

HOUSE FINANCE COMMITTEE
January 28, 2016
1:32 p.m.

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CALL TO ORDER

Co-Chair Neuman called the House Finance Committee meeting to order at 1:32 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

Gary Folger, Commissioner, Department of Public Safety; Kelly Howell, Director, Division of Administrative Services, Department of Public Safety; Colonel Jim Cockrell, Director, Division of Alaska State Troopers, Department of Public Safety; Lauree Morton, Executive Director, Council on Domestic Violence and Sexual Assault, Department of Public Safety; Michael Hanley, Commissioner, Department of Education and Early Development; Heidi Teshner, Director, Administrative Services Director, Department of Education and Early Development; Elizabeth Nudelman, Director, School Finances and Facilities, Department of Education and Early Development.

SUMMARY

HB 255 BUDGET: CAPITAL

HB 255 was HEARD and HELD in committee for further consideration.

HB 256 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 256 was HEARD and HELD in committee for further consideration.

HB 257 APPROP: MENTAL HEALTH BUDGET

HB 257 was HEARD and HELD in committee for further consideration.

FY 17 BUDGET OVERVIEWS:

DEPARTMENT OF PUBLIC SAFETY

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

HOUSE BILL NO. 255

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

HOUSE BILL NO. 256

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, making reappropriations, making supplemental appropriations, 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. 257

"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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#hb256

#hb257

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^FY 17 BUDGET OVERVIEW: DEPARTMENT OF PUBLIC SAFETY

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GARY FOLGER, COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, introduced himself and the other representatives in the department. He shared that the current year was the 75th anniversary of the Alaska State Troopers. He stated that the troopers were established in 1941. He recalled some significant events in the state since the inception of the Alaska State Troopers. He shared that there were some core values of the troopers. He felt that the current troopers were extremely well equipped, and was excited for the future enhancements. He discussed the PowerPoint, "Department of Public Safety Department Overview" (copy on file).

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KELLY HOWELL, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, looked at slide 2, "Organizational Chart." She remarked that there were some slides, which were a high-level snapshot of the FY 17 budget proposal, followed by the division specifics.

Co-Chair Neuman requested a presentation of the pertinent budget issues.

Ms. Howell explained slide 2. She noted that there were five divisions within the Department of Public Safety (DPS): Division of Administrative Services; Division of Alaska State Troopers; Division of Wildlife Troopers; Statewide Services; and the Division of Fire and Life Safety. There were three councils that were administratively housed in the department: The Alaska Fire Standards Council; The Alaska Police Standards Council; and The council on Domestic Violence and Sexual Assault. She stated that the Crime Lab and Public Safety Training Academy were also overseen by the commissioner's office.

Ms. Howell highlighted slide 3, "Department of Public Safety":

Our Mission:

To ensure public safety and enforce fish and wildlife laws

Our Core Services

Law enforcement patrol and investigations
Rural law enforcement services
Domestic violence and sexual assault programs
Statewide public safety programs
Resource protection
Highway safety

Ms. Howell discussed slide 4, "Statewide Impact":

DPS is Alaska's primary statewide law enforcement agency

Direct support to other agencies

Investigative assistance
Search and rescue
Training
Alaska Public Safety Information Network
Crime lab

Ms. Howell highlighted slide 5, "Department of Public Safety." The slide was a high level comparison between FY 15, FY 16, and the governor's current proposed budget. She stated that the FY 17 budget eliminated some positions.

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Co-Chair Neuman wondered how many Alaska State Troopers were currently employed compared to ten years prior. Commissioner Folger replied that there were currently 301 positions, and 300 positions were currently filled in the Alaska State Troopers. The Alaska Wildlife Troopers had 94 positions, and he believed that 92 were currently filled.

Co-Chair Neuman surmised that there were approximately 400 total positions. Commissioner Folger agreed.

Co-Chair Neuman asked whether the number of personnel had increased or decreased in the last ten years. Commissioner Folger replied that, when he joined the department in 1981 there were 360 State Troopers and 120 Wildlife Troopers. He stated that within the last ten years there had been a

slight increase in personnel, but he agreed to provide that information.

Representative Gattis noted that the troopers had previously "back filled" some positions by the city police. She wondered if the cities had other "back fills" that would compensate for the overall decrease since 1981. Commissioner Folger replied that Wasilla Police Department was still a fairly small core area, but the rural part of the Mat-Su had grown significantly. He remarked that the State Troopers were barely keeping up with the increase in the Mat-Su region.

Representative Gattis noted that there was some "back filling" in certain areas. She wondered whether the number of troopers per capita had increased or decreased. Commissioner Folger replied that the number of troopers had decreased.

Representative Gara remarked that fish and wildlife troopers were important to the safety in fishing. He wondered if those troopers did other work, besides fish and wildlife patrol. Commissioner Folger replied that approximately one-third of the work of the fish and wildlife troopers was "regular patrol." He furthered that there were some areas of the state in which they were the only law enforcement in the community, so they were fully engaged in all aspects of law enforcement in those areas.

Representative Gara queried the process to decide whether a trooper should patrol a community that could afford their own law enforcement. Commissioner Folger deferred to Colonel Cockrell. He remarked that Girdwood was a good example of whether or not to provide state or local law enforcement. He remarked that there was a hope to move the patrol troopers to Nikiski, because the volume of calls was higher in Nikiski. He remarked that the highway patrol would remain in Girdwood.

Representative Gara wondered how many troopers were sent to a community that could afford its own law enforcement.

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COLONEL JIM COCKRELL, DIRECTOR, DIVISION OF ALASKA STATE TROOPERS, DEPARTMENT OF PUBLIC SAFETY, explained that there were small jurisdictions, so the voters controlled the

boundaries. The troopers were forced to provide the "back fill." He stated that the troopers serviced approximately 80,000 residents, with only two troopers and one sergeant. He remarked that Girdwood, Indian, Bird, and Crow Creek was "battling" with the Municipality of Anchorage, because those troopers needed to redeploy those troopers elsewhere. He stressed that the governor's budget proposed losing many trooper positions. The proposal would decrease the personnel from 327 positions in the previous year to 293 positions. He felt that the troopers would remain in Girdwood, because of political considerations. He felt that Girdwood could provide its own law enforcement. He shared that DPS offered to provide service for approximately \$1.3 million to \$1.5 million, but Girdwood did not put that offer on the ballot for consideration. He stressed that the winter police in Girdwood did not factor in the Seward Highway and the surrounding communities. He stated that the Municipality of Anchorage decided to set its boundary, and felt that Anchorage should be responsible for the highway and the citizens who live on the highway. He shared that DPS had offered three Rural Highway Patrol Troopers to patrol the Seward Highway, because the troopers had reduced accidents and curbed reckless driving. He remarked that the Alaska State Troopers was at critical mass across the state. He shared that, should the legislature chose to force the municipalities and rural communities to take ownership of the police departments. He shared that the Kenai Peninsula Borough required the troopers to Nikiski, Sterling, and other areas. He stressed that the troopers provided services in the entire Mat-Su Borough, except Palmer and Wasilla. He furthered that he felt there were many areas in Fairbanks that the Fairbanks Police Department could handle, however the troopers filled in those "gaps." He remarked that he could not leave minimum staffing, because of trooper safety. He stressed that since September 2015, there were three attempts at killing an Alaska State Trooper, which resulted in the death of suspects. He stressed that the crime issues did not go away based on the number of law enforcement. He stressed that he was always worried about the safety of the troopers.

Co-Chair Neuman felt that the questions should be held to the end of the presentation.

Representative Gara asserted that he did not want his question to be misperceived. He wondered if he could comment.

Co-Chair Neuman replied that Representative Gara could not make a comment.

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Ms. Howell displayed slide 6, "FY2017 Operating Budget By Fund Source." She stated that 83 percent of DPS budget was UGF; and 57 percent was for personal services.

Ms. Howell addressed slide 7, "FY2017 Operating Budget By Line Item." She explained that the slide was a graphic distribution of the budget by appropriation.

Ms. Howell discussed slide 8, "FY2017 Operating Budget By Appropriation - All Fund Sources." She stated that Alaska State Trooper appropriation also included the Alaska Wildlife Troopers, but was separated in the pie-chart for comparison purposes. She noted that the Alaska State Troopers was 53 percent of the budget; and the Alaska Wildlife Troopers was 15 percent.

Ms. Howell looked at slide 9, "FY2017 Operating Budget By Appropriation - UGF Only." The Alaska State Troopers made up the majority of the DPS budget.

Ms. Howell highlighted slide 10, "Public Safety Employees." The graph showed the growth of the budgeted positions in DPS since 2007 to 2017.

Ms. Howell discussed slide 11, "Alaska State Troopers":

Detachments

Bureau of Highway Patrol

Search and Rescue

Statewide Drug and Alcohol Enforcement

Alaska Bureau of Investigation

Prisoner Transport

Judicial Services

Ms. Howell explained the mission of the Alaska State Troopers. The division was comprised of posts assigned to five geographic detachments that provide patrol; enforcement; and search and rescue to all areas of the state. The central headquarters was located in Anchorage. The major components within the Alaska State Troopers were the Bureau of Highway Patrol; Search and Rescue; Statement Drug and Alcohol Enforcement; Alaska Bureau of Investigation; Prisoner Transport; and Judicial Services. The general overview of the budget was \$99.7 million, which was a roughly 1.6 percent reduction from the previous fiscal year.

Ms. Howell discussed slide 12, "Village Public Safety Officer Program":

\$12,105.4 awarded to ten grantees

72 grant-funded positions filled as of 12/31/2015

7 Coordinators
3 VPSO/Coordinators
62 VPSOs in 55 communities

Ms. Howell stated that the VPSO program was administered by DPS, which was 100 percent UGF. The funds were granted to nine regional nonprofit native corporations and one borough to administer the program in their regions. Currently there were 72 grant-funded positions filled as of December 31, 2015. She stated that seven of those positions were civilian coordinators within the VPSO programs. She stated that three perform dual duties as both VPSO and coordinator. She stated that there were 62 VPSOs on the ground in 55 communities.

Ms. Howell highlighted slide 13, "Alaska Wildlife Troopers":

Detachments
Wildlife Investigations Unit
Marine Section
Aircraft Section

Ms. Howell looked at slide 14, "Fire and Life Safety":

Training and Education Bureau
Life Safety Inspections Bureau

Plans Review Bureau
Office of Rural Fire Protection

Ms. Howell highlighted slide 15, "Statewide Services":

Criminal Records and Identification Bureau Alaska

Public Safety Information Network
Alaska Automated Fingerprint ID System
Sex Offender and Child Kidnapper Registration
Concealed Handgun Permits

Information Technology

Ms. Howell looked at slide 16, "Administrative Services":

Finance
Budget
Human Resources
Grants Management
Procurement
Facilities Management

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Ms. Howell discussed slide 17, "Scientific Crime Detection Lab":

Biological Screening
Controlled Substances
DNA / CODIS
Evidence
Firearm / Toolmarks
Arson / Fire Debris
Forensic Toxicology
Latent Prints

Ms. Howell addressed slide 18, "Training Academy":

Recruit training for state and municipal law enforcement agencies and VPSO's

In-service training covering refresher, update, and advanced topics

Public safety training to other government agencies

Ms. Howell highlighted slide 19, "Alaska Fire Standards Council":

Establish professional standards for fire service personnel
Establish curriculum requirements for the certification of training programs
Govern the procedure for certification of individuals who satisfy the minimum training and performance standards

Ms. Howell displayed slide 20, "Alaska Police Standards Council":

In cases of misconduct by a certified police officer, make a determination whether certification should be revoked

Develop, monitor, and revise law enforcement training

Assist academies and departments with funding for academy training

Fund specialized and advanced training for departments

Determine certification eligibility for all police, probation, and correctional officers and issue appropriate level of certificate

Ms. Howell highlighted slide 21, "Council on Domestic Violence and Sexual Assault":

Provide safety for Alaskans victimized or impacted by domestic violence and sexual assault through a system of statewide crisis intervention, prevention services, and perpetrator accountability

Ms. Howell looked at slide 22, "FY2017 Significant Operating Budget Changes":

Increment Requests:

AWT Aircraft Section: \$300.0 UGF
Laboratory Services: \$250.0 UGF

Reductions:

Fire and Life Safety: (70.1) UGF and 1 PFT
Alaska State Troopers: (2,588.2) UGF, 8 PFT, and
6 NP
Alaska Wildlife Troopers: (783.7) UGF and 5 PFT
VPSO Program: (503.8) UGF
CDVSA: (340.0) UGF
Statewide Support: (445.8) UGF, 3 PFT, and 1 NP

Ms. Howell highlighted slide 23, "FY2017 Capital Budget Request":

Marine Fisheries Patrol Improvements: \$1,200.0 Fed

Reappropriation from Two P/V Woldstad Engine Repower
Projects: \$3,619.5 UGF

\$2,269.5 for aircraft and vessel repair and
maintenance
1,350.0 for deferred maintenance on aircraft
hangars

Ms. Howell displayed slide 24, "Summary of Governor's Budget." She stated that the page represented a summary of the day's discussion, not including the Capital Budget.

Ms. Howell discussed slide 25, "Department of Public Safety's Share of Total Agency Operations." The slide showed DPS total percent of agency operations, as drafted by the Legislative Finance Division (LFD).

Ms. Howell highlighted slide 26, "Department of Public Safety, Salary Adjustment Increases and Personal Services Costs."

Ms. Howell looked at slides 27 and 28, which were the appropriations for GF and all funds.

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Representative Gara wondered if there was a correlation between the number of troopers available and trooper safety. Colonel Cockrell replied that the more troopers on shift in the urban areas provides a safety factor, because of the availability of back up. He remarked that more than one trooper on the scene meant a less chance of a physical altercation with the suspect. He shared that there was a recent routine traffic stop in Soldotna, and the trooper

ended up in a life and death battle, which lasted several minutes. He was out of contact for over five minutes, and resulted in a fatal shooting of the suspect.

Representative Kawasaki noted that the University of Alaska Fairbanks (UAF) had law enforcement training, and wondered if it was comparable to the Sitka Police Academy would offer. Commissioner Folger replied that the standards were different between the UAF program and the DPS training program.

Representative Kawasaki shared that a helicopter had been added to the DPS budget, and queried the helicopter disposition. Commissioner Folger replied that, due to funding, the helicopter was pickled. He announced that he wants an operational helicopter.

Representative Gattis wondered if the travel was paid for the testifiers in the current meeting. Commissioner Folger replied that Colonel Cockrell's travel costs were paid for by the department.

Colonel Cockrell shared that his flight was free, because there were available tickets that would have expired otherwise.

Commissioner Folger shared that the remaining half of Colonel Cockrell's day would be spent with Department of Transportation and Public Facilities (DOT/PF) to provide law enforcement services on the ferry system.

Representative Gattis hoped that testifiers would continue to be available by phone, rather than spend the money to meet in person.

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Representative Wilson wondered if the repair funds for the Patrol Vessel Wolstad had been spent. Commissioner Folger replied that the money had not been spent to fix the boat.

Representative Wilson wondered what could be done to fulfill the demands left by the unused Wolstad ship.

Representative Wilson noted that the Office of Children's Services (OCS) used the Alaska Public Safety Information Network. She wondered if the network could be accessed

remotely, because OCS was using unofficial databases, like Court View. Commissioner Folger replied that there were federal mandates, which restricted the access to the network.

Representative Wilson felt that OCS should be able to access the network remotely, by use of a password protected access.

Representative Wilson wondered if any of the \$11 million for the Council on Domestic Violence and Sexual Assault would be used for the troopers; or was it only used for the specific victim programs. Commissioner Folger replied that a portion of those funds goes to the training of troopers.

Representative Wilson wondered if the domestic violence prevention funding was used toward the troopers. Commissioner Folger replied that a portion of those funds were used for trooper training.

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Vice-Chair Saddler wondered whether the Alaska Public Safety Network (APSIN) system contained information on uninsured motorist. Commissioner Folger replied in the negative.

Vice-Chair Saddler queried the number of pilots who were not on flying duty. Commissioner Folger replied that he was a pilot not on flying duty.

Vice-Chair Saddler wondered if funds were used to maintain currency. Commissioner Folger replied that troopers who want to fly must provide a minimum standard. Once the troopers were on flight status, the department would provide an instrument ticket.

Vice-Chair Saddler wondered whether money was spent to keep the flying status current for troopers who were not currently flying. Commissioner Folger replied in the negative.

Vice-Chair Saddler wondered if there were twice as many police requiring twice as many representatives on the Police Standards Council. Ms. Howell agreed to provide that information.

Vice-Chair Saddler asked whether or not he had purported accurately. Commissioner Folger replied that the Fire Standards Council just recently was able to stand on its own. He stated that the volunteer fire departments could not easily be required to receive better training.

Co-Chair Neuman encouraged Vice-Chair Saddler to work with the DPS subcommittee chair to explore the issue.

Representative Guttenberg expressed concern regarding the deadly force use by officers. He noted that excessive force was increasing on the national level. He remarked that some may feel that those law enforcement officials using deadly force should not be law enforcement officials. He hoped that the highest quality troopers were recruited, and stressed that those troopers should be trained on the highest possible level. He felt that reaching critical mass on the number of troopers would result in opportunities for trouble. He wondered if the state was currently past critical mass. He understood that there was no single standard for law enforcement across the state. He wondered if there were enough troopers to patrol the state, without endangering the troopers themselves. Colonel Cockrell replied that he does not feel that there are nor will be enough troopers with the budget reductions. He noted that the troopers covered all parts of the state, while also covering the search and rescue responsibilities. He felt that the troopers were currently at critical mass. He felt that Bethel could use a couple more troopers, because of the high rates of sexual assault in the Bethel. He shared that there was an attempt to post troopers in the villages, to try to get the troopers more involved in the smaller communities. He stressed that there was a cost to provide the troopers to the smaller communities, because of housing costs and trooper positions. He stressed that DPS was struggling to keep up with the volume of crime. He reiterated that the troopers could not keep up with the volume of crime in the Mat-Su, because of the "overflow" from the bar closures in Anchorage. The residents of Mat-Su know that the police presence in Anchorage is higher than the Mat-Su. The summertime shootings in Mat-Su were performed by residents of Anchorage. He remarked that many crimes in Fairbanks were moving to the rural areas, because of the desire to distance from police presence.

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Representative Guttenberg remarked that underfunding a program would have a consequence in another agency. Colonel Cockrell replied that decreasing preventative programs falls on the burden of law enforcement.

Representative Munoz queried the budget amount for the battered intervention program. Ms. Howell deferred to Ms. Morton.

LAUREE MORTON, EXECUTIVE DIRECTOR, COUNCIL ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT, DEPARTMENT OF PUBLIC SAFETY, stated that the budget was \$200,000 for the Battered Intervention Program.

Representative Munoz wondered if the funding was for the statewide program. Ms. Morton replied in the affirmative and explained that there were 15 approved intervention programs. She stated that the council partially funded nine programs: six in communities and three in prisons. The community based programs had the \$200,000 budget.

Representative Munoz asked if the reduction of \$340,000 came from that program. Ms. Morton replied that \$200,000 was the intervention programs, and \$140,000 was from the Victims Service Grants.

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Representative Edgmon requested that Colonel Cockrell sit at the table. He thanked the department for their work, and expressed appreciation for the presentation. He noted that the Department of Law had eliminated the district attorney in Dillingham. He queried the impact of that elimination. Colonel Cockrell replied that he did not want to respond to the Department of Law's decision. He stated that the lowest district attorney was normally assigned to an area. He shared that troopers took great pride in their cases, and the resources in the district attorney's office allowed for a greater number of dismissed cases.

Representative Edgmon stressed that decreasing the funding in the Department of Law (LAW) would affect other agencies. He remarked that without a district attorney (DA), it was difficult to prosecute in the smaller communities like Dillingham.

Co-Chair Neuman shared that he had many conversations with DPS about reducing recidivism. He queried that opinion about more treatment following arrest. Colonel Cockrell replied that the state needed a great drug treatment system. He stressed that treating drug offenders might keep the offender out of prison, and become a functional member of the community.

Co-Chair Neuman announced that over 90 percent of the cases in the Mat-Su were drug related.

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^FY 17 BUDGET OVERVIEW: DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

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

HEIDI TESHNER, DIRECTOR, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced herself.

Commissioner Hanley presented the PowerPoint, "Alaska Department of Education and Early Development, FY 2017 Governor's Budget Overview" (copy on file).

Commissioner Hanley looked at slide 2, "Department of Education and Early Development Organization Chart." He remarked that the State Board of Education and Early Development was at the top of the Department of Education and Early Development (DEED). He noted the five primary divisions within the department; and the three boards and commissions that were mostly autonomous within the department, but operated within the structure.

Commissioner Hanley highlighted slide 3, "Department of Education and Early Development Alaska State Constitution Alaska Statutes":

Alaska Constitution Section 7.1 - Public Education

Responsibility: To establish and maintain a system of public schools.

Key Functions: Fund, provide oversight and support, set standards, assess students towards standards.

State Education Policy - AS 14.03.015

The purpose of education is to help ensure that all students will succeed in their education and work.

Governing Statutes - Alaska Statutes Title 14

Commissioner Hanley highlighted slide 4, "Department of Education and Early Development Mission and Core Services":

Mission

To ensure quality standards based instruction to improve academic achievement for all students.

Core Services

1. Public School Funding - Ensure funding is appropriately distributed to recipients based on legislative appropriations and by Statute.
2. Fiscal Accountability, Compliance and Oversight - Ensure the department effectively and efficiently manages state, federal and other funds.
3. School Effectiveness Programs - Assist districts by providing programs, technical on site and distance delivery support, and early intervention services.
4. Active Partnerships - Provide opportunities for, and collaborate with government entities, and other public and private organizations.

Commissioner Hanley addressed slide 5, "Department of Education and Early Development FY2017 Governor's Budget by Structure." He noted that nearly 81 percent of the budget was for Formula Programs, which were the school programs. He remarked that the second largest budget component was for teaching and learning support, which was also directly at schools in the form of grants. He noted that very small budget remaining for the other aspects of DEED.

Commissioner Hanley displayed slide 6, "Department of Education and Early Development Structure Overview":

DEED has 5 Divisions, 3 Commissions and Boards, and the Office of the Commissioner.

1. Division of Teaching and Learning Support

Dr. Susan McCauley, Director
84 full time budgeted positions
14.6 percent of DEED's FY2017 Operating Budget Request
\$238,401.1 total budget request (\$17,810.8 UGF)
Provides support through federal program funding and compliance; academic standards, academic assessment and accountability; state system of support to increase school effectiveness; and active partnerships

2. Division of School Finance and Facilities

Elizabeth Nudelman, Director
13 full time budgeted positions
0.1 percent of DEED's FY2017 Operating Budget Request
\$2,360.1 total budget request (\$1,539.0 UGF)
Allocates and accounts for resources distributed to Alaska school districts and Mt. Edgecumbe Boarding School and provides services that promote safe facilities which support quality education programs.

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Commissioner Hanley addressed slide 7, "Commissioner Hanley Structure Overview":

3. Division of Administrative Services

Heidi Teshner, Director
18 full time budgeted positions
0.3 percent of DEED's FY2017 Operating Budget Request
\$4,993.7 total budget request (\$3,302.1 UGF)

Provides centralized administrative management and financial, budget, procurement, human resources, and information technology support services to the department divisions; and state facilities rent.

4. Division of Libraries, Archives and Museums

Linda Thibodeau, Director
62 full and part time budgeted positions
0.8 percent of DEED's FY2017 Operating Budget Request
\$13,422.3 total budget request (\$8,340.5 UGF)
Provides the public with access to government information; collects, organizes, preserves, and makes available materials that document the history of the state; and promotes the development of libraries, archives and museums statewide.

Commissioner Hanley looked at slide 8, "Department of Education and Early Development Structure Overview":

5. Mt. Edgecumbe Boarding School

Bill Hutton, Director
55 full and part time budgeted positions
0.7 percent of DEED's FY2017 Operating Budget Request
\$11,996.2 total budget request (\$4,654.8 UGF)
Provides a successful comprehensive residential high school for Alaskan students.

6. Alaska State Council on the Arts

Shannon Daut, Director
6 full time budgeted positions
0.2 percent of DEED's FY2017 Operating Budget Request
\$2,804.1 total budget request (\$729.6 UGF)
Promotes and fosters the development of the arts for all Alaskans through education, partnerships, grants, and services.

Commissioner Hanley highlighted slide 9, "Department of Education and Early Development Structure Overview":

7. Professional Teaching Practices Commission

Jim Seitz, Director

2 full time budgeted positions

0.0 percent of DEED's FY2017 Operating Budget Request

\$303.9 total budget request (\$4.4 UGF)

Serves as a preventative and positive force in working to enhance the professional performance of all educators, and ensures that members of the teaching profession in Alaska are qualified and ethical educators.

8. Alaska Commission on Postsecondary Education

Diane Barrans, Director

99 full time and non perm budgeted positions

2.2 percent of DEED's FY2017 Operating Budget Request

\$36,619.6 total budget request (\$0.0 UGF)

Promotes access to and success in education and career training after high school.

Commissioner Hanley discussed slide 10, "Department of Education and Early Development Structure Overview":

9. Office of the Commissioner

Mike Hanley, Commissioner

5 full time budgeted positions

0.1 percent of DEED's FY2017 Operating Budget Request

\$917.0 total budget request (\$894.6 UGF)

Provides policy direction and support to Alaska's school districts, schools, students, parents, teachers, and department programs that increase student achievement.

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Commissioner Hanley highlighted slide 11, "Department of Education and Early Development Key Performance Measures." He stressed that the graduation rate was a key performance measure. He remarked that the trend was moving in the right direction, but there was a desire to continue to increase

the percentage. He noted that the five-year graduation rate was 78.3 percent. He remarked that it was a higher rate than the four-year rate. He stressed that the DEED's goal was a four-year graduation rate.

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Commissioner Hanley addressed slide 12, "Department of Education and Early Development Key Performance Measures." He remarked that the bar on the right represented the number of students that qualify for the Alaska Performance Scholarship: 3,756 students.

Commissioner Hanley looked at slide 13, "Department of Education and Early Development FY2017 Governor's Budget":

DEED will employ 344 Alaskans in fulltime, part time, and seasonal positions in 7 locations, with main offices in Juneau, and regional offices throughout the state.

Commissioner Hanley discussed slide 14, "Department of Education and Early Development FY2017 Governor's Budget." He restated that the largest portion of the budget was public school funding. The second largest budget portion was the fiscal accountability, compliance, and oversight at 14 percent. He shared that there was federal funding within that component, such as child nutrition services. There was also title money within that component.

Commissioner Hanley highlighted slide 15, "Department of Education and Early Development FY2017 Governor's Budget." He noted the breakdown of funding between formula programs and agency operations. He noted that the DGF agency operations was approximately \$62 million. He remarked that 68 percent of the agency was federally funded, and the money was filtered directly to schools.

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Commissioner Hanley looked at slide 16, "Department of Education and Early Development Operating Overview All Funds." He remarked that 95 percent of the funding was distributed in grants, which was formula funding. He furthered that 3 percent were other lines such as travel and contractual obligations. He stated that 2 percent of the budget was personnel.

Commissioner Hanley displayed slide 17, "Department of Education and Early Development FY2017 Governor's Budget Highlights":

K 12 Foundation Program and Pupil Transportation
\$12.5 Million

- \$50 Base Student Allocation (BSA) increase from \$5,880 to \$5,930; fund source change from UGF to Public School Trust Fund (DGF)

School Finance and Facilities

- \$66.0 UGF reduction to remove remaining one time funding from the Education Bill (Ch 15 SLA 2014, HB278) for the prototypical design study

Student and School Achievement

- \$525.0 DGF reduction to remove funding for the College and Career Readiness Assessments (CCRA)
- \$31.2 DGF increase to the authorization for the Alaska Technical and Vocational Education Program (TVEP) funding
- \$25.0 UGF reduction to remove funding for the Alaska Resource Education Grant (formerly known as the Alaska Mineral and Energy Resource Education Fund or AMEREF)

Alaska Native Science and Engineering Program (ANSEP)

- \$385.2 UGF reduction to base grant

Commissioner Hanley addressed slide 18, "Department of Education and Early Development FY2017 Governor's Budget Highlights (con't)":

Child Nutrition

- \$11,000.0 increase in federal receipt authority to receive additional USDA grant funds due to increases in child nutrition programs.

Early Learning Coordination

- \$320.0 UGF reduction to remove funding for Best Beginnings

- \$500.0 UGF reduction to remove funding for Parents As Teachers

Pre Kindergarten Grants

- \$2,000.0 UGF reduction to remove funding for Pre Kindergarten grants

Alaska State Council on the Arts

- \$800.0 SDPR (Other) increase in authorization to accept a multi year Margaret A Cargill Foundation grant

State Facilities Rent

- \$200.0 UGF reduction to remove one time funding for dual occupancy rent

Library Operations

- \$672.7 UGF reduction to reduce Broadband Assistance Grants to school districts

Commissioner Hanley looked at slide 19, "Department of Education and Early Development FY2017 Governor's Budget Highlights (con't)":

Museum Operations

- \$136.5 GF/Prgm (DGF) increase in receipt authority to collect and spend additional gate receipts for the new Kashevaroff State Libraries, Archives and Museum Facility

Alaska Commission on Postsecondary Education, Program Administration and Operations

- \$1,109.4 federal receipt authorization reduction to remove funding for the College Access Challenge Grant
- \$12,518.0 I/A Rcpts (Other) increase in authorization to accurately reflect component funding from the Alaska Student Loan Corporation
- \$720.0 SDPR (Other) increase in authorization in order to accept external grants for outreach, research, and reporting programs and services
- \$0.0 net change for a funding source adjustment to accurately reflect institutional authorization fees; \$50.0 DGF/(\$50.0)

Other Unallocated Appropriation

- \$329.8 UGF reduction to remove FY2016 salary adjustments

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Ms. Teshner looked at slide 20, "Department of Education and Early Development FY2017 Governor's Budget by Core Service." She stated that between the FY 16 Management Plan the FY 17 Adjusted Base there was an \$11.2 million increase in all funds. She noted the comparison to the FY 17 Adjusted Base and the FY 17 Governor's proposal, which showed an overall \$20 million increase. She stated that the details of the increases would be addressed in the following slides.

Ms. Teshner discussed slide 21, "Department of Education and Early Development FY2017 Governor's Budget." The slide showed a comparison between the FY 15 through FY 17 management plans and the current governor's proposal, between the formula and non-formula programs. She noted the overall decrease of 4 percent in all funds. She noted the UGF comparison with an overall increase of 8.3 percent with a 35.1 decrease to the agency operations in non-formula programs.

Ms. Teshner highlighted slide 22, "Department of Education and Early Development FY2017 Governor's Budget Summary." The slide showed a different comparison format between the FY 16 Management Plan through Adjusted Base to the governor's increments and decrements.

Ms. Teshner addressed slide 23, "Department of Education and Early Development Budget Compared to All Agencies Budgets":

The department's non-formula GF budget grew almost \$11.3 million (28 percent) between FY 07 and the FY 17 governor's request - an average annual growth rate for that period of 2.5 percent.

The department's total non-formula FY 17 GF budget equals \$155 per resident worker.

Ms. Teshner looked at slide 24, "DEED Formula and Non-Formula Funding":

The department's total GF budget grew over \$330 million (28 percent) between FY 07 and the FY 17 governor's request - an average annual growth rate for that period of 2.8 percent.

The department's total FY 17 GF budget request for DEED formula and non-formula programs equals \$4,048 per resident worker.

Commissioner Hanley pointed out that in FY 07 the non-formula funding was 28.5 percent of the overall budget.

Ms. Teshner highlighted slide 25, "DEED Non-Formula Personal Services Costs and Salary Adjustment Increases":

Note: The FY 16 amount is understated by \$10 million due to a structure change in the Alaska Commission on Postsecondary Education.

Ms. Teshner discussed slide 26, "Commissioner Hanley Non-Formula Budget Comparisons." The slide showed the comparison of DGF and UGF funding by component.

Commissioner Hanley pointed out that the green line was the Teaching and Learning Support. Those increases reflected when active partnerships were initiated.

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Co-Chair Neuman wondered if the Alaska Commission of Postsecondary Education (ACPE) was all federal money. Commissioner Hanley replied that the funding was mostly receipts from student loans.

Co-Chair Neuman asked for further information. Ms. Teshner replied that

Co-Chair Neuman surmised that the funding was from the interest from student loans. Ms. Teshner replied that ACPE funding consisted primarily of other funds, such as the Student Loan Corporation receipts. The receipts funding \$14 million of their \$21 million budget. She explained that only \$900,000 of the ACPE budget was federal receipts, and \$5.8 million was DGF.

Co-Chair Neuman wondered if the interest from student loans was used as the funding. Ms. Teshner replied in the affirmative.

Co-Chair Neuman asked whether the money could be directed elsewhere or if it was statutorily directed at the state or federal level. Commissioner Hanley deferred to Ms. Barrans.

Co-Chair Neuman asked that Representative Gattis examine that issue in the DEED subcommittee.

Representative Gattis stated that she intended to explore the issue in the DEED subcommittee.

Representative Guttenberg looked at slide 8, which referenced the Alaska State Council on the Arts, and noted the grants. He felt that Alaska was almost unable to match federal grant funding. He was worried that the budget would be less than what was required for federal matching funds. Ms. Teshner replied that the federal match for the state was one-to-one match.

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Representative Guttenberg wondered if DEED was "giving up on the federal match." Ms. Teshner replied in the negative.

Representative Guttenberg asked if the state was above the matching level. Ms. Teshner replied in the affirmative.

Representative Guttenberg remarked on the bandwidth goal. He remarked that many communities did not receive that level of bandwidth. He shared that his community was lucky to receive even a small amount of bandwidth. He wondered if the state had given up on its goal of 10 megabits of bandwidth. Commissioner Hanley replied that the \$5 million goal of achieving 10 megabits, was put in place two years prior. He stressed that prior to two years ago there was no state money toward broadband. He appreciated the recognition of a quality of life related to higher bandwidth. He remarked that there were fiscal decisions, but stressed that it was still a goal to achieve 10 megabits.

Representative Guttenberg observed that there was no discount for broadband in the rural communities. He shared

that there was a recent attempt to allow village councils and tribal entities to expand the broadband in schools. He queried the status of that attempt. Commissioner Hanley replied that DEED was not a part of that conversation. He remarked that DEED was a consumer of broadband like the communities.

Representative Munoz shared that she had recently had a conversations with Alan Dick. She shared that she had expressed concern about the new standards leaving behind some students who were not college bound. She remarked that the language of the standards was difficult to understand. She wondered whether the department had an intention to make the standards easier to understand. Commissioner Hanley replied that the standards were meant to ensure that the students were ready for the next step in education. He explained that there were some math standards language that would be difficult to understand for everyone. He felt that the need for the documents for parents was necessary, and would be much broader than the standard outlined for teachers.

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Representative Munoz felt that the elementary school standard language made it difficult for anyone to understand those standards. Commissioner Hanley agreed.

Representative Gara looked at slide 24, and wondered if the increases in DEED funding may be because of the finding that the rural districts were underfunded. Commissioner Hanley replied that the finding was the state was meeting the "constitutional floor" of responsibility of establishing and providing for an education. He remarked that there was no finding that showed underfunding, but there was a recognition that more funding was necessary.

Representative Gara clarified that the legislature had passed a new formula that provided a new cost differential for urban and rural school funding. He remarked that the new formula recognized the miscalculation of the cost differential for rural schools, so for every dollar Anchorage gets, a larger amount would go to rural districts. He also noted the increase in special education funding, because the school districts were not given those costs. He noted that the legislature passed that bill in approximately 2005. He wondered if that formula change

accounted for some of the increase. Commissioner Hanley replied in the affirmative, and deferred to Ms. Nudelman.

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ELIZABETH NUDELMAN, DIRECTOR, SCHOOL FINANCES AND FACILITIES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, explained that there were changes in the public school funding formula. She noted that the two primary changes included changing the geographic cost factors across Alaska. Those were implemented over a five-year period, which was included in the chart. She remarked that the second larger change was the intensive funding, which was implemented over three years.

Representative Gara noted the increase in FY 15, and wondered if that was due to the former legislation Mr. Butt 138. Ms. Teshner replied in the affirmative.

Representative Gara noted that throughout the 1990s the K-12 formula was basically "flat funded." Ms. Nudelman replied that there were not strong increases in funding in the 1990s, which she could remember. She stated that she did not have precise details.

Representative Gara shared that he may have some Pre-K questions later in the meeting.

Representative Wilson remarked that she was interested in Alaska Native Science and Engineering Program (ANSEP) and Mt. Edgecumbe adjustments. She noted that Mt. Edgecumbe had a very high graduation rate. She wondered if the State Board of Education examined the idea of the recommendations for Mt. Edgecumbe. Commissioner Hanley replied that he was only recently informed of the recent legislation. He stressed that he liked the quality of both ANSEP and Mt. Edgecumbe. He did not want to lose one over the other. He did not have enough knowledge of the intricacies. He stressed that Mt. Edgecumbe reached out to a broad spectrum of students across rural Alaska. He felt that only focusing on math and science would lose an entire outreach to a group of students. He shared that the State Board of Education was not aware of that proposal.

Representative Wilson felt that the state did not need to currently own a school. She requested information about a possible increase from 10 to 25 students to form a school.

She queried the reasoning of why that adjustment would be detrimental to schools. Commissioner Hanley agreed to provide that information.

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Representative Wilson noted that the highest growing area of funding was for teaching and learning. She wondered why school districts were not covering the needs of teachers, and why DEED did not pursue cost-neutral avenues. Commissioner Hanley replied that those concerns seemed like two different questions. He felt that the districts were doing their best. He stressed that DEED should provide resources without mandates.

Representative Wilson understood that DEED was providing training, but the formula program was the greatest cost driver. She remarked that any other industry required a fee for those services. She wondered why there was no fee to make those programs cost neutral. Commissioner Hanley replied that there was an evaluation about a fee for those programs. He remarked that DEED was trying to find the most effective and efficient way to help the schools educate the children. He stated that the smaller districts were in need of the most support, because of the new federal changes.

Representative Wilson remarked that she was the chair of the University; and the Department of Labor and Workforce Development budget. She hoped to put more of the money into the DEED budget.

Representative Gattis felt that education was funded at an extremely high rate. She remarked that money for education had been allocated outside of the budget. She shared that Mt. Edgecumbe did not only have students from rural communities. She announced that Mt. Edgecumbe had students from Anchorage and Mat-Su. She remarked that students from Sitka also attended Mt. Edgecumbe. She shared that Mt. Edgecumbe had different criteria for its incoming students than the other boarding schools, which may contribute to its higher graduation rate.

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Vice-Chair Saddler remarked that some people feel that the legislature had been "slashing education funding for years upon years." He wondered why some might feel that way.

Commissioner Hanley replied that he would have a difficult time finding proof of reduced funding. He shared that it felt like funding was cut, because of increased contractual and inflationary costs of school districts. He remarked that it was easy to point to the cuts coming from the legislature.

Representative Pruitt felt that the budget for DEED formula in 2017 should be \$1.1 billion if there was an adjustment for inflation. He remarked that the budget was in the formula was \$1.3 billion. He stressed that the legislature was currently far above the inflationary adjustment. He queried the number of new students from 2007 to 1017, which allowed for the increase above inflation. Commissioner Hanley replied that he did not know the student count in 2007, but the student enrollment was fairly stable in over the five to seven years at 130,000 students.

Representative Pruitt restated that there was a stable number of students, but the budget had doubled the inflationary impact.

Representative Gara requested a per student comparison of funding versus inflation. He stressed that there was a cost differential study and the special education study.

Representative Gara looked at slide 21, and remarked on the \$75 million decrease in the FY 15 Management Plan from the Governor's proposal. Ms. Teshner replied that the decrease was represented by the reduction from the one-time funding for FY 15 through FY 17. She also noted the fund source change between UGF and DGF in FY 17.

Co-Chair Neuman stressed that the DEED budget was important. He remarked that the education funding formula had been changed over time. He wondered if the formula should be changed again.

Co-Chair Thompson discussed the following day's agenda.

HB 255 was HEARD and HELD in committee for further consideration.

HB 256 was HEARD and HELD in committee for further consideration.

HB 257 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

3:30:39 PM

The meeting was adjourned at 3:30 p.m.