legislative Research Services stating that in addition to funds from the education bill that passed the prior year [HB 178], an increase to the Base Student Allocation (BSA) of approximately \$129 was needed to keep up with inflation (the amount equaled about \$30 million). He added that the money from the Susita-Watana Dam would not stop the progress on the project; the money had already been obligated. He did not believe the state could afford the Bragaw Road until its fiscal house was in order.

Representative Pruitt spoke in strong opposition to the amendment. He stressed that the Bragaw Road project would cut seven minutes off the access from his district to the hospital. He could not support taking money away from a project that could save lives in his community. He addressed the Susitna-Watana project and stated that the amendment would "take from tomorrow to pay for today." He relayed that the project had the opportunity to provide additional energy opportunities for Southcentral Alaska. He referred to a potential gasline and hoped that the state sold the majority of the gas to the Pacific Rim for a "ton of money", which would enable the state to generate its own electricity to power its own resources. He understood that the legislature made a commitment the previous session to

provide education funds at a specific level; however, he stressed that the amendment proposed allocating even more funds. He asserted that the state was in a fiscal crisis and did not have the money. He added that the state was short \$20,000 per household. He underscored that it was not possible to get the state's fiscal house in order by adding money to projects. He agreed that education was worth the money, but he recognized that it was not possible to add additional funds to programs. He believed it was necessary to reanalyze how the state provided education to students; it would have to be done with less money.

5:30:16 PM

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Gattis, Munoz, Pruitt, Saddler, Wilson, Edgmon, Thompson, Neuman

The MOTION to adopt Amendment 43 FAILED (3/8).

5:31:02 PM

Representative Gara MOVED to ADOPT Amendment 44 [Note: final three pages of Amendment 44 titled "Legislative Research Services Research Brief" on file]:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Education and Early Development
APPROPRIATION: K-12 Aid to School Districts
ALLOCATION: Additional Foundation Funding

ADD: \$32,243.7 UGF (1004)

ADD: Language: The sum of \$32,243,700 is appropriated from the general fund to the Department of Education and Early Development to be distributed as state aid to districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A) - (D) for the fiscal year ending June 30, 2016.

EXPLANATION: This amendment returns the amount of funding promised in HB 278 passed in 2014 to K-12 through the foundation formula.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained that the amendment would restore \$32 million in the education funding formula. He detailed that a loss of the funds would result in a \$6 million shortfall in Mat-Su, major cuts in Juneau and Fairbanks, and most likely cuts in Anchorage. He understood that the state was facing a budget crisis and that it was necessary to determine how to deal with it. He stated that the governor's budget meant a deficit of \$3.5 billion and the committee's version would mean a deficit of \$3.4 billion. He stressed that the bill would not solve the state's budget crisis. He did not believe the state should be fixing the budget on the backs of children. He reasoned that decreasing academic opportunity would not fix the budget. He continued that fixing the budget by telling parents that they could not count on the legislature to fund schools was not the way to fix the budget; he noted that people would begin considering moving out of state. He stressed that the solution was short-sighted. He relayed that the amendment was offered as a compromise, which would fund education at the level the legislature promised the previous year.

Representative Gattis emphasized that the state did not have the money to fund education at the same level the legislature had promised the previous year.

Vice-Chair Saddler contended that the budget did not defund education. He remarked on the state's constitutional mandate to fund education. He stated that the legislature took the education mission very seriously. He discussed the complex funding formula that took into account things like school size, location, expenses, and other. He added that the state spent more on education than on any other budget item in the state. He believed that to claim the legislature was not funding the state's schools was disingenuous.

Representative Gara disputed the use of the word disingenuous and stressed that its use was not appropriate.

Vice-Chair Saddler disagreed with the characterization that the legislature was not funding education. He found it "interesting." He opposed the amendment.

Representative Pruitt spoke about an article in the Alaska Dispatch News about his school district. He spoke about money spent on expensive lunches and other for faculty. He stated that the legislature talked about not funding students, but somehow the state could carve out substantial money for things that did not educate its students. He believed the state needed to do a better job at seeking out efficiencies. He understood that it was expensive to educate the state's students; however, he could not continue to allow money to go to entities that were spending funds on grant supplies at a restaurant. He stressed that the state could not keep throwing money at a broken system and a system that was abusing the fact that the legislature did not have the ability to dictate exactly what schools did. He elaborated that cuts were not made to penalize the Anchorage School District because of the situation. He stressed that the state was funding education. He added that districts were not necessarily choosing to use the money where it needed to go. He did not believe it was correct to add more money during a fiscal crisis. He believed the legislature should look at how the money was being spent during the interim. He thought it was an opportunity to have a better discussion, potentially about the education formula.

[5:38:06 PM](#)

Representative Kawasaki supported the amendment. He agreed that the state spent money on education, but it did so inadequately. He noted that there had been a significant number of cuts in Fairbanks. He detailed that the school district had been frugal, requiring larger one-time payments from the borough, while trying to keep the K-3 classroom levels at a moderate level. He stated that there were schools in Fairbanks that had 24 hangars for children's coats, but 30 children in the classroom. He stressed that that type of system was bound to have failures. He believed the state had done a good job since the Joint Legislative Education Task Force had established what would be an adequate amount of education funds. He underscored that the state funding had not kept up with inflation in the past four years. He relayed that without the one-time funding there would be well over 100 cuts in Fairbanks schools including teachers and staff.

Representative Guttenberg testified in support of the amendment. He noted that Pre-K and Parents as Teachers had

been cut. He emphasized that there was more than one school district in the state. He stated that there were many communities that did not want to see hydrocarbons exported; they wanted to use them locally. He stressed that there were many needs beyond what had been discussed earlier. He referred to one school district that had hung up the band instruments long ago [due to a lack of funding]; other school districts farther west could no longer visit legislators to discuss their schools because funds were not available. He believed that the state needed to put additional funding in classrooms. He referred to the commitment the legislature had made to education the prior year and remarked that it may be harder to live up to in the current year; however, he emphasized that education was the single most important thing done in the state. He believed it was terrible that there was almost nothing in the bill that looked to the "other side of the equation." He stated that legislators could choose to take funds out of their school districts, but teachers had been laid off in Fairbanks. He stated that the loss of teachers and the rising number of children in classrooms were problematic. He contended that the excuse that the state did not have the funds was one side of the equation, but simply cutting and saying that the funds were not available was irresponsible. He underscored the importance of examining what it was the state was actually doing when money was not put into the classrooms or school districts.

Representative Guttenberg continued that schools had budgeted for the current year based on the commitment made by the legislature the prior year. He remarked that the state was providing less support all of the time. He stressed that the amount in the amendment barely moved the line on the graph on the state's needs and the deficit. He commented that the legislature would go through the cycle again the upcoming year and it would be harder. He believed the \$32.2 million should be restored to the state's school districts. He stated that schools were expecting it. He added that some schools were not having parties or spending money on lavish items. He emphasized that some districts had been hard hit for a long time. He expounded that there were some beautiful new schools in rural Alaska, but maintaining them and retaining teachers was challenging. He believed the amendment was the right thing to do even in the face of declining revenues.

[5:44:03 PM](#)

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Munoz, Gara

OPPOSED: Gattis, Pruitt, Saddler, Wilson, Edgmon, Thompson, Neuman

The MOTION to adopt Amendment 44 FAILED (4/7).

[5:44:50 PM](#)

AT EASE

[5:54:42 PM](#)

RECONVENED

Representative Kawasaki MOVED to ADOPT Amendment 45:

OFFERED BY: Representatives Kawasaki, Guttenberg and Gara

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Statewide Services

ADD: \$ 3,691.7

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Office of Information Technology

ADD: \$ 2,224.3

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: System wide Education and Outreach

ADD: \$ 257.8

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Anchorage Campus

ADD: \$ 6,777.8

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska
ALLOCATION: Small Business Development Center

ADD: \$ 47.5

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Kenai Peninsula College

ADD: \$ 329.4

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Kodiak College

ADD: \$ 122.6

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Matanuska-Susitna College

ADD: \$ 234.2

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Prince William Sound College

ADD: \$ 147.6

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Bristol Bay Campus

ADD: \$ 66.8

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Chukchi Campus
ADD: \$ 45.6

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: College of Rural and Community Development

ADD: \$ 276.9

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska
ALLOCATION: Fairbanks Campus

ADD: \$ 7,555.4

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Interior-Aleutians Campus

ADD: \$ 82.5

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Kuskokwim Campus

ADD: \$ 147.4

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Northwest Campus

ADD: \$ 76.7

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Fairbanks Organized Research

ADD: \$ 922.8

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: UAF Community and Technical College

ADD: \$ 269.5

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Cooperative Extension Service

ADD: \$ 50.0

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Juneau Campus

ADD: \$ 1,405.3

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska
ALLOCATION: Ketchikan Campus

ADD: \$ 116.2

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Sitka Campus

ADD: \$ 152.0

Co-Chair Neuman OBJECTED for discussion.

Representative Kawasaki relayed that the passage of an earlier amendment meant the section numbers in Amendment 45 were incorrect. He WITHDREW Amendment 45 with the intention of introducing a similar amendment on the House floor.

Representative Guttenberg WITHDREW Amendments 46 through 47 (copy on file).

Representative Gara WITHDREW Amendments 48 through 49 (copy on file).

Representative Gara MOVED to ADOPT Amendment 50:

OFFERED BY: Representatives Gara, Guttenberg, and
Kawasaki
DEPARTMENT: Education
APPROPRIATION: Teaching and Learning Support
ALLOCATION: Alaska Learning Network

ADD: \$599.7 UGF (1004)

EXPLANATION: GovAmd cut the Alaska Learning Network by \$250,000 and the House Subcommittee eliminated the program. This amendment returns the funding level to the GovAmd level.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained that the amendment would restore subcommittee reductions to the governor's proposal on the Alaska Learning Network (AKLN). He explained that a merit scholarship implemented by former Governor Parnell required courses that were unavailable in many rural school districts. He detailed that AKLN had been implemented to make the necessary courses available online to rural

districts to ensure students had an equal opportunity to qualify for the scholarships. He stated that Governor Walker had responsibly included the increment in his proposed budget, while achieving his goal of \$250 million in agency operations budget cuts.

Representative Wilson stated that the program had begun with federal stimulus funding. She relayed that school districts had been advised to not count on the funds being back filled once federal funding ended; districts had been asked to determine how to self-sustain the program. She stated that schools could self-sustain the program because they received state funding for high school classes. She elaborated that the intent had been for districts to share programs with other districts. She stated that AKLN was never meant to be a stand-alone program. She pointed to districts with a high number of online courses including Kenai, Mat-Su, and Ketchikan. She added that the University of Alaska Southeast (UAS) had been the entity that had "gathered it from within." She believed the program could continue, but with funding already provided through the BSA.

[5:59:56 PM](#)

Representative Gattis spoke in opposition to the amendment. She discussed that AKLN had recently moved over to UAS. She relayed that the initial program strategy was not working; therefore, it had joined a program called Apex [Learning]. She noted that it was unfortunate that AKLN acted as a "middle man" between itself and the school district. She stated that currently AKLN was expensive and cost \$150 to \$200 per student, per class, per semester. Whereas Apex cost \$125 per student, per semester, for any given number of classes. She explained that Mat-Su currently used Apex and had agreed to share its licenses; the state wanted schools to perfect their program and share it across district lines. She elaborated that Mat-Su indicated it would work with other districts. She concluded that there were alternate programs to AKLN; Apex was a national program that could be purchased directly or shared with other school districts.

Representative Kawasaki testified in support of the amendment. He stated that there was a myth that AKLN was only for rural schools; however, there was a large participation Fairbanks. He furthered that AKLN currently

served every school district and offered over 100 courses including ones needed for the performance scholarship in addition to advanced placement courses. He believed the program was a bargain, provided efficiency, and had a course completion rate of almost 80 percent. He opined that it did not make sense for every school district to have its own online courses, which was the reason for the creation of AKLN. He believed the model should be enhanced and replicated.

Representative Munoz testified in support of the amendment. She discussed her support of the mining training program in Juneau. She recalled that in the past former Governor Parnell had attended one of the training classes and had been inspired by the statewide reach of the online UAS classroom, which had prompted his inclusion of the concept in education funding legislation approved in 2014. She shared that the program had been successful in a short period of time; UAS had seen the program increase from 100 students to 300 students at present. She struggled with taking away the opportunity right when it was beginning to get going.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Munoz, Edgmon, Gara
OPPOSED: Pruitt, Saddler, Wilson, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 50 FAILED (5/6).

Representative Gara WITHDREW Amendment 51 (copy on file).

[6:06:15 PM](#)

AT EASE

[6:06:29 PM](#)

RECONVENED

Representative Guttenberg WITHDREW Amendment 52 (copy on file).

Representative Guttenberg MOVED to ADOPT Amendment 53:

OFFERED BY: Representatives Guttenberg and Gara
DEPARTMENT: Labor and Workforce Development

APPROPRIATION: Business Partnerships
ALLOCATION: Business Services

ADD: \$456.0 UGF 1004

EXPLANATION: Despite low oil prices and low production, continuing loss of older, retiring workers who must be replaced means the-workforce needs around 1,000 new construction workers each year. This amendment restores the Career and Technical Education Plan's Oil and Gas Training Program to accommodate industry needs with Alaska-trained Alaska workers.

Co-Chair Neuman OBJECTED.

Representative Guttenberg explained that the amendment would restore \$456,000 [UGF] for the Career and Technical Education Plan's Oil and Gas Training Program. He highlighted that the oil and gas industry was growing regardless of flow-through capacity on the North Slope. He elaborated that the state was providing the industry with tax credits and other incentives to encourage the growth. He discussed the challenge with an aging workforce; there were approximately 2,000 people retiring or leaving the industry workforce per year. He believed the state needed to train its residents to compete with workers from out of state for the high skilled and high paying jobs, some of which were industry specific. He believed the training was a basic function the state should provide.

Representative Wilson stressed that the state was providing training opportunities for its youth and adults. She stated that the University, the Alaska Vocational Technical Center (AVTEC), and other schools were providing training for residents. She believed that per capita Alaska had more training opportunities than anywhere else. She discussed other employers such as the construction industry, small businesses, and unions. She stated that the program was not able to provide statistics on how many people it was training.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Kawasaki, Gara, Guttenberg

OPPOSED: Munoz, Pruitt, Saddler, Wilson, Edgmon, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 53 FAILED (3/8).

Representative Guttenberg WITHDREW Amendment 54 (copy on file).

Representative Kawasaki MOVED to ADOPT Amendment 55:

OFFERED BY: Representatives Kawasaki, Guttenberg and Gara

DEPARTMENT: Natural Resources

APPROPRIATION: Land & Water Resources

ALLOCATION: Forest Management & Development

ADD: \$1,292.9 (UGF) \$400.0 Timber Rep.

POSITIONS: Add 11 PFT Positions

EXPLANATION: This funding supports ten state jobs in SE Alaska that are essential to the region's timber industry. These positions perform all the infrastructure prep work that allows the private sector to perform the logging. They are responsible for building bridges, creating roads and marking trees for harvest. The SE Alaska logging industry is much more than just chopping down trees. These logs are then barged to lumber mills where they are converted to building material. The closure of the offices in Ketchikan, Juneau and Haines would decimate, if not absolutely eliminate, this industry and be extremely detrimental to the economic vitality and diversification of the region.

Co-Chair Neuman OBJECTED for discussion.

Representative Kawasaki referred to an amendment that had passed earlier in the meeting restoring three Ketchikan positions and one Juneau position [in the DNR Forest Management and Development budget]. He still had great concerns that the additions would not be adequate enough to match anticipated timber receipts. Additionally, he was concerned about the potential for loss of firewood sales in the Interior given resident's reliance on wood for fuel. He WITHDREW the amendment with the intent to gather additional information.

Representative Guttenberg MOVED to ADOPT Amendment 56:

OFFERED BY: Representatives Guttenberg and Gara
DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Commissioner and Administrative
Services
ALLOCATION: Commissioner's Office

POSITIONS: 2 PFTs
Restore PCNs 07-1003 and 07-1037

EXPLANATION: Maintain the \$321.9 General Fund reduction, but not by PCN. Commissioners should be allowed to craft and manage their top management teams, without position-by-position instruction from the Legislature.

Co-Chair Neuman OBJECTED for discussion.

Representative Guttenberg explained that the amendment would delete a reference to PCNs in a budget closeout report for the DLWD Commissioner's Office. He felt that it made sense for the commissioner to decide the top management positions. He stated that the issue of which PCNs [position control numbers] get used had been contentious for years. He stated that it appeared the legislature was targeting specific people. He noted that there were approximately 800 DLWD employees. The current budget would eliminate one of the two deputy commissioners, the legislative liaison, and a public relations (PR) position. He requested allowing the commissioner to make the decision.

Representative Wilson commented that every year the legislature heard about the number of vacant positions; money was kept for vacant positions as well. She believed sometimes it was necessary to decide whether two deputy commissioners were needed by the department. She noted that there were three other positions including a communications director, special assistant, and PR position. She wondered about the need for a legislative liaison within the departments; she thought it would be easier to call the person in charge. She believed the deletion of the positions showed that the legislature was working to make government leaner.

Representative Edgmon spoke in support of the amendment. He remarked that the amendment did not change the amount of

money that had been deleted, it just deleted a reference to specific PCNs. He spoke to consistency and noted that the legislature had not identified specific PCNs for other agencies.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Edgmon, Gara, Guttenberg, Kawasaki
OPPOSED: Munoz, Pruitt, Saddler, Wilson, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 56 FAILED (4/7).

Representative Guttenberg WITHDREW Amendment 57.

Representative Guttenberg MOVED to ADOPT Amendment 58:

OFFERED BY: Representatives Guttenberg and Gara
DEPARTMENT: Health and Social Services
APPROPRIATION: Public Health
ALLOCATION: Bureau of Vital Statistics

ADD: \$168.2 General Fund Program Receipts 1005 (DGF)
POSITIONS: 2 PFTs (PCNs 06-1760 and 06-1761)

EXPLANATION: If the Fairbanks field office of the Bureau of Vital Statistics can be closed and its services provided on line, the Anchorage and Juneau field offices can do the same. This amendment is intended to place the entire system up for further discussion.

Co-Chair Neuman OBJECTED for discussion.

Representative Guttenberg explained the current budget would eliminate two positions and close the Fairbanks Bureau of Vital Statistics. The rationale was that the services could be provided online. Under the same rationale he wondered why the offices would not be closed statewide for greater efficiencies. The amendment was intended to point out the discrepancy of closing one office for work to be done online, while leaving other offices open. He reasoned that work could be done online for one office, it could be done online for all of the offices. He commented

that the discussion would be ongoing in the future. He WITHDREW Amendment 58.

Representative Guttenberg MOVED to ADOPT Amendment 59:

OFFERED BY: Representatives Guttenberg and Gara
DEPARTMENT: Natural Resources
APPROPRIATION: Land and Water Resources
ALLOCATION: Geological and Geophysical Surveys

ADD: 1,000.0 UGF 1004

DELETE:

POSITIONS: 4 PFTs: airborne geophysics supervising geologist; coal/geothermal geological scientist; technical/software assistant; and administrative assistant

EXPLANATION: Continued mapping of mineral and geothermal resources is a critical first step toward advancing the development of Alaskans' natural resource wealth. New mining is wholly dependent on new surveys of previously unmapped areas, and uncovering new energy sources is vitally important to reducing energy costs for Alaskans, especially those in rural parts of the state. Private industry does very little of this sort of work, and when it does, the information is proprietary. The state's program makes public not only the initial maps, but the very valuable ground-trothed mapping and sampling information.

Co-Chair Neuman OBJECTED for discussion.

Representative Guttenberg explained that the amendment applied to the DNR Geological and Geophysical Surveys. He detailed that the division provided unique work. He explained that when mineral exploration surveys were conducted the mining companies followed up by staking the ground with claims. He stated that there was a significant backlog of information the office could address without expending high end helicopter time. He elaborated that the employees could work for years on bringing information up to date and making it available. He spoke to the specific publications specialist position that was responsible for publishing information for the public. He stated that the

budget cut would eliminate the state's capacity to develop mining resources. He detailed that without the work, someone looking to conduct resource development would only have old records available. He had located information on the website about mineral exploration in the Ray River north of the Yukon and was amazed at the extensive nature of the information. He stressed that the elimination of the four positions and program would eliminate data and research on mining exploration. He remarked that it would be difficult to bring skilled workers back into the positions at a later time if the program was mothballed. He pointed to mines that had benefited from the work including Greens Creek, Pogo, and mines around Livengood and Kotzebue.

Representative Pruitt spoke against the amendment. He stated that the reduction had been included in the governor's proposed budget. He agreed that the service was beneficial to the industry in Alaska; however, he believed that it was a service the state could "pull back from" during revenue shortfalls. He understood the challenges the reduction could present, but there would be challenges in all of the departments. He acknowledged that private industry may not do some of the work, but there were other opportunities and significant information was available. In light of the challenges that the state faced, he believed the state could focus its money elsewhere in DNR.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Pruitt, Saddler, Wilson, Edgmon, Gattis, Munoz, Thompson, Neuman

The MOTION to adopt Amendment 59 FAILED (3/8).

[6:24:32 PM](#)

Representative Gara MOVED to ADOPT Amendment 60:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Labor and Workforce Development

APPROPRIATION: Vocational Rehabilitation
ALLOCATION: Special Projects

ADD: \$118.4 UGF (1004)

EXPLANATION: This amendment restores the Governor's cut to the Interpreter Referral Program. The Interpreter Referral Program Provides face-to-face interpreters for deaf Alaskans so they can communicate at work and in life activities. Without these services, the state would likely pay more in social services for deaf Alaskans who are unable to work.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara remarked that Representative Munoz had introduced the same amendment and there had been mixed signals about whether it was needed. He relayed that there was a decrement in the governor's budget of \$118,000 for two referral services for deaf Alaskans in Southeast and the Interior. He stated that under the Americans with Disabilities Act and according to DLWD, employers were supposed to provide the services; however, few employers actually provided the services. He stated that public testimony from the deaf community had been adamant that the services improved their lives and ability to get work and communicate with employers. He stressed that employers should be providing the services, but that was different than what was actually being done. He underscored that the burden in life for a deaf person was already significant. He believed the program should be continued with an instruction to the DLWD commissioner that the deaf community needed help and employers should be following the law. He opined that the decrement should be restored until deaf individuals were able to access a referral service for an interpreter when needed.

Representative Wilson referred to a letter from the DLWD commissioner and remarked that it did not specify that someone ensured who paid for the referral service. She noted that the letter specified that if the need was personal it should be paid by the individual; if it was business related it should be paid by the business. She opined that restoring the funding meant that a person in need of the service would be contacting a person to arrange for the interpreter versus connecting directly with an interpreter. She believed the issue discussed by Representative Gara was separate and related to whether the state was ensuring that whoever was responsible for paying

for an interpreter service was actually paying. She believed the concern may be legitimate, but she did not believe the increment proposed in the amendment would address the issue.

Vice-Chair Saddler believed the interpreter referral line was essentially a "market maker." He surmised that people in the deaf community requiring interpreter services knew who the limited number of interpreters were. He remarked that it was in the interpreters' interest to make their contact information available to the community they were serving.

Representative Gara commented that no one was claiming the state should be paying for the interpreters. He clarified that payment for interpreter service was the responsibility of an individual or employer. He explained that deaf individuals could contact the interpreter referral service through its TTY machine to find an interpreter. He believed that the numerous people who had testified in support of the service would not have come forward if the service was not needed.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Saddler, Wilson, Edgmon, Gattis, Munoz, Pruitt, Thompson, Neuman

The MOTION to adopt Amendment 60 FAILED (3/8).

Representative Guttenberg WITHDREW Amendment 61.

[6:30:46 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment 62:

OFFERED BY: Representatives Kawasaki, Guttenberg and Gara

DEPARTMENT: Health and Social Services

APPROPRIATION: Public Assistance

ALLOCATION: Senior Benefits Payment Program

ADD: \$5,871.2 (UGF). Restores funding to the FY 16 Adjusted Base level. Reverses FY 16 GovEndo cut.

EXPLANATION: Alaska faces exponential growth in the senior population with a doubling of the senior population in the next 10 years (roughly 70,000 to 140,000). The Senior Benefits Payment Program provides vital supplemental funding to low-income seniors that allow them to stay in their homes. Keeping seniors at home saves the state thousands of dollars and slows their move up the continuum of care. With the pending Senior Tsunami, it is prudent to invest in cost saving measures that will reduce spending later. Eligibility is income based and is divided into three categories; 75 percent, 100 percent and 175 percent of the Federal Poverty Level.

Co-Chair Neuman OBJECTED for discussion.

Representative Kawasaki disagreed with some components of the governor's proposed budget including "deep cuts" to education and the senior benefit program. He remarked that the committee had the ability to change the cuts. The amendment sought to restore funding to adjusted base levels for the Senior Benefits Payment Program, which would reverse the governor's proposed cuts. He detailed that the program applied to individuals age 65 and older, many of whom lived on a fixed income. He expounded that a recipient's average age was 75; the oldest recipient was 104. He furthered that most of the recipients were female widowers. He stressed that the 27 percent cut would impact individuals with household incomes between 75 and 175 percent of the poverty level (roughly 10,000 seniors statewide). He elaborated that the payments ranged from \$100 to \$175 per month; there was a gross annual income cap for married couples of \$35,000. He added that there were seniors in the program who were well below the income cap. He noted that debate had occurred on the House floor the prior year when senior benefits had been reinstated. He stressed that the reduction would hurt the most vulnerable Alaskans.

Vice-Chair Saddler spoke in opposition to the amendment. He countered that the neediest Alaskans were protected under the current version of the budget. He elaborated that there were three levels of senior benefits; the lowest level (individuals earning less than 75 percent of the federal poverty level) still received the full \$250 per month. He remarked that the reduction meant that individuals

receiving \$125 per month would receive \$100 and those receiving \$175 per month would receive \$140. He believed the funding reflected compassion to the neediest seniors, while taking into account the state's limited funds. He added that the payment was income-based; someone with a fixed income may have assets such as a home, savings, stocks, and other. He concluded that the 20 percent cut had been proposed by the governor. He cited the statistic that the senior population would double in Alaska by 2026 as a good reason for the state to consider how much of its limited financial resources it should spend. He believed the reduction was responsible.

[6:34:24 PM](#)

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Wilson, Edgmon, Gattis, Munoz, Pruitt, Saddler, Thompson, Neuman

The MOTION to adopt Amendment 62 FAILED (3/8).

[6:35:04 PM](#)

Representative Gara MOVED to ADOPT Amendment 63:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki

DEPARTMENT: Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Early Childhood Grants for Disabled Infants and Young Children

ADD: \$237.3 UGF (1004)

EXPLANATION: This restores a Subcommittee cut to the most needy, harmed foster youth and the cut will cost the state more than it saves in the long run.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained the effort by the Office of Children's Services (OCS) to screen the most vulnerable of the state's 2,400 foster youth. He detailed that the grant for disabled infants and young children allowed OCS to

contract to screen children for cognitive disabilities and any services that were needed in the case of a disability. He highlighted that foster parents were hard to find for children with Fetal Alcohol Syndrome (FAS) or severe disabilities. He stressed that taking away the ability to screen the youth it would become more challenging to find foster parents. He did not support the cut made by the governor.

Vice-Chair Saddler appreciated the clarification that the cut had been made by the governor. He stated that the \$237,000 was only a 2.5 percent reduction to the grants. He detailed that \$10 million remained in Early Childhood Services. He believed the "modest" cut was responsible given the state's budget challenges. He added that there were alternative ways for children and infant screening including the Infant Learning Program, Child Find Program in schools, and waivers.

[6:37:44 PM](#)

Representative Gara countered that regardless of other services, the program had provided services to over 2,000 children for things other screeners had not found.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Edgmon, Gattis, Munoz, Pruitt, Saddler, Wilson, Thompson, Neuman

The MOTION to adopt Amendment 63 FAILED (3/8).

[6:39:06 PM](#)

Representative Gara MOVED to ADOPT Amendment 64 [Note: a copy of the backup material provided by the Department of Health and Social Services attached to the amendment is on file.]:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Family Preservation

DELETE: \$2,938.4 UGF (1004)

EXPLANATION: The Office of Children's Services plans to partner with the Division of Public Assistance to use available T ANF grants to provide funding for Child Advocacy Centers with federal funds. The receipt authority in the Division of Public Assistance is already present.

DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Family Preservation

ADD: \$2,938.4 VA Receipt Authority (1007)

EXPLANATION: In order to use Division of Public Assistance grants, the Office of Children's Services requires Interagency Receipt authority.

DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Front Line Social Workers

ADD: \$2,726.7 UGF (1004); \$681.7 Fed (1002)

POSITIONS: ADD: 28 PFT positions

EXPLANATION: The Office of Children's Services suffers from a severe shortage of support staff, Front Line Caseworkers, licensing staff, and Independent Living Program staff who help youth succeed as adults with job training and education. The caseload in Anchorage and the Matsu is 70 percent higher than the national standard. Adding these positions will get us much of the way to the recommendations in the 2012 study that recommended 45 new positions at OCS. Since that 2012 study, we have seen an increase of 600 foster youth, meaning that our staff shortage has grown since that study.

The additional federal receipt authority is due to a 20% federal match on the \$2,726.7 devoted to the allocation category for these staff of front line social workers.

DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services

ALLOCATION: Family Preservation

ADD: \$211.3 UGF (1004)

EXPLANATION: This adds \$211.3 GF to Employment Training Vouchers. The funds are going to assist youth aging out of foster care in attending job training programs, continued education and postsecondary education, so that they can successfully transition into being independent adults who do not need to rely on expensive state services.

ADD A LANGUAGE SECTION.

If any portion of the \$2,938,400 federal TANF funding that will be used to support the Child Advocacy Centers in the Department of Health and Social Services, Family Preservation, is not received, that amount is appropriated from the general fund to Family Preservation and an equal amount is decremented from the Department of Health and Social Services, Front Line Social Workers.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara relayed that he had worked hard to locate cost-effective methods to fix a broken foster care system. He detailed that 40 percent of the youth coming out of care were either homeless or "couch surf." He relayed that couch surfing was no longer included in the federal definition of homelessness; therefore, the homelessness rate had been reduced from 40 percent to 20 percent without getting homeless youth in homes. He communicated that 24 percent of the youth ended up in jail. He referred to a 2011 workload study that OCS was short by roughly 50 support staff (there had been approximately 1,700 foster youth at the time compared to 2,400 at present). The department had testified that it did not have sufficient staff to meet the national standard of a youth visit every 30 days. Youth visits enabled staff to detect signs of harm, neglect, abuse, and to act as a stable influence for children. He stressed that OCS was missing cases of abuse and harm because it was under-staffed. He discussed that Anchorage and Mat-Su caseloads exceeded national standards by roughly 70 percent, which caused caseworkers to burn out on average every 18 months. He discussed that due to the high caseworker burnout rate youths saw many different social workers over time, which was damaging to youths with

no stability in their lives. He stated that the amendment would provide the ability for OCS to come close to the number of caseworkers it needed; caseworkers who worked with families and youth and to ensure families did not leave the foster care system. He elaborated that families were leaving the system because they did not receive communication from caseworkers due to high caseloads. He remarked that a system comprised of the best foster parents would save the state a substantial amount of money. Additionally, the state was unable to work cases to get children into adoption; there were currently 894 youth waiting for adoption. He elaborated that the division did not have the ability to reunite a child with their biological family (if the family "got its act together") in a timely manner. He relayed that some youth were only in foster care for a number of days, while others were in care for 5 to 15 years (the average was between 2.5 to 4 years).

Representative Gara communicated that the amendment was a "no cost amendment." He explained that DHSS had been working to leverage federal funding to cut the state budget and had qualified for \$2.9 million to pay for the state's child advocacy centers. He noted that the department supported the amendment. The amendment would transfer the \$2.9 million in state funding for child advocacy centers to OCS, which would enable the division to hire 60 to 70 percent of the staff needed. He emphasized that increased staff would reduce the high burnout rate and would enable the division to respond to foster care parents. He relayed that \$200,000 of the increment would go to educational training vouchers; the vouchers went to children age 16 to 23 to transition them to jobs, schools, and job training. He underscored that the amendment would add no additional cost to the state. He emphasized that the state had responsibility for the crisis in the OCS system because it had taken the children away from their parents. He stressed that the department would not have the ability to repair OCS problems without staff. He believed largely the social workers at OCS worked very hard with high caseloads. The amendment would help to fix the system. He believed it would save money in the long-term. He stated that a foster care system where 24 percent of the youths went to jail, 40 percent needed housing assistance, and many collected partially state-funded Medicaid was not cost-effective.

[6:46:35 PM](#)

Vice-Chair Saddler spoke against the amendment. He noted that the first couple of sections of Amendment 8 were made moot by Amendment 8 that deleted \$2.9 million in UGF and added \$2.9 million in interagency receipt authority so the money could go back to OCS and Family Preservation. He stated that Representative Gara's proposal to use the money would be considered. He addressed money that the amendment would allocate to vocational programs. He stated that there were other employment aid programs that foster children qualified for in public schools, construction academies, Job Corps, Nine Star Education and Employment Services, job services, and Youth Corps. He noted that the only increase he had made in the DHSS budget was the addition of \$250,000 UGF for frontline social workers.

Representative Guttenberg calculated that if 28 percent out of 1,000 youths ended up in jail, at a jail cost of \$58 per day, it would cost the state \$5.3 million annually. He believed investing in cost-effective programs was the right thing to do. He emphasized that the costs for prison time could not be avoided.

[6:49:55 PM](#)

Representative Kawasaki asked if there was someone from the department who could speak to the amendment. He was concerned with the federal receipt authority. [There was no one available.]

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki, Munoz, Edgmon
OPPOSED: Gattis, Pruitt, Saddler, Wilson, Thompson, Neuman

The MOTION to adopt Amendment 64 FAILED (5/6).

[6:51:37 PM](#)

Representative Gara MOVED to ADOPT Amendment 65:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Family Preservation Grants

ADD: \$500.0 UGF (1004)

EXPLANATION:

This amendment restores both the Subcommittee's \$330.5 cut and the Governor's \$169.5 cut. Family Preservation Grants are used to keep families together so youth do not end up in long term foster care. This not only is beneficial for children, but saves the state significant money in terms of lower foster care daily reimbursement rates, and in terms of relieving the pressure to hire additional social workers. Keeping families together is much cheaper than placing kids in foster care.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained that the amendment would help to save costs in the state's foster care system and would create opportunity for children in the system. He communicated that there had been a \$500,000 cut to family preservation, which entailed getting youth back with their parents. He reasoned that it would save the state money if parents could be rehabbed and youth could be returned home; the state would no longer have to pay for foster parents, adoptive parents, subsidized adoptions, or \$40 to \$50 per day for the daily reimbursement rate (closer to \$100 for children with disabilities). He noted that everyone in the social work field agreed with the strategy. He hoped members would support the amendment; if they did not support it, he wanted to know why. He underscored that the program was evidence-based.

[6:54:12 PM](#)

Vice-Chair Saddler stated that the governor had proposed a 1.7 percent reduction (about \$170,000) in family preservation grants. The DHSS budget subcommittee had increased the reduction to a total of \$500,000. He believed the reduction was modest and represented a 5 percent reduction in the close to \$10 million in grant funding that remained. He stated that in times of fiscal challenges some difficult reductions were needed. He opined that the reduction was responsible. He remarked that the reductions were not ones that anyone wanted to make. He furthered that the reductions were necessary due to the state's limited means and resources. He concluded that the legislature was

doing the best it could to allocate the state's resources to existing needs.

Representative Guttenberg spoke in support of the amendment. He discussed his earlier calculation related to funding for foster care related services compared to paying to keep people in prison. He remarked that the committee had just allocated about \$250,000 for the Pew Trust to talk about recidivism. He supported the decision and suspected that a significant part of the report would recommend keeping people out of prison to begin with. He believed the recidivism question was legitimate; the State of Texas had successfully looked at how to avoid the continuous construction of prisons. He discussed that the Pew study would look at what the state was not doing, how many children were in foster care, how many should be in foster care that were not, the wait list, and other. He stressed that if the state was serious about combatting recidivism that it would be investing in items such as family preservation grants in the future. He stressed that the state did not want to be building prisons because it couldn't keep its population out of jail. He opined that the family preservation grants were perfectly in line with the philosophy of preventing people from going to jail in the first place.

[6:58:26 PM](#)

Co-Chair Neuman invited Representative Gara and Representative Guttenberg to the recidivism reduction group discussions with the Pew Trust.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Gara

OPPOSED: Gattis, Munoz, Pruitt, Saddler, Wilson, Edgmon, Thompson, Neuman

The MOTION to adopt Amendment 65 FAILED (3/8).

[6:59:23 PM](#)

Representative Gara MOVED to ADOPT Amendment 66:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki

DEPARTMENT: Health and Social Services
APPROPRIATION: Department Support Services
ALLOCATION: Commissioner's Office

ADD: \$500 GIF Match (1003)

DELETE: \$500 I/A Receipts (1007)

DEPARTMENT: Health and Social Services
APPROPRIATION: Department Support Services
ALLOCATION: Administrative Support Services

ADD: \$3,500 UGF (1004)

DELETE: \$3,500 I/A Receipts (1007)

DEPARTMENT: Health and Social Services
APPROPRIATION: Department Support Services
ALLOCATION: Information Technology Services

ADD: \$500 UGF (1004)

DELETE: \$500 II A Receipts (1007)

EXPLANATION: The HSS Subcommittee requires the department to cut \$4.5 million, which is an unallocated cut that will harm the ability of the department's eight divisions to assist Alaska's most vulnerable seniors, children, and disabled individuals. The department cannot absorb this additional cut, which was proposed to be used to pay for salary and infrastructure costs.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained that the amendment told the legislature to determine where the waste and duplications were within DHSS if it was going to cut the department's budget by \$4.5 million. He disputed claims that the cut was not unallocated. He stated that the eight divisions within DHSS including divisions protecting vulnerable adults, behavioral health, OCS, Medicaid, and other, were asked to charge each other or the department for services provided. He stated that the concept was a "shell game" and constituted \$4.5 million the department did not have. He encouraged members to go after waste in the department if they located it. He was unsupportive of cutting the

department's budget by \$4.5 million without identifying where the cuts would occur. He remarked that the former DHSS commissioner had done a good job and had located every cut he could. He noted that in recent years the GF spending on DHSS budget had decreased outside of Medicaid. He commented that Co-Chair Neuman had chaired the DHSS budget subcommittee for the past couple of years and had done a compassionate job. However, at present the committee had been unable to find additional places to cut; therefore, it had asked the department to locate ways to cut an additional \$4.5 million. He stated that the strategy may be alright for some departments, but it did not work for the department directed to deal with the most vulnerable seniors, adults, and children. He stressed that \$4.5 million in cuts the department did not know how to achieve was the wrong way to go. He understood there was a need to fix the budget, but he did not support fixing it on the backs of the most vulnerable people in the state. He agreed that it was necessary to cut the budget, but it needed to be done responsibly. He agreed with \$250 million to \$300 million in cuts to agency operations as proposed by the governor, but not if the locations could not be identified. He requested working with the department to identify areas of waste and duplication.

[7:04:07 PM](#)

Vice-Chair Saddler spoke in opposition to the amendment. He stated that with reduced income, reductions were necessary. He stated that the cut in question was \$4.5 million to a \$2.7 billion budget, which equated to 0.2 percent. He did not believe the cut was extravagant. He believed the idea that it was impossible to cut government programs was a "trope" that would be of special interest to people in his district or elsewhere in Alaska who may find themselves without a job. He stressed that for people to protest that reductions were not possible was ludicrous. He stated that people, institutions, and states had to respond to changing financial situations. He relayed that the budget subcommittee had made some targeted reductions to reduce expenditures. He added that the subcommittee had also made some targeted increases. He anticipated that the interim would be spent learning about the department and how to deal with efficiencies and other. He reasoned that allocating costs to the division would allow the department to use other fund sources in UGF to pay for core services. He believed it was not inappropriate to let the

commissioner decide on reductions given the complexity of the department.

Co-Chair Neuman asked members to keep the focus on amendments.

Representative Pruitt was frustrated about waste within DHSS. He spoke to recent Facebook and Twitter advertisements by the department advocating for Medicaid expansion. He believed it indicated that the department had extra money available that the legislature could look at to determine if it was being spent correctly. He believed there was waste within DHSS, which needed to be addressed by DHSS.

[7:07:35 PM](#)

Co-Chair Neuman noted that the chairs had addressed the issue with the commissioner.

Representative Guttenberg testified in support of the amendment. He believed that an unallocated cut transferred the legislature's responsibility to the department. He stated the legislature was responsible for making policy and that transferring the responsibility to the department to make the cuts abdicated the legislature's role.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Gara

OPPOSED: Munoz, Pruitt, Saddler, Wilson, Edgmon, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 66 FAILED (3/8).

[7:09:11 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment 67:

OFFERED BY: Representatives Kawasaki, Guttenberg and Gara

DEPARTMENT: Department of Natural Resources

APPROPRIATION: Division of Agriculture

ALLOCATION: Farm to School

ADD: \$181.0 (UGF).

DEPARTMENT: Health and Social Services

APPROPRIATION: Public Health

ALLOCATION: Chronic Disease Prevention and Health Promotion

ADD: \$734.7 (UGF).

EXPLANATION: Restore the Obesity Prevention Program. These additions restore 16Gov amended levels. In 2013, 65% of Alaskan adults were overweight or obese and the state has high rates of childhood and youth obesity. In 2006 the annual medical costs for obese individuals nationwide were \$1,429 higher than those of healthy weight individuals. Farm to School brings local produce into school lunches. FTS fosters economic development in the agricultural sector and promotes healthy eating in our schools. The obesity prevention program raises awareness for childhood obesity and reduces health costs associated with the epidemic later in life. This small investment today will save us tremendous funds later. Thousands of Alaskans rely on these services for balanced school lunches and non-bias information on the real-world consequences of obesity.

Co-Chair Neuman OBJECTED for discussion.

Representative Kawasaki explained the governor had made programmatic cuts to the Department of Agriculture, consolidating and locating efficiencies within the agency. The cut deleted a natural resource technician and other professional staff and contracts. He elaborated that the specific contracts dealt with agriculture projects, marketing, and the Farm to School program. He relayed that the budget subcommittee had subsequently cut the entire Farm to School program. He stated that there were two amendments that addressed the same issue: one through DNR and one through DHSS. He discussed the high cost of obesity in Alaska; studies showed obesity cost close to \$460 million annually in direct healthcare costs. He reasoned that by getting youth to understand good health and nutrition, the staggering costs could be offset. He surmised that providing good quality food through the DHSS Chronic Disease Prevention and Health Promotion program and offsetting childhood diabetes and obesity would save the state significant money in the future. He believed Farm to

School was a great program that had expanded over the past couple of years; there had been an 11 percent increase in school gardens statewide, 78 percent of the school districts participate in some form of the program, stretching from Barrow, to Ketchikan, to Unalaska. He summarized that the combined amendments addressed an issue that the state would need to address in the overall conversation about healthcare and associated costs. He believed the programs would bring cost savings.

Co-Chair Neuman remarked jokingly about his expectation of a healthy lunch in Representative Kawasaki's office the following day.

Representative Guttenberg testified in support of funding for the state's Farm to School program that brought produce into the school cafeteria. He addressed his frustration related to the state of agriculture in Alaska. He believed there had been many "starts and stops" related to the program. He remarked that Alaska had the lowest amount of agriculture support in the country. He spoke to the importance of food security. He stressed that farming was a long-term endeavor; it was not something that could be started and stopped. He highlighted that supporting Farm to School supported two sides of the equation. He advocated for school gardens and underscored the benefits the program would provide to everyone.

[7:14:02 PM](#)

Vice-Chair Saddler testified against the amendment. He questioned whether it was essential for the state to operate a program to encourage kids to do what they ordinarily would do by nature to get outside and move and play. He agreed that obesity control was a good and worthy goal, but he did not believe it was an essential state function. He could not believe that children did not get exercise outdoors. He hoped the benefits of the Alaska Grown program and fresh produce grown in-state were seen in the state's schools. He believed Alaska produce should have the ability to compete in the market. He spoke to other health, food, and nutrition programs for children.

Representative Pruitt spoke against the amendment. He discussed a desire to continue to assist farmers in Alaska. He believed the committee could agree there were challenges in the division; however, the goal was not to punish

farmers because of the challenges. The focus of the budget subcommittee had been to locate any areas that were not directly benefiting farmers. He appreciated that local produce could be brought to the state's schools. He summarized that subcommittee had aimed to limit the impact the cut had on the assistance the division could provide to farmers.

Representative Gara believed it was important to be careful about talking about how committee members got to do things as children and assuming that someone living in some of the poorer areas around the state had the same opportunities.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Kawasaki, Gara, Guttenberg

OPPOSED: Munoz, Pruitt, Saddler, Wilson, Edgmon, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 67 FAILED (3/8).

[7:18:08 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment 68:

OFFERED BY: Representatives Kawasaki, Guttenberg and Gara

DEPARTMENT: Administration

APPROPRIATION: Public Communication Services

ALLOCATION: Public Broadcasting - Radio

ADD: \$1,634.0 (UGF).

DEPARTMENT: Administration

APPROPRIATION: Public Communication Services

ALLOCATION: Public Broadcasting- T.V.

ADD: \$405.0 (UGF).

EXPLANATION: GovAmd cut the Public Broadcasting Radio budget by 18.5 percent (\$613.0) and the T.V. budget by 18 percent (\$150.1). This amendment reduces that cut to 10 percent of the 15MgtPln budget and allows Public Broadcasting budgets to be maintained and provide vital

informational services to our communities while also cutting the budget. Thousands of Alaskans rely on these services for balanced local, state, federal and international news. Providing this funding will allow these stations to find additional funding to prevent a large loss of service. Additionally, public radio and television can be an essential service in times of emergency such as floods, forest fires, earthquakes, extreme weather events and many more public dangers.

Co-Chair Neuman OBJECTED for discussion.

Representative Kawasaki conveyed his appreciation for an earlier amendment offered by Representative Edgmon. He stated that although the earlier amendment had restored some funding to public broadcasting, it still represented a 22 percent cut. He noted that the effects would be adverse in some communities. He WITHDREW Amendments 68 and 69 (copy on file).

Representative Gara MOVED to ADOPT Amendment 70:

OFFERED BY: Representative Gara, Guttenberg, Kawasaki
DEPARTMENT: Legal and Advocacy Services
APPROPRIATION: Administration
ALLOCATION: Office of Public Advocacy

ADD: \$508.0 UGF (1004)
POSITIONS: Add: 5 PFT positions

EXPLANATION: Guardians ad Litem (GALs) advocate on behalf of children, often taken from their parents, who have been determined to be Children In Need of Aid. The GAL program is currently severely understaffed. Currently each GAL serves on average 88 children. The national recommended level is 40. Without adequate staffing, the GALs are not able to advocate for the vulnerable youth they are supposed to help by letting the courts know their treatment, educational, and other needs. The GALs often are unable to get to know the youth they are supposed to represent.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained the amendment. He discussed that guardians ad litem represented Children in Need of Aid in court. The positions were housed within the Office of Public Advocacy and had some of the highest caseloads in the country. The recommended caseload was somewhere below 40 children; the caseloads turned over quickly, which meant a caseworker saw hundreds of children during a year's time. The caseload in Alaska had an average of 88 children, which meant the guardians often met children in court for the first time. He stressed that a good lawyer got to know their client; a guardian ad litem who did not have the time to know their client could not represent their client. The amendment aimed at reducing caseloads by adding 5 positions.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg Kawasaki

OPPOSED: Munoz, Pruitt, Saddler, Wilson, Edgmon, Gattis, Thompson, Neuman

The MOTION to adopt Amendment 70 FAILED (3/8).

Representative Kawasaki WITHDREW Amendment 71 (copy on file).

[7:21:51 PM](#)

Representative Gara WITHDREW Amendment 72 (copy on file).

Representative Guttenberg MOVED to ADOPT Amendment 73:

OFFERED BY: Representatives Guttenberg and Gara

DEPARTMENT: Administration

APPROPRIATION: Legal and Advocacy Services

ALLOCATION: Public Defender Agency

ADD: \$387.5 UGF 1004

EXPLANATION: Restore cut proposed by Governor and accepted by Finance Committee. Eliminating contract services will create a future backlog of cases and appeals requiring even more funds to resolve. PDA is working to foster in-house capacity to reduce the need for contract services.

Co-Chair Neuman OBJECTED for discussion.

Representative Guttenberg explained that the amendment would restore a governor's cut to the Public Defender Agency. He stressed the importance of the amendment; without the funding the courts would be backlogged. Other entities would be backlogged as well including, prosecutors, troopers, and jailers. The funding would ensure that people had access to a public defender. He noted that ideally all people would have the ability to pay for their own attorney; however, that was not the reality.

[7:23:26 PM](#)

Representative Gara spoke in support of the amendment. He relayed that victims would also be backlogged by a backlogged system. He noted that victims of violent crimes waited for their case to be resolved; the cut would delay the time when the victim would get to see some justice. The amendment would help alleviate some of the pain experienced by victims of violent crimes.

Representative Gattis testified in opposition to the amendment. She had elected not to make any further cuts to the Department of Administration increment in the budget subcommittee. She stated that the bigger problem was that new laws were needed that would make changes to some of the reasons people were put in jail. She did not believe the increment in the amendment would make the difference. She believed some consequences needed to be changed that would enable people to "get in and move on." She proposed working with the amendment sponsors to develop new statute.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Pruitt, Saddler, Wilson, Edgmon, Gattis, Munoz, Thompson, Neuman

The MOTION to adopt Amendment 73 FAILED (3/8).

Representative Gara MOVED to ADOPT Amendment 74:

OFFERED BY: Representatives Gara, Guttenberg, and
Kawasaki
DEPARTMENT: Public Safety
APPROPRIATION: Alaska State Troopers
ALLOCATION: Alaska Bureau of Investigation

ADD: \$191.5 UGF (1004)
POSITIONS: 2 PFT positions

EXPLANATION: Cold case investigators help solve
murders that have to date been unsolved. Alaska's cold
case investigators have been successful. This
amendment restores two of the four positions the
Governor cut.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained that the amendment would
reinstate two of the four cold case investigator positions
that had been cut from the budget. He detailed that cold
case investigators did an amazing job solving crimes that
had gone unsolved for a long time. Given the state's
growing population, he believed it was hard to imagine the
need for cold case investigators decreasing. He elaborated
that there was need to help victims with closure and to get
dangerous people off the street. He stated that the
amendment included a modest add to a questionable cut.

[7:26:49 PM](#)

Representative Edgmon relayed that according to DPS the
four cold case troopers were retired state troopers
performing highly specialized services. He detailed that
the department believed retaining as many troopers in
regular patrol was important. The department offered to
have other troopers provide the services in place of the
specialized troopers. He agreed that the situation was not
ideal, but it allowed the department to keep four other
troopers in a regular rotation conducting highway patrol,
working various detachments, and providing oversight
functions in remote communities. He concluded that the
decision had been difficult, but the department had offered
the cut through the governor's budget.

Representative Gara WITHDREW Amendment 74.

Representative Kawasaki MOVED to ADOPT Amendment 75:

OFFERED BY: Representatives Kawasaki, Guttenberg and
Gara

DEPARTMENT: Public Safety

APPROPRIATION: Alaska State Troopers

ALLOCATION: Alaska Wildlife Troopers

ADD: \$146.8 (UGF)

POSITIONS: Add 1 PFT position

EXPLANATION: This amendment restores the Wrangell trooper position that was decremented by the Governor and accepted by the House Subcommittee.

Co-Chair Neuman OBJECTED for discussion.

Representative Kawasaki explained that the amendment would restore the one trooper position in Wrangell.

Representative Edgmon relayed that the decision had been difficult, but DPS felt that the trooper from Petersburg could provide similar services. He noted that the department had brought the cut forward, which the budget subcommittee had accepted.

[7:29:17 PM](#)

Representative Kawasaki WITHDREW Amendment 75.

Representative Kawasaki MOVED to ADOPT Amendment 76:

OFFERED BY: Representatives Kawasaki, Guttenberg and
Gara

DEPARTMENT: Department of Public Safety

APPROPRIATION: Alaska Wildlife Troopers

ALLOCATION: Aircraft Section

ADD: \$1,187.0 (GF)

EXPLANATION: This amendment restores half of an increment requested by the Governor that was not approved by the subcommittee. According to the Department of Public Safety, an audit actually recommended even more than the 8 permanent full time employees that were originally financed. These positions would impact the ability of Alaska Wildlife

Troopers to maintain their aircraft. The Division must enforce Fish and Game regulations in the entire 586,000 square miles of Alaska as well as its 36,000 miles of coastline. The Aircraft Section provides the Department with aircraft that are safe and dependable to complete their patrols and other law enforcement assignments.

Co-Chair Neuman OBJECTED for discussion.

Representative Kawasaki explained the amendment that would restore half of the increment requested by the governor that had not been approved by the DPS Finance Subcommittee. The governor's request would have funded the operation of King Air, and A-Star [helicopters] out of Anchorage and Fairbanks. He detailed that the aircrafts were used in tandem with things like the mast unit located in Anchorage, the civil air patrol, volunteers for search and rescue, crime scene investigation, or incidents in progress. He stated that the cut would put the aircrafts in "cold" status, which he did not support. He referred to hunters in Fairbanks who were picked up by the aircrafts. He noted that mast had originally taken over the responsibility, but that was not its role; it was the statutory responsibility of DPS.

Representative Edgmon relayed that the reduction had been the most difficult decision the subcommittee had made. He noted that the subcommittee had not cut a large amount from the department. He elaborated that the reduction had come in concurrence with the department. The subcommittee felt that to add eight additional positions would make what was the largest aircraft fleet of any public safety department nationwide, more vulnerable for reduction the following year. The additional positions had come through audits by the National Transportation Safety Board and the Federal Aviation Administration. The aircraft section had been operating without the additional positions. He relayed that in a perfect world with no revenue shortfalls the positions may have been added, but given the financial climate the subcommittee had elected to scale back the positions.

Representative Gattis shared that she had come from an aviation background. She remarked that the private sector would be available for hire on a charter basis or for mechanic work. She opined that the private sector would be ready if the state was in need of the service.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Saddler, Wilson, Edgmon, Gattis, Munoz, Pruitt, Thompson, Neuman

The MOTION to adopt Amendment 76 FAILED (3/8).

Representative Kawasaki MOVED to ADOPT Amendment 77:

OFFERED BY: Representatives Kawasaki, Guttenberg and Gara

DEPARTMENT: Natural Resources

APPROPRIATION: Administration & Support Services

ALLOCATION: Recorder's Office

ADD: \$202.0 (UGF).

POSITIONS: 2 PFT Positions

EXPLANATION: These funds would reopen the Recorder's Offices in Ketchikan and Sitka, but allow those offices in Homer and Valdez to close. Ketchikan and Sitka are isolated from the road system and residents do not have access to a Recorder's Office. While there is a department-wide effort to make all filings electronic, access to a physical office is paramount to protecting the rights of Alaskans.

Co-Chair Neuman OBJECTED for discussion.

Representative Kawasaki explained that the amendment would restore two out of six positions in state Recorder's Offices; offices were currently located in Kodiak, Ketchikan, Homer, Valdez, and Sitka. He relayed that the Homer office was moving to Anchorage. The amendment would add two positions that were off the road system in Ketchikan and Sitka. The justification for the selections was that someone on the road system could probably get to an office.

Representative Pruitt remarked that technology upgrades had allowed for filing efficiencies. He believed the online capability would enable the state to continue to provide service at a reduced funding level.

Representative Gattis surmised that the locations off the road system were a part of the U.S. mail system.

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Wilson, Edgmon, Gattis, Munoz, Pruitt, Saddler, Thompson, Neuman

The MOTION to adopt Amendment 77 FAILED (3/8).

Representative Gara MOVED to ADOPT Amendment 78:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki
DEPARTMENT: Commerce, Community, and Economic Development

APPROPRIATION: Tourism Marketing & Development

ALLOCATION: Tourism Marketing

DELETE: \$3,000,000 Unrestricted General Fund (1004)

ADD: \$1,500,000 Statutory Designated Program Receipt (1108)

ADD: Language Section: An amount not to exceed \$1,500,000 is appropriated to the Department of Commerce, Community and Economic Development, Tourism Marketing and Development from the unrestricted general fund to match each dollar in excess of \$2,700,000 contributed by the tourism industry.

EXPLANATION: This amendment removes \$3 million UGF from the Tourism Marketing budget; reducing UGF funding from \$9,264,400 to \$6,264,400. The Tourism Marketing budget also includes \$2.7 million of Statutory Designated Program Receipt (SDPR) authority for receipts collected from the tourism industry. This amendment increases SDPR authority to \$4.2 million. The language portion of this amendment will match up to \$1.5 million of the newly authorized SDPR with UGF. This one-time match will retain the level of Tourism Marketing in the Finance CS, while reducing the UGF budget by \$1.5 million.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara addressed the DCCED budget subcommittee \$9.26 million recommendation to fund the state's tourism marketing campaign. He detailed that the campaign provided print, radio, and television advertisements. The amendment would allow the same amount of money to go to the marketing program, but with a contribution from the industry. He communicated that outside of the cruise ship industry, most tourism companies did not contribute to marketing campaign costs. He elaborated that the only companies that paid a tax in Alaska were C-corporations outside of oil, fishing, and a couple of other areas; any other businesses paid nothing more than their \$100 license fee. He stated that businesses in the tourism industry did pay to advertise their companies in a vacation planner (paid to DCCED); however, he did not attribute the personal advertising as a contribution to the marketing campaign. He added that the vacation planner worked well. The amendment would remove \$3 million in UGF from the Tourism Marketing budget; reducing UGF funding from \$9.2 million to \$6.2 million. The amendment included a 50/50 match specifying that if the industry contributed up to \$1.5 million, the state would match the funds. He stressed that there had to be some contribution from industry. He discussed that determining where to cut the budget was not easy. He noted that kids and others were bearing much of the burden imposed by budget cuts. He believed it was necessary to locate able-bodied adults who could carry some of the burden as well. He communicated that other states had taxes on tourism companies; the companies received tax credits if they contributed to a tourism marketing campaign. He concluded that a voluntary contribution to help match had been discussed in the legislature for a long time.

[7:38:32 PM](#)

Representative Munoz opposed the amendment and believed the state needed to support its small businesses. She believed that Alaska needed to stay in the marketing game. She spoke to competition with other locations including Hawaii, Europe, Mexico, and Latin America. She observed that the marketing budget had already been reduced from \$16 million down to \$9 million. She stressed that the reduction was a significant hit in one year.

Representative Pruitt opposed the amendment. He discussed that the reduction had been made in one of his committees.

He applauded the idea of asking the industry to continue to contribute; however, the subcommittee had already reduced the tourism marketing budget by \$6 million. He did not want to imply that he did not want to discuss the concept in the future. He believed it was necessary to give the industry an opportunity for "step down." He noted that Alaska Seafood Marketing Institute (ASMI) had taken a 40 percent cut. He elaborated that there had been a goal to be equitable on the cuts.

Representative Gattis had a difficult time opposing the amendment. She reasoned that the amendment reduced state funds, which aligned with what [majority] members had been asking for throughout the meeting. She wanted to hear further comments before making a decision on the amendment.

[7:41:36 PM](#)

Representative Guttenberg stated that tourism marketing had been on the table over the years. He believed that at one point it had been decided that tourism marketing would be wholly financed by the industry with a state match. He wanted Alaskan tourism to be strong, but he believed the amendment was appropriate under the current financial circumstances.

Representative Wilson supported the chair of the subcommittee, although she did agree with the amendment's direction. She had struggled with the issue due to a statutory requirement specifying that the state was supposed to match funds raised by the industry. She questioned what counted as raising money (e.g. funds from rental cars and other). She did not know enough to vote for the amendment at present. She hoped that the chair of the committee would look closer to determine whether there was other revenue the state should be looking at (i.e. the possibility of taxing S-corporations).

[7:43:29 PM](#)

Co-Chair Neuman WITHDREW his OBJECTION.

Representative Munoz OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Saddler, Thompson, Neuman

OPPOSED: Gattis, Munoz, Pruitt, Wilson, Edgmon

Representative Kawasaki was absent from the vote.

The MOTION to adopt Amendment 78 FAILED (5/5).

[7:45:05 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment 79:

OFFERED BY: Representatives Guttenberg and Gara
DEPARTMENT: Natural Resources
APPROPRIATION: Administration and Support Services
ALLOCATION: Citizen's Advisory Commission on Federal Areas

DELETE: \$288.1 UGF 1004
POSITIONS: 1 PFT, 1 FT seasonal (11 months/year)

EXPLANATION: Unnecessary function of state government.

Co-Chair Neuman OBJECTED for discussion.

Representative Guttenberg explained the amendment would delete the Citizen's Advisory Commission on Federal Areas and would eliminate 1.5 positions. He stated that the commission provided an unnecessary government function given that the work was already conducted by the state, the governor, the Department of Law, DNR, and legislative floor citations. He added that the public had also weighed in strongly.

Co-Chair Neuman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 79 was ADOPTED.

[7:46:55 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment 80:

OFFERED BY: Rep. Guttenberg
DEPARTMENT: Revenue
APPROPRIATION: Language Section
ALLOCATION: Fund Capitalization

ADD: \$500,000,000 UGF 1004
Add text: "not to exceed \$500,000,000"

DELETE: \$700,000,000 UGF 1004

Delete text: "estimated to be \$700,000,000"

EXPLANATION: Amend language HB 72, page 70, lines 4-9 as follows: (d) If the balance of the oil and gas tax credit fund (AS 43 .55.028) is insufficient to purchase transfer tax credit certificates issued under AS 43 .55.023 and production tax credit certificates issued under AS 43.55.025 that are presented for purchase, the amount by which the tax credit certificates presented for purchase exceeds the balance of the fund, not to exceed \$500,000.000 [estimated to be \$700,000,000] is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55 .028).

Co-Chair Neuman OBJECTED for discussion.

Representative Guttenberg explained the amendment. He spoke to tax credits provided by the state to the oil and gas industry. He explained that two of the credit types could be cashed in for a certificate; others were allowed to be written off on taxes. He noted that the certificate could be sold from one company to another. He relayed that DNR had different estimates on the amounts from year to year, but some would be or had expired. He highlighted that the expected outlay for the credits in cash in the current year was \$700 million. The amendment would reduce the credits from \$700 million to \$500 million. He elaborated that the credits would still be honored by the state. He stressed that he was not asking the state to not honor the credits. He opined that the state needed to tell the people looking to cash the credits in that it only had \$500 million of the projected \$700 million. He detailed that under the amendment companies would cash in on a first come first serve basis; the department would pay out until the cap was reached, which was expected to occur in May or June. The department would begin paying out credits again at the start of the next fiscal year on July 1.

Co-Chair Neuman asked committee members to refrain from using technology at the table.

Representative Guttenberg continued to explain the amendment, specifying that the state did not have \$700 million to pay for credits in the current year; it would be necessary for companies to wait a few months. He remarked

that perhaps the price of oil would increase, but perhaps it would not. He addressed that if projections by DOR were accurate, the price of oil would continue to decline. The amendment specified to companies that they would have to wait a few additional months to receive their cash due to the state's budget crisis. He believed the industry would understand the situation. He emphasized that the amendment did not represent a change to tax policy; the state's liability for the credits would remain. He stressed that paying out \$700 million in cash was a substantial burden for the state in the current year. The credits applied statewide for Prudhoe Bay, Cook Inlet, and Middle Earth because they could not differentiate between tax payers. He compared the situation to curtailing a promise to increase funding to education in the current year. He believed it was necessary to have participation across the political spectrum. He opined that in another state the budget would include much more than reductions; it would include increases in motor-fuel tax, road service charges, and income tax. He stated that the amendment was the closest to achieving a balance sheet that looked at both sides of the equation. He summarized that the state could not afford to pay the out \$700 million in the present year; the amendment would pay out \$500 million in the current year. The legislature would figure out what to do the following year. He emphasized that the state's liability would remain.

[7:52:51 PM](#)

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

OPPOSED: Gattis, Munoz, Pruitt, Saddler, Wilson, Edgmon, Thompson, Neuman

The MOTION to adopt Amendment 80 FAILED (3/8).

[7:53:32 PM](#)

Representative Gara MOVED to ADOPT Amendment 81 [Note: a copy of the backup letter from the Alaska Energy Authority to the Office of Management and Budget, dated January 8, 2015 is on file.]:

OFFERED BY: Representatives Gara, Guttenberg, Kawasaki

Page 1, line 2, following "capitalizing funds;":
Insert "lapsing appropriations"

Page 76, line 18, following "APPROPRIATIONS.":
Insert "(a)"

Page 76, line 19:

Insert new subsections to read: "(b) the unexpended and unobligated balance on June 30, 2015, estimated to be \$17,973,847, of the appropriation made in sec. 01, ch. 16, SLA 2013, page 12, lines 20-21, lapses to the general fund on June 30, 2015."

EXPLANATION: This causes the available general fund balance appropriated to the Anchorage - U-Med District Northern Access project to lapse into the general fund. The Bragaw Road extension in Anchorage is not an affordable project compared to other priorities in this fiscal climate.

"(c) \$6 million of the unexpended and unobligated balances, estimated to be a total of \$6,681,700, of the appropriations made in sec. 4, ch. 16 SLA 2013, page 105, lines 20-24, and sec. 4, ch. 18, SLA 2014, page 87, lines 10-11, and without elimination of any department positions, lapses to the general fund on June 30, 2015."

EXPLANATION: This causes the available general fund balance appropriated to Susitna-Watana Hydroelectric projects to lapse into the general fund. The Susitna Dam would serve the same customers as the two gasline projects being considered by the State at this time, and all three projects will bring excess power to the Railbelt. This amendment withdraws the remaining unobligated funds with appropriated to the Susitna Dam in a time of budget shortfalls. This lapse does not affect any positions at DCCED.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained that the amendment sought \$23 million in savings. He elaborated that currently there was enough money in the Susitna-Watana project its work for the coming fiscal year. He believed the \$6 million left over

should be reappropriated to the General Fund. He stated that the Susitna project served the same people that three potential gas lines would serve. Additionally, the amendment would remove funds from the Bragaw Road extension. The amendment sought to use the savings from the two projects to help cut the budget deficit by \$23 million.

[7:54:33 PM](#)

Co-Chair Neuman MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Edgmon, Gara

OPPOSED: Gattis, Munoz, Pruitt, Saddler, Wilson, Thompson, Neuman

The MOTION to adopt Amendment 81 FAILED (4/7).

Co-Chair Thompson MOVED to authorize the Division of Legislative Finance and Legislative Legal Services to make technical and conforming amendments to incorporate the amendments adopted by the committee into a CS.

HB 72 was HEARD and HELD in committee for further consideration.

HB 73 was HEARD and HELD in committee for further consideration.

Co-Chair Neuman discussed the schedule for the following morning.

#

ADJOURNMENT

[7:56:14 PM](#)

The meeting was adjourned at 7:56 p.m.