

HOUSE FINANCE COMMITTEE  
March 8, 2016  
1:34 p.m.

1:34:44 PM

CALL TO ORDER

Co-Chair Neuman called the House Finance Committee meeting to order at 1:34 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

Pete Ecklund, Staff, Representative Mark Neuman; Joan Brown, Staff, Representative Mark Neuman; David Teal, Director, Legislative Finance Division; Representative Lora Reinbold; Representative Cathy Tilton; Representative Neal Foster; Representative Kurt Olson.

SUMMARY

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.

#hb256

#hb257

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."

[1:34:53 PM](#)

Co-Chair Neuman discussed the meeting agenda. The committee would hear amendments to the operating budget.

Co-Chair Neuman MOVED to ADOPT Amendment 1 (copy on file) [Note: due to the length of the amendment it has not been fully included in the minutes]:

EXPLANATION:

In January 2015, the FAA contacted the Department of Revenue regarding tracking the proceeds of the aviation fuel tax to ensure that the state was meeting federal requirements (federal register volume 64, number 30, page 7716--February 16, 1999). The federal government requires proceeds of aviation fuel taxes--and other revenue from airports constructed with federal receipts--to be spent for capital or operating costs of airports. Previously, the State (and FAA) considered expenditure tracking unnecessary because annual state expenditures on airports far exceeded annual aviation revenue.

Three fund codes were created in response to the federal concern for more explicit tracking. Code 1239 (Aviation Fuel Tax) will be used to track appropriations of aviation fuel tax collections, code 1244 (Rural Airport Receipts) will be used to track appropriations of rural airport lease, other receipts/ and code 1245 (Rural Airport Receipts I/A) will be used to track appropriations of rural airport lease/ other receipts from other state agencies. The codes are classified as dedicated (Other) funds (due to the federally restricted use of airport revenue) and may be used in the DOT&PF budget for capital or operating appropriations for airports. The reclassification of expenditures from general funds to dedicated revenue will also require the Department of Revenue to reclassify the revenue stream as restricted revenue.

Aviation Fuel Tax receipts will be appropriated based on the most recent closed fiscal year's actual tax collections. So for FY17, the appropriation level would be the amount of FY15 collections, which were \$4.7 million.

This amendment is a net zero fund source change.

Co-Chair Thompson OBJECTED for discussion.

PETE ECKLUND, STAFF, REPRESENTATIVE MARK NEUMAN, explained the amendment. He directed attention to the explanation on page 3 of the amendment. He explained that there had been a change to federal law requiring the state to track aviation fuel tax and leasing revenue and show that revenue was being spent on rural airports. He detailed that three new tracking codes had been set up by the Legislative Finance Division. The amendment was a net zero fund source change. He furthered that the system would track airport gas tax and leasing revenues the proper way and to demonstrate that the funds were spent on rural airports, per federal government requirements.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 1 was ADOPTED.

Co-Chair Neuman MOVED to ADOPT Amendment 2 (copy on file):

DEPARTMENT: Commerce, Community and Economic  
Development

APPROPRIATION: Alaska Gasline Development Corporation  
ALLOCATION: Alaska Gasline Development Corporation  
ADD: \$6,231,600 In-State Natural Gas Pipeline Fund  
(1229)  
\$4,154,400 Alaska Liquefied Natural Gas Project Fund  
(1235)  
POSITIONS: Add: 26 Permanent Full-time Positions

EXPLANATION:

This amendment funds AGDC in FY17. All funding and positions in the agency were removed in the committee substitute. This amendment establishes AGDC's FYI 7 operating budget authority at \$10,386.0 and restores 26 positions. The 60/40 split of funding between codes 1229 and 1235 reflects the anticipated workload of the agency.

AGDC's FY16 budget was \$13,249.9 with 38 PCNs.  
AGDC's FY17 Governor's Request was \$12,949.8 with 38 PCNs

This amendment is a \$2.6 million (20%) reduction from the Governor's Request and a reduction of 12 full-time positions. Travel expenses and commodities have been reduced to reflect spending expectations.

The Corporation's two allocations will be consolidated into one allocation. This structure allows AGDC to implement the organizational changes necessary to more accurately reflect the corporation's three programmatic responsibilities - Alaska LNG, ASAP and In-State Gas Aggregation.

Co-Chair Thompson OBJECTED for discussion.

Mr. Ecklund explained that Amendment 2 restored funding for Alaska Gasline Development Corporation (AGDC) for FY 17. He detailed that the amendment reflected a \$2.6 million (20 percent) reduction from the governor's request. He elaborated that after holding hearings on AGDC's budget, the legislature asked AGDC to further examine their numbers. The amendment represented numbers AGDC had come back with. The amendment also reduced positions from 38 positions to 26 positions. He explained that there were existing funds in the AKLNG Fund [Alaska Liquid Natural Gas Fund] to pay for the state's share of pre-FEED [Front End Engineering and Design] activities (the completion of

technical work). He noted that there had been funding requests from the Department of Law (DOL), Department of Natural Resources (DNR), and Department of Revenue (DOR), which were not included in the amendment. He believed it was Co-Chair Neuman's intent to hold additional hearings on the request from DOL, DOR, and DNR for pre-FEED activity.

Co-Chair Neuman replied in the affirmative. He reiterated that the amendment would fully fund AGDC up to FEED.

Mr. Ecklund agreed. He detailed that AGDC already had funds appropriated for cash calls in the AKLNG Fund to get through the state's share of pre-FEED technical work.

Representative Gara did not know how the governor felt that AKLNG (the large pipeline project) would be short-funded. He spoke to the In-state Natural Gas Pipeline Fund and did not believe the state could afford to fund a large and small pipeline simultaneously. He remarked that a certain amount of the AGDC request related to finishing an environmental impact statement (EIS) for the small pipeline. He noted that the legislature had been told the EIS could be delayed by another year in order to provide time to get a fuller picture on whether or not the large line would go forward. He did not support spending money on two pipelines when only one would come to fruition. He wanted to know the reason for not including the governor's request on the large pipeline.

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Co-Chair Neuman replied that the committee had denied the governor's request for DNR, DOR, and DOL in order to hear from the departments in later hearings how the additional money would be spent. He referred to recent news reports that the plan on how the state would move forward with the gas pipeline was changing. He wanted to ensure that the committee was in the know; therefore, they would hold additional hearings. He stated that AGDC was funded up to that point [through FY 17].

Mr. Ecklund affirmed that the funding for AGDC and the state's share of the costs for pre-FEED activity was already in the AKLNG fund, which would continue. He agreed that that the co-chair intended to hold further hearings on the requests from DOL, DNR, and DOR.

Representative Gara asked if the amendment was only \$2.6 million less than the governor's request. He asked if there were additional funds the governor had requested for DOR, DOL, and DNR that were not included in the amendment.

Mr. Ecklund explained that the \$2.6 million reduction had come from AGDC after the corporation had further considered its budgetary needs for FY 17.

Co-Chair Neuman remarked that AGDC understood the state's current fiscal situation and was doing its part by reducing its budget.

Representative Kawasaki spoke to the AGDC budget reduction and wondered whether it really needed all of the funds if funds would not be allocated to DOL, DNR, and DOR. He wondered if the department would be able to complete its mission without the rest of the funds.

Co-Chair Neuman understood, but stated that the legislature did not know how much money the departments needed because there had been significant changes.

Mr. Ecklund explained that the state's cost of pre-FEED technical work was already funded; it had been appropriated the past fall during special session. The agency had all of the funds required to get through pre-FEED. The state's share of the technical work for pre-FEED was funded and would continue. The requests for DOL, DNR, and DOR were on top of and beyond the technical work that all four AKLNG project partners paid for jointly. He clarified that the committee would explore the departments' requests in further detail in coming weeks.

Representative Gara MOVED to ADOPT conceptual Amendment 1.

Co-Chair Neuman OBJECTED for discussion.

Representative Gara explained that the conceptual amendment would delete the funding dedicated to the EIS for the small pipeline. He remarked that the legislature could look at the issue the following year once progress on the larger pipeline had been determined. He did not believe the state could afford to pay for two pipelines at the same time. He detailed that AGDC had stated it could put off work on the small pipeline EIS for one year without any harm to the

project. He reasoned that it was not the favored pipeline anyway.

Co-Chair Neuman believed the Alaska Stand Alone Project (ASAP) had started the environmental work, which was expected to be completed in the current year. He stated that the work from the project could be sold back to some of the other companies; it had been part of the original agreement.

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Co-Chair Neuman MAINTAINED his OBJECTION. He stated that the environmental work was needed and the state was expected to be reimbursed for the cost.

Co-Chair Thompson stated that the [environmental] process had already been started and significant funds had already been spent. He reasoned that if the process was halted it would have to start over from the beginning and would cost the state much more money.

Representative Gara relayed that he had spoken with AGDC and had been told that the EIS work would not have to start over; the work would be delayed for one year and it would not cause damage to the project. The result would be saving money while the state determined which pipeline would move forward.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Kawasaki

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

The MOTION to amend Amendment 2 FAILED (2/9).

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

Co-Chair Neuman MOVED to ADOPT Amendment 3 (copy on file) [Note: for full amendment explanation see copy on file]:

PART A

DEPARTMENT: Transportation and Public Facilities

APPROPRIATION: Highways, Aviation and Facilities

ALLOCATION: Northern Region Highways and Aviation

ADD: \$1,414,000 Vehicle Rental Tax Receipts 1200  
DELETE: \$1,414,000 General Funds 1004

PART B  
DEPARTMENT: Law  
APPROPRIATION: Criminal Division  
ALLOCATION: \$340,000 UGF (1004)  
POSITIONS: ADD: 2 PFT

PART C  
DEPARTMENT: Law  
APPROPRIATION: Criminal Division  
ALLOCATION: Criminal Appeals/Special Litigation  
ADD: \$318,700 UGF 1004

Co-Chair Thompson OBJECTED for discussion.

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Mr. Ecklund explained that the amendment would use \$1.414 million of available vehicle rental tax receipts for Department of Transportation and Public Facilities (DOT) northern region highways and aviation and would reduce the Undesignated General Fund (UGF) funding to DOT by the same amount. He detailed that the amendment would add the \$1.414 million on top of \$5 million in vehicle rental tax that had already been used in DOT. Part B of the amendment would allocate \$340,000 to the DOL for a district attorney in Dillingham. Part C would add \$318,700 for the public integrity unit in DOL.

Representative Guttenberg asked about the impact on Parks and Management and Access allocation [explanation section of Part A of Amendment 3].

Mr. Ecklund answered that the information had been included for explanation purposes. He detailed that the monies had already been appropriated to the budget. The information specified where other vehicle rental tax was appropriated in the budget; the amendment would make no changes to that area of the budget.

Representative Kawasaki wondered if the fund source was being utilized because there were additional anticipated tax receipts through vehicle rental tax.

Mr. Ecklund replied in the negative. He explained that they had looked back to FY 15 collections; the \$1.414 million

was the remaining balance that had not yet been used in the budget from FY 15 collections of vehicle rental tax.

Representative Kawasaki surmised that it reflected an extra fund [vehicle rental tax receipts] that could be tapped and substituted for General Funds (GF). Mr. Ecklund answered that it was an ongoing vehicle rental tax. The amendment would use a prior year's collections of the tax instead of a future projection; its availability had been overlooked until now.

Vice-Chair Saddler spoke to Part C of the amendment. He noted that he chaired the DOL budget subcommittee and had asked the department about the purpose of building up the Public Integrity Unit. He had wanted to ensure there was no lack of public integrity and had been assured that the funds would aid the unit in providing faster prosecution of police use of force, injuries or deaths in the Department of Corrections (DOC), and fraud perpetuated against the state primarily in procurement. He understood that the unit aimed to increase public confidence that the crimes would be promptly investigated.

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Representative Wilson was concerned by Amendment 3. She was fine with using \$1.4 million of vehicle rental tax in place of GF to take care of the northern region highway. She believed that when people pay tax on their vehicles they want the funds to go to roads. She was concerned that the amendment would take GF money to fund actual positions. She recalled that the committee had asked DOL to determine areas where work could be done more efficiently and she surmised that the department believed the Dillingham district attorney office would be more efficient. Her larger concern was that more funds would be allocated to DOL. She asked if there would be a new position and whether it would only have funding for one year. She was concerned that costs may be offset in one area that may not be there the following year. She did not support putting GF into positions that may go away.

Co-Chair Neuman replied that the item had been brought to the co-chairs by the attorney general due to significant concern about corporate fraud that DOL believed should be adjusted. He asked Vice-Chair Saddler to provide a further explanation of the Public Integrity Unit.

Vice-Chair Saddler reiterated his earlier statement that the funds would backfill extra "investigatory muscle" to the investigation unit. He added that a new unit would not be established. The money would go to backfill investigation capacity that had diminished as other prosecutors had been reduced. The goal was to have some forensic counting expertise and other investigatory horsepower along with some attorneys who were experts in litigation.

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Representative Gara requested to add his name as a cosponsor to the amendment. He spoke to the Public Integrity Unit and explained that DOL was not able to adequately prosecute white-collar crime; it would make money for the state if the department had the ability to prosecute the crimes and recover money for fraud against the state. He believed white-collar crime should be prosecuted. He mentioned the necessity for the Dillingham office. He restated that the amendment would give DOL the power to prosecute crimes that were not currently being prosecuted.

Co-Chair Neuman relayed that the co-chairs had looked hard at the items to ensure that they would not cost the state additional funds. The expectation was that the investments would return the money it cost to run the unit and would make Alaska a better place legally.

Representative Edgmon asserted that having a district attorney in Dillingham would better serve the region and would save money in the Department of Public Safety (DPS), DOC, DOL, and the Alaska Court System.

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Representative Gattis struggled with the first part of the amendment. She understood that the department may need help to address white-collar and other crimes. She did not support changing the fund source in Part A of Amendment 3. She would support splitting the amendment into three parts.

Co-Chair Neuman explained that the amendment replaced GF money with other dollars that were available. He opined

that the legislature should use the available funds to reduce General Fund expenditures.

Co-Chair Thompson WITHDREW his OBJECTION.

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Representative Wilson MAINTAINED her OBJECTION. She objected to taking GF money from northern regions that may or may not be available in the future. She likened it to a one-time increment. She did not support the change in fund source.

Co-Chair Neuman noted that every department's funding ended at the end of the fiscal year and started over with the use of GF.

Representative Wilson responded that she understood that.

Representative Gara remarked that he did not believe the amendment took any money from the northern region of DOT. He asked for detail.

Mr. Ecklund explained there was a net zero change in the amendment; the northern region had the same amount of money and would utilize the vehicle rental tax of \$1.4 million. He furthered that \$1.4 million in UGF would be subtracted from the department's budget. The budget was funded at the same level with a change in fund source.

A roll call vote was taken on the motion.

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

The MOTION PASSED (9/2). There being NO further OBJECTION, Amendment 3 was ADOPTED.

2:00:12 PM

Co-Chair Neuman MOVED to ADOPT Amendment 4 (copy on file):

DEPARTMENT: Health and Social Services  
APPROPRIATION: Public Assistance  
ALLOCATION: Public Assistance Field Services  
ADD: \$500,000 General Funds 1004

EXPLANATION: The Governor's FY2017 proposed budget requested a transfer of \$500.0 UGF from Work Services component to Field Services component for Division of Public Assistance to maintain needed staffing levels. This transaction was requested to "true up the budget" to match expenditures over the past few years. Public Assistance has internally made this transfer through a revised program approved through OMB in past years. This request in FY20 17 was to enact this transfer in the budget. The Legislative Finance Analyst classified this transfer as an increment request instead of a transfer. DPA would need to delete at least 10 positions (with the corresponding loss of federal funds) to meet this reduction. This would severely hamper eligibility determinations which could lead to federal non-compliance and a corrective action plan.

Co-Chair Thompson OBJECTED for discussion.

Vice-Chair Saddler explained the amendment. He relayed that when the committee had addressed the Department of Health and Social Services (DHSS) budget the first time, the item had been presented by the department as an increment. Subsequently, it had been determined that the item had not been properly categorized; it was something the department had used to transfer money within the appropriation from Work Services to Field Services. The amendment represented a transfer. He stressed that taking the item as a cut would cost the state another \$500,000 in federal funds and would put the state at risk of a corrective action order and significant federal penalties. The amendment would retain the federal funds and GF and kept the state out of compliance problems. He stated that it was a technical fix.

Representative Gara appreciated that the committee was fixing the problem. He requested to add his name as a cosponsor to the amendment.

Representative Kawasaki referred to the \$500,000 federal funding match. He asked if the amendment should have federal funds added to it. He asked to be added to the amendment as a cosponsor.

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Representative Gattis wanted to ensure she understood the amendment. She surmised that the \$500,000 in general funds would have an exact match of \$500,000 in federal funds.

Vice-Chair Saddler agreed.

Co-Chair Thompson WITHDREW his OBJECTION.

There being NO further OBJECTION, Amendment 4 was ADOPTED.

[2:02:47 PM](#)

Co-Chair Neuman MOVED to ADOPT Amendment 5 (copy on file):

DEPARTMENT: Health and Social Services  
APPROPRIATION: Senior and Disabilities Services  
ALLOCATION: Senior Community Based Grants  
ADD: \$450,000 General Funds 1004

EXPLANATION: Home and Community Based Senior Grants fund non-profit agencies to provide services to physically frail individuals 60 years of age and over, individuals of any age with Alzheimer's Disease or Related Disorders (ADRD), and caregivers to assist these Alaskans to maintain as much independence as possible and improve their quality at home or in a community-based setting. This restores funding to the level proposed by the Governor.

Co-Chair Thompson OBJECTED for discussion.

Vice-Chair Saddler explained that the DHSS subcommittee had proposed the item as a budget cut; however, during public testimony the House Finance Committee had heard significant public interest for maintaining the services. The grants would save the state money by helping senior citizens remain in their homes instead of moving to expensive institutional care. The amendment would reinstate the funds [\$450,000 GF] for senior community based grants.

Co-Chair Neuman asked for verification that the amendment would save the state money.

Vice-Chair Saddler replied in the affirmative.

Representative Gara supported the amendment. He relayed that if the cut had been maintained there would have been

cuts to the Meals on Wheels, senior nutrition programs, and other. He referred to testimony that someone had been able to get a lift installed in their shower that enabled them to take a shower for the first time in a year. He spoke to the return of the funds for individuals with Alzheimer's and other. He asked to add his name to the amendment.

[2:04:43 PM](#)

Representative Wilson spoke in opposition to the amendment. She shared that she volunteered for numerous nonprofits. She noted that some of the nonprofits also helped with wheelchair grants, the elderly, and others needing a hand. She believed there were other resources (e.g. Medicaid and other) that provided the services to seniors. She did not support adding the services back in. She mentioned revenue enhancements that would be coming later in the session - she was not certain the group would be gaining. She did not have a list of all of the existing nonprofits in Alaska, but the state had one of the biggest number of nonprofits per capita.

Representative Guttenberg spoke in support of the amendment. He spoke to the concept of continuum of care for seniors. He reasoned that there were many things the state could do to prevent the expenses from escalating into the next higher category. He believed the use of funds was humane, cost-efficient, and cost-effective.

Vice-Chair Saddler remarked that the state provided numerous benefits for many people who either need or want them (or both). He stressed that the state faced a tremendous budget challenge. He remarked that it was not possible to provide every service that people may benefit from, but they could not cut every service either. He pointed to significant public testimony about the need of the service.

Co-Chair Thompson WITHDREW his OBJECTION.

[2:08:16 PM](#)

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION PASSED (9/2). There being NO further OBJECTION,  
Amendment 5 was ADOPTED.

2:08:57 PM

Co-Chair Neuman MOVED to ADOPT Amendment 6 (copy on file)  
[Note: for full amendment explanation see copy on file]:

DEPARTMENT: Commerce, Community and Economic  
Development  
APPROPRIATION: Alaska Energy Authority  
ALLOCATION: Statewide Project Development, Alternative  
Energy and Efficiency  
ADD: \$2,000,000 Renewable Energy Grant Fund (1210)

Page 73, following line 7:

Insert a new subsection to read:

“(u) The sum of \$250,000 is appropriated from federal  
receipts to the emerging energy technology fund (AS  
42.45.375) for capital projects.’

Co-Chair Thompson OBJECTED for discussion.

Representative Pruitt stated that his name was on the  
amendment because it did not use GF. He explained that the  
Department of Commerce, Community and Economic Development  
(DCCED) had made a mistake on prior information given about  
its budget needs for the coming year. He furthered that the  
co-chairs had elected to bring the item forward for  
consideration by the full committee. The amendment managed  
the 133 existing grants from money previously allocated.  
The second part of the amendment was related to federal  
receipts sent to the Emerging Technology Fund that had been  
left out when the governor had offered his amendments.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO  
further OBJECTION, Amendment 6 was ADOPTED.

2:10:40 PM

Co-Chair Neuman MOVED to ADOPT Amendment 7 (copy on file)  
[Note: for full amendment explanation see copy on file]:

DEPARTMENT: Health & Social Services  
APPROPRIATION: Behavioral Health  
ALLOCATION: Behavioral Health Treatment & Recovery  
Grants

Add a new section titled Health and Social Services following section 7 to read (FY16 effective date):

The sum of \$30,000,000 is appropriated from the general fund to the Department of Health and Social Services, Behavioral Health, Behavioral Health Treatment and Recovery Grants for a pilot program to develop additional substance use disorder (SUD) services for the fiscal years ending June 30, 2016, June 30, 2017, June 30, 2018 and June 30, 2019.

Co-Chair Thompson OBJECTED for discussion.

Co-Chair Neuman explained that the amendment addressed an issue he had been working on for the past three years. He stated that three years earlier he had placed intent language to bring together the Alaska Mental Health Trust Authority (AMHTA) and different departments (Courts, DOL, DOC, and DHSS) related to combatting drug and alcohol abuses in the state. He discussed that recently legislation had been passed on the House floor - one of the major things legislators heard from constituents was about drug and alcohol problems in communities. He noted that people were breaking into homes in order to support their drug habits. He stressed the importance of providing treatment to the state's residents. He explained that the funding in the amendment would go to filling gaps; a gap analysis had been done on DHSS to determine where the needs resided. He emphasized that the funds would not go towards starting new programs, but would assist existing ones. He discussed the problems heroin and cocaine had caused throughout the state. The funds would be \$10 million annually for three years, which would result in substantial savings to the state. He believed it would help state troopers dealing with the individuals. He spoke to the difficult job facing the state's troopers. He noted that 90 percent of the Palmer court cases were related to substance abuse issues. He shared that he had spoken to the chief justice about efforts underway to provide treatment after arrest as opposed to post-sentencing with the goal to reduce costs in the state. He noted that 40 percent of incarcerated individuals were pretrial. He spoke to the significant

amount of public testimony the committee had received on the topic. He stressed that there was a definite need to increase safety in the state's communities.

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Vice-Chair Saddler supported the initiative for many reasons. First, it was fast. He detailed that he had heard from his community that heroin and opioid abuse in the state's communities was rampant. He remarked that the program was targeted at filling gaps in the system, not at creating new systems or facilities. He was happy that the program would be results-based and was pleased with the efforts of DHSS. He noted that the program would partner with AMHTA (that served beneficiaries suffering from substance abuse disorders) and with local communities. He referred to conversation in the press about whether he was compassionate enough with drug addicts. He assured people that he had insights into the substance abuse treatment community and he understood that treatment helped. He stressed that people had to want to get better. He cautioned people that the funds were not an endless checkbook. He encouraged people taking advantage of the opportunities to "do it once, do it right, and get straight."

Representative Kawasaki thanked Co-Chair Neuman for the amendment. He asked to be added as a cosponsor to Amendment 7. He wondered where the \$30 million had come from.

Mr. Ecklund explained that it was a one-time \$30 million appropriation from FY 16 that would be used to fund the grants for FY 17 through FY 19. There would be a Request for Proposal process (RFP) established by DHSS to award grants to fill the gaps in services.

Representative Kawasaki asked for verification that the funds were unexpended from the prior year's budget. Mr. Ecklund replied that there had been a \$5 million additional cap placed on what was needed to fund HB 2001 [operating budget bill passed in a second special session in 2015]. Additionally, Legislative Finance Division and the Office of Management and Budget had thought that the Statutory Budget Reserve (SBR) was empty; however, in actuality it contained \$288 million.

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Representative Kawasaki supported the amendment. He wanted to ensure the money trail was followed accurately. He noted that the dialog in the amendment specified that the funds would go to behavioral health treatment grants for pilot programs to develop additional substance abuse services. He asked for detail.

Mr. Ecklund replied that the intent of the amendment/pilot program was to provide a continuum of care and to fill gaps. He explained that individuals with a substance abuse problem needed to detox prior to treatment; often times there was no detox facility available, which meant individuals were put on a waiting list and could mean they may change their mind about treatment by the time a spot was available. The amendment aimed to identify gaps in treatment and offer RFPs by DHSS to fill the gaps. The goal was to create space for individuals to enter detox and to fill other gaps in order to get people treatment when they wanted.

Representative Kawasaki referred to the \$30 million (\$10 million annually for three years). He wanted to ensure DHSS knew that the legislature intended to monitor the progress. He observed that there was no intent language related to how the funds would be spent. He wondered about ensuring the funds were expended in the correct way.

Co-Chair Neuman stated that he had been adamant with DHSS that the funds would be used immediately. He spoke to establishing a library in the University of Alaska (University) and AMHTA to track what did and did not work, to be as effective as possible.

[2:20:44 PM](#)

Representative Kawasaki referred to a criminal justice reform bill currently in the Senate. He detailed that a major portion of the bill dealt with DOC and the fact that it was the largest provider for mental and behavioral health treatment in the state. He asked if the amendment addressed the fiscal note associated with the bill [SB 91].

Co-Chair Neuman stated that the funds in Amendment 7 had nothing to do with the legislation Representative Kawasaki had referenced.

Co-Chair Thompson supported the amendment. He liked that the money would be available immediately and he supported the tracking component that would provide results. He stated that a need for the services had existed for a long time.

Representative Guttenberg agreed that the program was needed. He was concerned about two items in the amendment. First, he was concerned about forward funding out into the future in an annual budget process. He remarked that the next legislature would not be obligated to keep the funds in place. He wondered if it was part of the allocation set aside the prior year with the Constitutional Budget Reserve (CBR) vote that specified funds could be used from the CBR for FY 16. He observed that the amendment pertained to FY 16 through FY 19.

[2:23:08 PM](#)

Mr. Ecklund answered that there was \$288 million available in FY 16 in the SBR that the legislature had not been aware of. Additionally, there was up to \$500 million beyond HB 2001 that was also available in FY 16. The amendment would use \$30 million in FY 16 money and did not specify whether it would come from the CBR or SBR.

Co-Chair Neuman added that about \$157 [million] was used for Alaska Gasline Development Corporation (AGDC) out of the \$500 million.

Representative Guttenberg remarked that the committee was typically very specific about where its funds were coming from. He asked if the CBR or SBR were folded into GF when there was authorization. He wondered whether in the future it would be possible to look back to determine which funds had funded the services under the amendment.

Mr. Ecklund replied that it was a UGF appropriation from FY 16; the funds would either come from the CBR or SBR. He explained that if there was a funding gap beyond the \$288 million in the SBR, it would be covered by the CBR. He stated that part of it was a \$500 million cap. He detailed that there had been \$157 million appropriated in the third special session in 2015 and there would be supplementals in the current budget that would use funds from the \$500 million as well.

Representative Guttenberg supported the amendment, but he had concerns about the funding source. He noted they would address the concerns at a later time.

[2:25:35 PM](#)

Representative Munoz thanked Co-Chair Neuman for his work on the issue. She stated that heroin addiction was impacting all of the state's communities and was the most difficult issue she had dealt with as a legislator. She discussed the "explosion" of pain narcotics in the 1990s combined with the increase in availability of black tar heroin. She relayed that the amendment would begin to address treatment needs in the state's communities. She strongly supported the amendment.

Representative Gattis was dismayed that she had not been made aware that \$288 million had been located that the legislature had not known about. She stressed that it was a large amount of money.

Co-Chair Neuman replied that the administration recently brought the issue to the legislature's attention.

Mr. Ecklund explained that the co-chairs had first learned of the potential of \$288 million in the SBR when the supplemental budget amendments had been submitted by the administration. He furthered that up to that time the Legislative Finance Division thought the SBR balance was zero.

Co-Chair Neuman explained that until recently they had been in the process of trying to iron out how the issue had occurred. He stated that they were cautiously moving forward.

Representative Gattis expressed her concern about "cutting people left and right" and now finding \$288 million in the "couch cushion." She did not know whose fault it was, but she questioned how constituents could even trust the legislature any longer. She stated that \$288 million was not like a \$20 bill that slipped out of a pocket. She was horrified to learn the \$288 million had just been found. She stressed that the legislature had been penny pinching and making cuts ranging from \$20,000 to \$340,000 and other. She was in shock over the issue. She was not blaming anyone the co-chairs and staff, but she did not think constituents

trusted legislators anymore. She did not know how much more money existed that they were going to find.

Co-Chair Neuman responded that the administration had brought the information forward. He believed it was prudent that if there was money that came around, it was used to cover the costs of the state, which is what the amendment did. Additionally, it would reduce the draw on the CBR, which was important.

[2:30:16 PM](#)

Representative Edgmon spoke in support of the amendment. He reasoned that there was more than one way to cut the budget. He elaborated that one way make cuts was to take money directly out of the budget; however, another way to reduce the budget was to provide upfront services that in turn would reduce drug use, the crime rate, and people using the criminal justice system. He stated that after working on the DOC budget for the past six years he believed the amendment represented a wise investment. He thanked Co-Chair Neuman for introducing the amendment. He cited Texas Representative Jerry Madden's stance that in order to curb future incarceration rates it was necessary to provide money up front and to provide treatment. He stressed that there was significant evidence about the success of treatment.

Representative Gara testified in support of the amendment. He asked Mr. Ecklund if the funds were coming from the SBR first and any remaining funds would come from the CBR.

Mr. Ecklund replied that the funding source was UGF. He detailed that there had been a deficit in FY 16. There had been language in the budget authorizing \$500 million more in CBR access to pay for supplementals, gasoline, and other things beyond what had been in HB 2001. Additionally, the co-chairs had learned of the SBR balance. He elucidated that the fund source was FY 16 UGF (any deficit in FY 16 would be covered by the CBR). Most likely the amendment fund source would first be covered by the CBR, but there was also SBR money available. The source of money was UGF backfilled with CBR.

[2:33:10 PM](#)

Representative Gara addressed that the language in the budget the previous year specified that up to \$500 million could be taken out of the CBR if it was needed to fill a deficit for the current fiscal year. He observed that the money in the amendment [\$30 million] was proposed for use in the next three fiscal years; it did not fit within the language. He did not want to argue about the issue at present. He stated that several weeks ago the DHSS budget subcommittee had proposed cutting \$3 million from alcoholism and drug abuse treatment grants, which he did not support. He recalled that the public had been very vocal and eloquent about its opposition to the cut. He believed it was better to treat people trying to get off of heroin than to send them back to their drug dealer or onto the street where terrible things happen. He supported the structure of the amendment and was glad the \$3 million cut had been reversed. He reasoned that the amendment addressed something the state did not have; it did not have long-term treatment programs. The amendment would save money because there were programs that enabled a person to avoid jail if they went into drug treatment, job training, and counseling. He remarked that the state was on the verge of needing to build another jail. He supported the co-chair's restoration of the funds in order for the state to begin building capacity to treat people. He stated that the heroin epidemic had existed for five or six years. He relayed that a few years earlier the methadone clinic in Anchorage had a waiting list of one year. He reiterated that the amendment would save money. He asked to have his name added to the amendment.

Representative Wilson liked the amendment and supported the treatment services, but she stated that DHSS had only provided the number of people being served as opposed to the number of people succeeding after treatment. She believed the services should come from the AMHTA. She reasoned that AMHTA had a better reason for tracking and ensuring that wherever the funds went, people were successfully completing the program. She explained that the goal was to have individuals successfully complete the treatment programs. She had seen no statistic showing which of the programs were more successful. She pointed to the explanation in the amendment and noted that 62,815 people needed treatment [in the past year], but there was no reference to the success rate. She would vote for the amendment if it was coming from the AMHTA. She wondered if

the \$288 million could be used in the current budget to offset what the committees had put forward.

Mr. Ecklund clarified that it was an FY 16 appropriation with a multi-year structure. He stated that unless the committee wanted to make FY 16 effective dates on FY 17 subcommittee appropriations - it was not the intent. He furthered that it was an FY 16 appropriation with a multi-year component.

Co-Chair Neuman clarified that the answer was no.

Representative Wilson asked if the funds could have gone towards the supplemental budget that had been put forward by the governor.

[2:39:07 PM](#)

Mr. Ecklund replied in the affirmative; there would be FY 16 money to address the supplemental requests.

Representative Wilson asked for verification that the amendment would take \$30 million that could have been utilized to take care of the supplemental budget. She did not recall the supplemental budget total. She remarked that there were no statistics on the program in the amendment. She would prefer to take care of the state's obligations first before looking for other programs to fund. She supported the idea, but not the funding concept.

Co-Chair Neuman replied that it was a very specific funding strategy. He believed it was a very comprehensive plan to address current gaps. He stressed that the amendment did not take money from the supplemental budget.

Representative Wilson appreciated filling the gaps, but did not support giving more money without statistics. She reiterated that if the funds came from AMHTA she would support it.

Co-Chair Neuman believed that AMHTA was also investing in the items covered by the amendment.

Representative Gattis remarked that there were individuals in Mat-Su who had done a great job. She struggled with the concept of giving the money to DHSS versus funneling it to programs on the street immediately. She did not have the

same comfort level with the amendment. She believed it was a good start and she understood the state had a problem. She also struggled with going back to FY 16 funds. She believed the committee could do better and the amendment was a first start.

Representative Edgmon pointed to the bottom of page 1 of the amendment and noted that grantees would work with the Alaska Justice Information Center, DHSS, and DOC to identify evidence based practices and evaluate treatment outcomes related to the utilization of the criminal justice system including recidivism reduction. He believed the amendment was tied to evidence based outcomes, which was an important component of the effort.

Co-Chair Neuman agreed.

[2:42:58 PM](#)

Representative Pruitt spoke to his challenge with the amendment related to truth in budgeting. He was concerned that it was an FY 16 appropriation. He saw no reason the item should not be included in FY 17 if the committee determined that the work was important enough. He thought it looked like the committee was trying to play a bit of a "shell game" by using funds from the prior year. He stated that people had been claiming that the legislature cut over \$800 million from the budget in FY 16. He remarked that the number should be decreased by \$30 million [if the amendment passed]. He furthered that the program may be good, but he wanted to ensure there was truth in budgeting. He believed they were talking like the money came out of nowhere. He was concerned about the \$288 million [that the legislature had not been aware of]. He stressed that the public should have a clear picture that the legislature was being straight with them. He believed the legislature would have to be very clear that the funds came from FY 16. He reiterated that when talking about the budget from the prior year it would be necessary to add \$30 million to the total. He believed it was appropriate to assist individuals in a difficult situation, but the amendment pertained to a pilot program. He did not think he had ever seen a pilot program that had not become a permanent program. He stated that if the committee felt passionate about the need for the services it should make it an actual program to fund in perpetuity. He recognized that the state should be assisting the individuals in a difficult spot, with the

goal of decreasing the budget and helping the individuals in the future.

[2:46:01 PM](#)

Vice-Chair Saddler stated that the amendment proposed to work with existing programs (e.g. the Alcohol Safety Action Program and other) in some cases. There were residential and detox centers in Alaska that had a limited number of beds. He did not believe the money would be used to build new facilities; it was more likely to be spent to expand existing facilities. The funds would build on existing infrastructure to provide increased adequacy and resources where necessary.

Representative Guttenberg spoke to the amendment language that appropriated \$30 million for FY 16 through FY 19. He asked if the intent was to fund \$30 million annually or in total. Mr. Ecklund replied that it was one-time FY 16 funding of \$30 million (\$10 million for three years). Part of the urgency and the reason the program was a supplemental [budget item] was to enable DHSS to start earlier with the RFP process in order to get the program in place.

Co-Chair Thompson WITHDREW his OBJECTION to Amendment 7.

[2:47:51 PM](#)

Representative Wilson OBJECTED to Amendment 7. She asked for verification that Mr. Ecklund had stated the program would be part of the supplemental [budget] and would go "on the street" immediately versus being part of the budget the legislature would pass in April [2016].

Mr. Ecklund answered that the item was a supplemental appropriation in the operating budget bill; it had an FY 16 effective date.

Representative Wilson surmised that the funds would not be used immediately and would have to wait for the budget to pass. Mr. Ecklund explained that for supplemental appropriations typically the effective date was earlier than the actual signing of the bill. Departments traditionally took action as if they had the money beginning on the effective date of the supplemental.

Representative Gara supported the amendment, which reduced agony and helped people get treatment. He reasoned that it made lives better and would save the state money. He hoped that it would delay the need for a new prison. He stated that the amendment would give dignity to people who were willing to work to get back with their families. He remarked that if a person had to wait to get treatment for a year they would lose their child for that year. He agreed with Representative Pruitt about the funding source. He discussed that the FY 16 budget specified that if needed, there was \$500 million to pay for FY 16 expenses; however, the program expenses in the amendment were for FY 17 through FY 19. He expounded that the way the amendment was written it increased the prior year's budget and decreased the current year budget. He concluded that the issues would be rectified and he hoped they would do what was proper under budgeting rules. He understood the intent of the amendment was good.

[2:50:39 PM](#)

Mr. Ecklund did not believe there were any legal issues with FY 16 appropriation. He detailed that the FY 16 budget language specified that if UGF revenue in FY 16 was insufficient to cover the GF appropriations that take effect in FY 16. He stated that the program would take effect in FY 16; therefore, it complied with the language.

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 PASSED (10/1). There being NO further OBJECTION, Amendment 7 was ADOPTED.

[2:51:53 PM](#)

Co-Chair Neuman MOVED to ADOPT Amendment 8 (copy on file)  
[Note: for full amendment explanation see copy on file]:

DEPARTMENT: Office of the Governor  
APPROPRIATION: Office of Management and Budget  
ALLOCATION: Office of Management and Budget

ADD: It is the intent of the legislature that the office of management and budget work with executive branch agencies to reduce hollow receipt authority when preparing the Fiscal Year 2018 budget.

Co-Chair Thompson OBJECTED for discussion.

JOAN BROWN, STAFF, REPRESENTATIVE MARK NEUMAN, explained that the amendment would add legislative intent language for the Office of Management and Budget to work with agencies to reduce hollow receipt authority in the FY 18 budget. She detailed that it would have departments scrub their numbers more thoroughly. For example, if a department budgeted for \$5 million in federal receipts, but thought they would only get \$2 million, they would bring the number budgeted number down to \$2 million. She relayed that it was a budget cleanup activity.

Co-Chair Neuman added that it was a technical cleanup.

Ms. Brown agreed that it was a technical cleanup and had been done several times in the past.

Representative Gara was fine with the amendment, but he hoped that committee members would be sensitive as other amendments were addressed. He explained there were Designated General Funds (DGF) and federal funds that probably did not exist that would be mentioned in future amendments. He stated that the legislature should be consistent about it if hollow receipt authority was eliminated.

Co-Chair Thompson WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 8 was ADOPTED.

[2:53:32 PM](#)

Vice-Chair Saddler MOVED to ADOPT Amendment 10 (copy on file)[Note: for full amendment explanation see copy on file]:

DEPARTMENT: Health and Social Services  
APPROPRIATION: Medicaid Services  
ALLOCATION: Health Care Medicaid Services  
ADD: 7,000,000 Federal Funds 1002  
DELETE: 7,000,000 General Funds 1004

DEPARTMENT: Health and Social Services  
APPROPRIATION: Department Support Services  
ALLOCATION: Commissioner's Office  
ADD: \$275,900 General Fund Match 1003  
\$275,900 Federal Funds 1002  
ADD: 4 PFT positions

Co-Chair Thompson OBJECTED for discussion.

Vice-Chair Saddler explained that the amendment would replace \$7 million of UGF with \$7 million in federal funds. He elaborated that the DHSS finance subcommittee currently envisioned \$20 million in travel savings. The DHSS commissioner had worked with the Centers for Medicaid and Medicare (CMS) on changing the national travel reimbursement for American Indians and Alaska Natives who receive services through the Indian Health Service (IHS) or tribal health facility. The policy change the commissioner had received from CMS would allow the state to capture 100 percent of the cost of travel and accommodations for beneficiaries receiving services through IHS or tribal health facilities. The department believed it could obtain \$27 million in savings as long as they could have some funds for personnel. He advocated for \$551,000 to add tribal liaisons to help work with tribal facilities on the medical records, the transfer of diagnosis and results, and the privacy enabled retention of records necessary for CMS to approve the request. The amendment would invest funds to help the department realize savings in Medicaid travel to start. The department anticipated there would be millions of dollars in savings to the state through other areas of changed policy, which would capture more federal funding (instead of state funds) to treat IHS qualified Alaskans.

Vice-Chair Saddler explained that the amendment represented the first down payment. He hoped it would go well and that tribal providers would continue to work with DHSS to obtain the savings in the future.

[2:55:54 PM](#)

Representative Gara spoke to his earlier remarks about hollow receipt authority and consistency. He stated that DHSS was working to get 100 percent funding to cover travel for IHS beneficiaries who receive Medicaid eligible treatment. He furthered that the department had communicated it could achieve about \$6.7 million in the

federal funds; however, the amendment made DHSS receive \$27 million in federal funds. He stated that it was fake. The department had stated that if it received additional staff (as provided under the amendment), it may be able to achieve more, but they did not know how much more. He furthered that to state DHSS would be able to magically create \$27 million in additional federal funds was called hollow receipt authority. He did not know if the amendment would get reversed by the amendment that had just been passed [Amendment 8]. He believed the proper thing to do would be to say DHSS should try to qualify for as much federal funding as possible. He reiterated that the department had estimated that it could obtain \$6.7 million in federal funds. He noted that the department had to create contracts with tribal and other entities in order to make it work. He stated that the legislature did not know how much money the department would recover. He stated that the funds were for Medicaid services and DHSS would come in with a supplemental budget in the following year if all of the funds were not received. He explained that for the Medicaid budget the department estimated how much money would come in, how many people would use Medicaid, and it was fixed in a supplemental if the number was different. He stressed that there was no evidence on the record that \$27 million in federal funds would come in if the amendment was adopted. He believed that currently the legislature should anticipate a \$10 million to \$20 million supplemental next year. He emphasized that they did not know.

Co-Chair Neuman referred to the amendment explanation that DHSS believed the total potential annual savings resulting from the reimbursement rate would be \$27 million.

Vice-Chair Saddler stated that the amendment language was what the department had told the committee it could obtain with the addition of new personnel to help the new program. He stated that it was a new national policy; therefore, there would not be hard numbers. He had worked with the department to try to figure out how to best push DHSS to obtain the maximum amount of savings from the new policy. The department had communicated that it hoped to get the \$27 million, but he could not guarantee that it would be exactly that amount. He stated that DHSS Commissioner Valerie Davidson had worked hard on the issue and was proud of the savings. He stated that "if there's a true-up at the end, there's a true-up at the end."

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Representative Wilson stated that she felt like she was in the twilight zone. She stated that the committee was building a budget on hopes and dreams, which made her very uncomfortable. She stated that the amendment would allow for the hire of four personnel, but she believed the state was already working with tribal organizations. She reiterated her discomfort with the numbers in the amendment. She communicated that she came from a small business world where accounting was more precise. She did not support taking credit for something that the legislature hoped would work. She did not want to roll the dice. She continued that the department would have to bring a supplemental request to the legislature the following year that no one would be happy about. She believed the legislature should wait to find out what the savings would be and to work with the state's partners to get the savings. She believed the state already worked with partners - she pointed to the amendment language that discussed education and getting people into the right services. She stated that the DHSS budget was the largest and she believed there were already personnel that could do the work. She thought the committee would be better off buying lottery tickets than funding four new positions that may or may not bring in savings.

Vice-Chair Saddler clarified that the figures were not speculative. He detailed that the state was already paying for the cost of Medicaid travel through its Medicaid program; however, the state was only getting reimbursed at the 50 percent federal participation level. The amendment reflected hard dollar expenses the state was paying. There would be a new policy where the state would obtain 100 percent reimbursement if it had the proper administrative personnel to guide the tribal providers to participate in the program. The positions would make it possible to establish the privacy protections and custody of patient records in order for contract providers to be willing to take the referred patients. He reiterated that the state was already incurring the expenses. He believed the amendment reflected a way to bring savings to the state. He reasoned that it was a good thing if the state could share the costs with the federal government. The legislature had to ensure that the contract providers were comfortable with the program; the providers would be under no obligation to accept referrals from tribal and IHS facilities. He

explained that if the legislature could make sure the process worked well there was the potential for \$140 million to \$150 million in additional savings by obtaining 100 percent reimbursement for expenses for Medicaid recipients. He stated that it was important to do it right the first time. He countered that the savings were a better deal than most lotteries.

[3:04:25 PM](#)

Co-Chair Thompson WITHDREW his OBJECTION.

Representative Gara OBJECTED. He did not like doing things in the committee when the department said one thing and a member of the committee stated the department had said something else. He stated that the department had told him they would try to get the funds, but they did not know how much money would come in. He continued that the department should be given significant credit because it had started the effort to achieve the savings; he did not want to take the credit away from them. He remarked that the department's testimony to the House Finance Committee had been that DHSS thought it could achieve \$6.7 million in savings, not \$27 million. He reasoned that the four additional staff members would probably increase the ability somewhat, but the amount was not known.

Co-Chair Neuman replied that he had read a document from DHSS that talked about changes in federal regulations that enabled states to take advantage of the federal government paying for some of the programs in relation to Medicaid expansion. One of the opportunities was for travel - he believed the numbers were upwards of \$20 million. Additionally, here was another opportunity related to medical costs - an Alaska Native would be covered if they were referred to a non-tribal hospital. He referred to a member of the House who had been able to take advantage of the medical cost coverage. He continued that the department believed it could achieve further reductions if it had the manpower to try to supplement state funds with federal funds. He surmised that it was probably a good program to take advantage of if the state spent less funds and the federal funds were available considering the state's budget. He believed that was Vice-Chair Saddler's intent with the amendment.

[3:07:30 PM](#)

Representative Gattis asked whether the department would have the ability to submit a supplemental and take advantage of the same federal funds if the amendment did not pass.

Vice-Chair Saddler replied that there was always the opportunity for the department to request supplemental funding. The department had communicated that it would have a much better chance of obtaining the savings described and anticipated with the extra personnel. He stated that the department could try to come back and obtain some savings, but the challenge was to ensure the program was launched properly with full cooperation of the non-tribal partners.

Representative Wilson MAINTAINED her OBJECTION. She believed DHSS already had the full cooperation of the different entities. She had not heard justification related to adding positions. She believed the department was on the right track, but she was opposed to increasing government.

Vice-Chair Saddler clarified that the reason for the tribal liaisons was to ensure DHSS could work with contract providers. He explained that if there was an IHS eligible American Indian or Alaskan Native who went to a tribal facility hospital and was referred to a specialist, the doctor was under no obligation to cooperate with the provider in providing health records. However, if the state made sure (using the extra personnel) the contract providers worked with the department to set up their systems (of referral of records and diagnosis of test results) and provide the proper privacy protections in order to make the process easy for the IHS hospital to refer cases out and obtain the benefits of the state, they would do so. Absent that, there was no obligation for them to work with the state; therefore, the state would lose the opportunity to get the higher federal reimbursement.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION PASSED (10/1). There being NO further OBJECTION, Amendment 10 was ADOPTED.

[3:11:42 PM](#)

Representative Munoz MOVED to ADOPT Amendment 11 (copy on file):

DEPARTMENT: Administration  
APPROPRIATION: Public Communications Services  
ALLOCATION: Public Broadcasting - Commission  
ADD: \$44,400 General Fund 1004  
ALLOCATION: Public Broadcasting - Radio  
ADD: \$2,036,600 General Fund 1004  
ALLOCATION: Public Broadcasting - LV.  
ADD: \$600,000 General Fund 1004  
TOTAL: \$2,681,000 General Fund 1004

EXPLANATION: This restores funding to the Governors amended budget levels. Without these additional funds 70% of the stations will have lost between 20-40% of their operating revenue; 33% of the stations will lose 45-80% of operating revenue when federal funding losses kick in; more than 80 jobs will be lost; fiber interconnection between KTOO and Alaska Public Media in Anchorage will be lost cutting off distribution of 360 North/Gavel to Gavel to Alaska Public Media for broadcast in Anchorage and on Alaska Rural Communications Service; and Gavel to Gavel will make significant cutbacks on the number of meetings covered and will no longer have engineering support from Alaska Public Media.

Co-Chair Thompson OBJECTED for discussion.

Representative Munoz explained that the amendment would restore funding to the governor's amended budget levels for public broadcasting. She detailed that the cut made in the House Finance Committee budget subcommittee would result in a serious crippling of many of the state's rural community stations. Many of the stations that would be affected were in Kodiak, Dillingham, Homer, Bethel, Haines, Petersburg, Wrangell, Kenai, and Valdez. Additionally, the fiber interconnection between KTOO and the Alaska Public Media in Anchorage would also be lost, which would affect the coverage of legislative proceedings by Gavel to Gavel.

Representative Kawasaki asked to be added as a cosponsor to the amendment. He asked where the numbers in the amendment had come from. His amendment later in the packet had slightly different numbers.

Representative Munoz replied that the numbers coincided with the governor's request.

Representative Gara supported the amendment, but he believed that the difference in the numbers was a cut of roughly \$700,000 from the prior year. He understood that the amendment sponsor was including as much funding as possible to restore public radio funding in order to bring the service to communities that relied on it. He hoped the legislature would continue thinking about the issue and decide whether or not it should keep cutting public radio. He stated that it had been cut the previous year and with the amendment there would still be another \$700,000 cut. He stressed the importance of the service to people statewide.

[3:14:21 PM](#)

Representative Gattis relayed that public radio had been in her subcommittee and she took responsibility for cutting the funds. She looked at the budget item as a want over a need. She stated that in the past there had been no other forms of communication, but that was no longer the case. She elaborated that there were still federal funds available for public radio. Additionally, public radio did a great job fundraising. She reasoned that the legislature had made cuts the previous year and the stations had stepped up to the plate with their fundraising. She believed that if people wanted the service they would pay for it.

Representative Edgmon strongly supported the amendment. He had been told by the Dillingham station manager that the station would go away without the funds. He detailed that if the station lost its center for public broadcasting certification it would essentially lose all of its staff. He underscored that the station did a yeoman's job in fundraising - he personally donated to the station annually. The station had been able to make up the gap - at one time public broadcasting had received approximately \$4 million GF in the 1990s. He elaborated that public radio was much leaner and had learned to adapt. He did not view

public radio as a "want," but as an essential public service. He asked for as much support as possible.

3:17:03 PM

Vice-Chair Saddler expressed some ambivalence about the amendment and public broadcasting and he respected Representative Gattis's remarks about want versus need. He stated that the conversation about public broadcasting had been going on for years in Alaska. He believed the public broadcasting system had responded to the conversation starters the legislature had launched towards them. He detailed that they had consolidated their administration, moved towards a volunteer staff versus paid staff wherever possible, increased their listener and member fundraising efforts, and they took advertisements. He explained that because public radio had responded to the conversation he felt the need to reward them. He spoke to the benefits in rural and urban Alaska. He continued that the amendment would cover services provided to the legislature by Gavel to Gavel. He did not want to be accused of taking a vote to deprive Alaskans with the opportunity to watch the legislature work. He stated that if the legislature could not move the capital at least the legislature could do what was possible to offer access to legislative proceedings. He stated that he could support the amendment, but he had some ambivalence.

Representative Guttenberg guessed that public radio was at least 50 years old in Alaska. He discussed that it was an example of the infrastructure in Alaska. He remarked that people were cutting [money] just to cut because they thought cutting was necessary. He stated that the philosophy was okay. He reasoned that legislators were all going down that road - the increment did not completely restore the funding; he believed the cut was hurtful and harmful. He furthered that public broadcasting entities could not really say what the cut would do unless funding was eliminated completely. He explained that there was a public broadcasting board responsible for allocating the funds and trying to keep the service alive. He continued that the legislature kept making cut after cut and making it harder and harder. He elaborated that stations became repeater stations. Additionally, he believed Gavel to Gavel was one of the most unique things that was done in the legislature - it brought people an up close perspective into the committee rooms and floor sessions. He remarked on

his amazement at the number of people who watched Gavel to Gavel who disliked politics. He did not believe the amendment went far enough to restore funds to the prior year's level. He stressed that public broadcasting was in communities where no other media service was available. He expounded that Alaskans had wanted the service and had come to rely on and need the service for over 50 years. He thought the legislature was doing a disservice when the total point of cuts to things like public broadcasting was merely to cut. He stated there was no vision for Alaska at all. He emphasized that public broadcasting connected communities in the state and played a big part in the lives of Alaskans. He supported the amendment, but did not believe it provided enough funding. He believed that regardless of what else was happening in the budget, the legislature needed to keep public broadcasting vital. He emphasized that it was a significant part of Alaska that predated pipeline, budget increases, and the Permanent Fund. He expressed potential intent to increase the funds on the House floor.

[3:22:11 PM](#)

Representative Wilson stated that the amendment would add \$2,681,000 to the budget. She believed the issue was way beyond whether a service was good or bad and was about funding the state actually had. She did not support adding funds back into the budget. She spoke about individuals in her district who were struggling and wondered how much more money she needed to get out of them in order to pay for additional services provided by the state. She recalled using change to purchase a gallon of milk and emphasized that she would remember that for a long time. She reiterated that the conversation was not about whether a program was good or bad. She continued that unfortunately the state's income had been slashed due to low oil prices. She reasoned that decisions needed to be made just like they would for a home or business. She questioned who would pay for the service. She could not ask constituents - some of whom had lost jobs in the private sector - to pay for additional items. She believed the stations could raise more funds - residents paid higher property taxes in Fairbanks because its borough decided to supplement some of the funding that had been cut the previous year. She emphasized that if the state funded the services, it would have to determine who would pay for them. She stressed that somebody would have to pay for the services. She believed

the service was beneficial, but she did not support the amendment due to a lack of state funding.

Representative Pruitt spoke to recent numbers from the Department of Labor and Workforce Development (DLWD) were from several years earlier; at the time there had been 332,000 working Alaskans. He calculated that the amendment came down to \$8.08 for every working Alaskan. He referred to significant conversation that the amendment was about ensuring that rural communities remained in connection. He asked if any of the funds would go to urban communities that had other options. He asked if it was worth looking into.

Representative Munoz replied that the crippling loss was to the smaller coastal communities. She explained that the fiber interconnection between KTOO and Anchorage would be lost, which would cut off the distribution of Gavel to Gavel. She explained that larger communities were able to fundraise and bring in much of the share required for federal matching funds. She stated that if the cut were to go forward the state would also lose approximately \$2 million in federal funds.

Co-Chair Neuman believed the programming started in Juneau for the smaller communities.

Representative Munoz could not provide the exact answer on how it would impact the urban communities. She knew that the fiber optic connection would be impacted and she knew that the larger communities had the ability to raise much of their matching grant. She offered to obtain additional information if requested.

Representative Pruitt wondered if there could be a discussion about reducing the amendment request if Anchorage and other larger communities could fundraise. He believed public comment and the intent of the committee and the sponsor was to ensure that rural communities remained connected. He furthered that if there were certain communities (e.g. Anchorage) that had some of the opportunities, perhaps the legislature could continue to facilitate the rural community connection and look at saving some of the money for individual Alaskan residents. Every dollar that was added back into the budget had to be analyzed for its impact on a person.

3:28:03 PM

Representative Munoz replied that the amendment already represented a \$700,000 reduction from the prior year. She believed it was necessary to assess the impacts of the cuts before making further reductions.

Co-Chair Neuman voiced support for the amendment. He spoke to his concern related to associated life and safety issues. He spoke to natural disasters (e.g. wildfires, earthquakes, volcanic explosions, and other) and the importance of safety messaging provided by public broadcasting. He understood making budget cuts and the need for reduction. He understood what it meant to say no to people related to increase - he had said no to anyone who had come to his office with a budget request over the past two years. He referred to discussion about the value of a service compared to the cost and stated that committee had to do the comparison for every dollar spent. It was his understanding after speaking with the administration that the programs were developed and produced in Juneau and sent to small communities throughout Southeast Alaska in order to inform them if there was an earthquake and subsequent tidal wave headed their way. He highlighted events that had negatively impacted Valdez and Taiwan. He asked if the lives of Alaskans were worth the cuts. He believed providing communication to communities on natural disasters and other was very important. He discussed that he went through the budget daily; he believed all amendments he had cosponsored or sponsored would bring savings to the state. He continued that the service had been reduced and had been looked at for several years. He understood that if the money was not restored there would be nothing left but microwave towers. He stressed the high number of concerns in his district related to public safety. He believed the legislature had a responsibility to keep Alaskans safe.

3:32:44 PM

Representative Pruitt wanted to make it clear that his intent was to maintain public safety. He also believed that it was worth seeking out if compromise could be found. He asked that his concerns and questions be given the same respect.

Co-Chair Neuman replied that Representative Pruitt could speak with the sponsor of Amendment 11 during a break in order to obtain the information.

3:34:04 PM

AT EASE

3:42:48 PM

RECONVENED

Co-Chair Neuman relayed that the committee was addressing Amendment 11.

Representative Munoz responded to a prior question asked by Representative Pruitt. She explained that the governor had cut approximately \$700,000 in the FY 17 budget for Alaskan Communication Services; the application of the cut would be determined by the Commission for Public Broadcasting. She detailed that all stations would take cuts, but the cuts would be the most crippling to the smaller communities.

Representative Edgmon referred to a short primer committee members had received from Public Broadcasting Commission staff over the recent at ease. Staff had explained that the services between the urban and rural stations were integrated; therefore, a reduction to the system reduced all stations at the same time. He explained that the cuts would do damage to all of the recipients if cuts were made to urban regions. He furthered that it was the second year there had been significant reductions to the commission. He relayed that Mr. Jamie Waste, the executive director of the Public Broadcasting Commission had just confirmed that the larger stations in urban centers were adapting to the deep cuts. The cuts were not easy to adapt to, but the stations were changing their business model by looking for third-party funds and increasing efficiencies. He believed that the amendment, which represented a reduced amount from the prior year, was fair. He would not be surprised if the committee debated the issue again the following year. He believed the amendment would give the stations a chance to adjust to cuts for another year. He supported the amendment.

Co-Chair Thompson asked to have his name added as a cosponsor. He WITHDREW his OBJECTION.

Representative Gattis OBJECTED. She believed there was merit to looking for places to save and compromise, but she did not support the amendment as is.

A roll call vote was taken on the motion.

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

The MOTION PASSED (9/2). There being NO further OBJECTION, Amendment 11 was ADOPTED.

[3:47:24 PM](#)

Representative Munoz MOVED to ADOPT Amendment 12 (copy on file):

DEPARTMENT: Environmental Conservation  
APPROPRIATION: Agency-Wide

ADD: It is the intent of the legislature that the Department of Environmental Conservation improve efficiencies in permitting and consider the economic impacts of increasing permit fees before imposing increased fees on users.

EXPLANATION: This intent language was approved by the subcommittee for inclusion in RB 256.

Co-Chair Thompson OBJECTED for discussion.

Representative Munoz explained that the amendment had been brought forward in the finance subcommittee process by Representative Cathy Tilton. She detailed that the amendment had been adopted by the committee, but had been inadvertently left out in the final report to the full House Finance Committee. The amendment included intent language encouraging the Department of Environmental Conservation to seek efficiencies in fees they were assessing, especially on small businesses and individual Alaskans.

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

[3:48:28 PM](#)

Representative Munoz MOVED to ADOPT Amendment 13 (copy on file):

PART A

DEPARTMENT: Health and Social Services

APPROPRIATION: Juvenile Justice

ALLOCATION: Nome Youth Facility

ADD: \$1,693,900 General Fund UGF (code 1004) as One-time Item

ADD POSITIONS: 15 PFT positions, and 3 Temp positions

ADD INTENT: It is the intent of the legislature that the Division of Juvenile Justice collaborate with the community of Nome and with tribal and public health organizations to transition the Nome Youth Facility from state to local ownership; and to deliver to the Legislature by January 17, 2017, a plan for utilizing the facility to better meet regional needs for youth correctional, health and rehabilitative services.

PART B

DEPARTMENT: Health and Social Services

APPROPRIATION: Public Assistance

ALLOCATION: Alaska Temporary Assistance Program

DELETE: \$1,693,900 GIF Match (UGF) (code 1003)

ADD: \$1,693,900 Federal Receipts (code 1002)

EXPLANATION:

Part A of this amendment restores the House Subcommittee reduction closing the Nome Youth Facility. The Nome Youth Facility is the only secure location for housing juvenile offenders in the region. Its closure would leave Alaska State Troopers and local law enforcement without the capacity to hold offenders while awaiting transfer to an outside DJJ facility.

Part B removes UGF from the Alaska Temporary Assistance Program and adds an equal amount of Federal Receipt authority. There is a possibility that a portion of the funding expended on the PCE Program can be used toward the state's maintenance of effort (MOE). If so, this decrement will not impact ATAP payments.

The department expects that funds currently being used in PCE could be counted toward the State's match for federal funds. This number would represent about 4% of PCE user's being ATAP qualified.

Co-Chair Thompson OBJECTED for discussion.

Representative Munoz explained that she was presenting the amendment on behalf of Representative Neal Foster. The amendment would restore funding for the Nome Youth Facility - if the cut was maintained it would result in the closure of the facility, which served a large area around Nome including outlying communities. She furthered that the closure of the facility would require the individuals to be sent to and housed in Anchorage. Additionally, it would result in the loss of 15 permanent and 3 part-time jobs in Nome.

Vice-Chair Saddler supported the amendment. He had originally brought forward the recommendation to reduce the Division of Juvenile Justice within DHSS and to close the Nome Youth Facility. He had observed there were numerous full-time positions for a facility with a low population. However, he had been contacted by Representative Neal Foster who had worked vigorously to determine how to maintain services to his community. Representative Foster had come up with some innovative suggestions about how the local tribal health authority could work with the community to repurpose the facility to meet community and regional needs at what he hoped would be a lower cost. He had worked with Representative Foster on intent language that was included in the amendment. He looked at the amendment as a short-term extension of funds. He hoped that the report the Division of Juvenile Justice would provide to the legislature by January 17, 2017 included a plan to relieve the state from the expenses and meet local needs.

[3:50:46 PM](#)

Representative Gara believed the Nome Youth Facility should remain open. He discussed the importance of keeping minor offenders as close to their families as possible. He stated that sending youth away from home would reduce the chance of a child getting back on their feet and would increase their chances of becoming criminals. He had concern related to Part B of the amendment. He stated that the department had been on record that if there were GF reductions to the

Temporary Assistance for Needy Families (TANF) program the state would fall below the amount it was required to put into the program, which would mean a loss in federal funds. He remarked that the state was already in danger of losing the funds due to a \$5 million cut to the TANF program in another area in the budget. The amendment would increase the cut to \$6.693 million. He referred to a day of testimony on maintenance of effort, which was related to the amount of money the state had to put into the TANF program in order to leverage federal funds. He understood that legislators were trying to find savings, but he believed it would cost the state money. He could not guarantee it because he did not know when the federal government would take away funds. He believed it would increase the chance that the state would lose funds. There had been no testimony at all about reducing TANF funding.

[3:53:40 PM](#)

Co-Chair Neuman supported the amendment. He spoke about juvenile justice facilities. He remarked that he had taken interest in the issue when he had overseen the DHSS budget subcommittee in the past. He discussed the high rate of suicides in rural Alaska due to substance abuse. He highlighted that the recidivism rate for youth going through the youth facilities was much lower than the Department of Corrections; he estimated the figure in the 35 percent range. He believed it was a good bargain when trying to help the youths. He had concerns about the number of staff and the number of youth going through facility in Nome. He referred to discussions with tribal health associations about increasing civil law that went towards tribal jurisdiction. He reasoned that tribal entities would have more money available and he believed the service would be better. He opined that local control was always better. He hoped the facility could remain open. He believed the youths going through the program would have better lives and would be better Alaskans. He hoped the programs could be improved even more.

Vice-Chair Saddler offered a "gentle objection" to a comment made by Representative Gara about what he thought the department would think about the amendment. He did not believe it was appropriate to state what the department would do.

[3:56:36 PM](#)

Representative Guttenberg spoke to the second part of Part B of the amendment. He thought it looked like the amendment would use Power Cost Equalization (PCE) Funds towards the maintenance of effort in order to make more funds available. He discussed that there had been an entire session on the maintenance of effort and the department was not clear what funds it would be able to use in order to obtain additional federal funds. He pointed to language in the explanation of the amendment that did not appear to be definitive related to funds that could potentially be counted as matching funds for federal money. He wondered what would happen to the Nome Youth Facility if the funds did not come through.

Mr. Ecklund affirmed that the committee had a hearing on maintenance of effort and significant time had been spent with the department to understand the concept. The co-chair had encouraged the department to look at Homeless Assistance Program under Alaska Housing Finance Corporation (AHFC) to identify some maintenance of effort that could be used. He referred to page 2 of the amendment and explained that if 4 percent of PCE users would also qualify for TANF, the state could use the funds as maintenance of effort. He believed 4 percent was a conservative estimate; the number of eligible recipients may exceed 4 percent. The amendment encouraged the department to work to identify the figure in order to realize the savings.

Representative Guttenberg maintained his concern. He observed that the amendment asked the department to try to obtain the federal funds, but whether it would happen was unknown. He was concerned about potentially funding the item with hollow money.

Representative Edgmon requested adding his name to the amendment. He observed that the much of the budget process was investigative. He elaborated that sometimes there were examples of learning the immediate impacts after cuts were made. He had worked with Representative Foster and his staff in order to learn more about the Nome Youth Facility. He shared that he had previously worked for the late Representative Richard Foster and had worked on the CDQ [Community Development Quota] program related to the Bering Straits region. He shared a personal story about his brother who had been put in the McLaughlin Youth Center in Anchorage, who had never been the same after going to the

facility. He empathized with concerns that on a month-to-month basis the facility was not always full at its capacity of 14 youths. He countered that it was seasonal. He believed the facility would learn how to increase efficiency, be more self-sufficient on outside funds, and would increase partnerships with non-state entities. He opined that the amendment provided a good pathway forward. He questioned what the true costs would be if the facility was cut. He referred to Co-Chair Neuman's comments about young men's lives, which would probably never be the same [if they were sent to a facility far away from home]. He believed the item was worth keeping in the budget and could save the state significant money. He looked forward to working with Representative Foster and others in the meantime. He added that everything in the state would have to be "leaner and meaner."

[4:02:27 PM](#)

Co-Chair Thompson WITHDREW his OBJECTION.

Representative Gara OBJECTED. He agreed with Representative Edgmon's testimony about the need for the Nome Youth Facility. He tried to clarify Part B of the amendment. He explained that the amendment specified that the facility would only get funded if \$1.6 million was cut from the TANF program. He detailed that the state was required to put in \$36 million towards TANF related services; if the money was not allocated towards the services the state would lose federal funds. He thought there had to be a better way to keep the youth facility open. He furthered that there had already been a \$5 million cut towards TANF services by the finance subcommittee, which he did not support; the amendment would increase the total to \$6.7 million. He believed the amendment would put the state below the \$36 million requirement. The response had been that perhaps the department could locate expenditures that qualified under TANF in order to meet the federal requirements in order to avoid being penalized. He stressed that the department did not yet know. He believed the department should be given time to determine whether it would receive the funds. He emphasized that none of the expenses the committee had spoken about had been approved yet. He opined that the legislature should fund the Nome Youth Facility and not risk losing federal funds. He believed the legislature was one year premature on making the cut and should wait to hear from the department. He reiterated that DHSS was

working diligently on trying to get many of its expenditures counted as proper TANF expenditures.

4:05:53 PM

Vice-Chair Saddler stated that he had frequently heard that necessity is the mother of invention and it was not known what kind of economies could be discovered until faced with significant deficit. He referred to a presentation on TANF from the department that the maintenance of effort required to obtain access to the \$44 million TANF grant was "a big juicy plum of federal funds." He furthered that the department had determined that it was possible to obtain benefit through the use of third-party food banks. When the legislature had asked if the department could locate more, it had communicated there may be some available in PCE and AHFC homelessness grants. He believed the intent language in the amendment would urge the department to locate and obtain the savings. He agreed that it was not a guarantee, but there was a need to locate new funding. He reiterated his statement that there was currently \$44 million available and the department had indicated a willingness to determine how to match the maintenance of effort. He stated that without the amendment it would be a straight cut of the funds to the Nome Youth Facility. He believed the amendment would give the facility the time and funding in order to transition into a more affordable system for the state. He supported the amendment.

Representative Gara WITHDREW his OBJECTION. He stated that he intended to try to restore the funding in another amendment.

Representative Wilson OBJECTED. She thought the amendment appeared to be more about the 15 staff who worked at the youth facility than about the youths in the facility. She did not believe locking youths up would make a difference versus utilizing other potentially available services. She stated that the world was changing. She believed there was a smarter way to ensure the children did not return to the facility. She felt that supporting the amendment would mean she believed it was necessary to lock the youths up to teach them a lesson and that there was no other alternative. She disputed that belief. She spoke to ankle monitoring, therapeutic homes, and other options. She believed it would still be necessary to give children what they needed and to keep them on the right track. She

remarked that with 15 staff positions at the facility there was a staff to youth ratio of one to one. She mentioned other legislation currently in the legislature that she hoped would help. She would like to see Nome as a model to demonstrate other ways to keep the youth in the community without locking them up.

A roll call vote was taken on the motion.

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

The MOTION PASSED (9/2). There being NO further OBJECTION,  
Amendment 13 was ADOPTED.

[4:09:53 PM](#)

Representative Gattis MOVED to ADOPT Amendment 14 (copy on file):

DEPARTMENT: Department of Administration  
APPROPRIATION: General Services  
ALLOCATION: Central Mail  
DELETE: \$2,800.0 I/A Rcpts 1007  
POSITIONS: Delete: 7 PFT positions

EXPLANATION: In 2004, Central Mail was a centralization effort that was only ever implemented in Juneau, and the remainder of the state remained decentralized. It is free for the United States Post Office (USPS) postal carriers to receive and deliver State of Alaska mail. However, the state of Alaska pays USPS to hold state mail and employs state mail carriers to sort and deliver all State of Alaska mail in Juneau. The State of Alaska cannot continue to pay for services that are free under USPS.

Co-Chair Thompson OBJECTED for discussion.

Representative Gattis explained that in 2004 the Central Mail was a centralized effort that was only implemented in Juneau. She detailed that Central Mail provided the daily pickup and delivery of mail to and from the United States Postal Service (USPS). The service sorted and distributed all incoming mail for the Juneau agencies and tracked outgoing mail. She stated that with the exception of a

volume discount on outgoing mail postage, Central Mail provided the same services as the USPS. She shared that she had made the cut in the finance subcommittee because she believed the state already had the advantage of USPS, which was paid for with federal dollars and postage stamps. She reiterated that the service was only provided in Juneau and cost approximately \$2.8 million. She believed the state could do without Central Mail and could utilize USPS.

Mr. Ecklund relayed that if the amendment was accepted and mail services were decentralized in Juneau, it would cost the state an additional \$600,000. Additionally, there had been a presentation on shared services that the Department of Administration (DOA) wanted to start. He explained that centralized mail would be one of the first items DOA intended to look at under the shared services model for possible modification.

Representative Gattis could not speak to what the administration may do, but she stressed that there was a federal post office. She reasoned that there was no other centralized mail service in the state. She believed the state needed to live within its means. She discussed services provided by Central Mail including trips to the post office, which cost the state in gas and vehicles. She believed the \$2.8 million would go significantly farther when used on other items.

Co-Chair Thompson did not support the amendment. He stated that he was scared by the possibility of the amendment costing an additional \$600,000. He wondered if the amendment could backfire on the state. He believed there was a certain amount of funding per addressee. He believed the issue needed to be researched and reconsidered the following year.

Representative Edgmon referred to earlier discussion that cutting the budget was a learning process - he had been learning a lot about the Central Mail subject. He remarked on the various state buildings in Juneau and noted there was a system in place for a centralized mail service. He understood the need for the program. He pointed to Commissioner Fisher's testimony related to shared services and the opportunity to take something like Central Mail and make it more automated and efficient in the future. He noted that efficiencies in the future could reduce the number of employees significantly. He shared Co-Chair

Thompson's concern and did not know enough about the issue at the current point.

[4:15:12 PM](#)

Representative Wilson asked if DOA was saying that it could not deliver the mail to the legislature like it did for other state agencies. She wondered if there was a breakdown of the \$600,000 increase the department projected [if the amendment passed].

Mr. Ecklund replied that the previous evening committee members had received a copy of an email detailing some of the information. The email specified that there was a per address cost. Currently, postage was 80 percent of the cost and the state received a discount. However, if the services were decentralized, the state would not receive the same postage discount.

Representative Wilson assumed that the Capitol Building was part of the Central Mail service. She stated that she had recently mailed postcards to her constituents and had not received a discount [on postage]. She asked if the Central Mail office was receiving a kickback.

Mr. Ecklund did not believe the legislature was part of the centralized mail system.

Representative Wilson asked for verification that Central Mail did not include the legislature. Mr. Ecklund replied that Central Mail provided service to the executive branch agencies in Juneau.

Representative Wilson thought it was interesting that the legislature had not taken advantage of the savings if it existed. She remarked that the legislature had been looking for all of the savings it could find.

[4:17:29 PM](#)

Co-Chair Neuman stated that decisions had to be made on the best information. He had worked the administration over thoroughly on the issue. He remarked that Central Mail would be one of the first programs DOA would look at when it began its centralization process. He stated that the legislature had given the department new tools. He trusted

the department on the issue and expected to be given a report on exactly what happened.

Co-Chair Thompson MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Gattis, Kawasaki

OPPOSED: Saddler, Edgmon, Guttenberg, Munoz, Pruitt, Thompson, Neuman

The MOTION to adopt Amendment 14 FAILED (3/7).

Representative Gara was absent from the vote.

[4:19:50 PM](#)

Co-Chair Thompson MOVED to ADOPT Amendment 15 (copy on file):

DEPARTMENT: University

APPROPRIATION: University of Alaska

ALLOCATION: Budget Reductions/Additions - Systemwide

ADD: \$25,000,000 General Funds, fund code 1004

EXPLANATION: This amendment reverses a portion of the cut to the University of Alaska made as an unallocated reduction:

- In FY15, approximately \$28 million in state dollars were used to support research; by leveraging this investment. The UAF faculty used \$116 million in grants and contracts for research. This reflects an average of \$4.10 of external funding for every dollar of state general fund investment.
- Without unrestricted general fund support, the vast majority of UA's research as well as public service outreach activities cannot be sustained. Many grants require some portion of state funds to match contributions at a defined ratio—UA will no longer be eligible to receive such external funds without state funding directed to this purpose.
- More than 80 percent of all research activity across the university system is conducted in areas directly

related to Alaska and results in new knowledge relevant to Alaskans and Alaskans' way of life.

- University research and service bring money to the State of Alaska, as with any other economic enterprise similar to the mining industry, the seafood industry, the oil and gas industry, or any other basic industries that drive the state's economy. The economic multiplier generates employment, payroll, and business sales throughout the state.
- A \$10 million cut to state support of research may equate to \$30-\$60 million loss to the local economy.

Co-Chair Neuman OBJECTED.

Co-Chair Thompson believed that the University of Alaska provided one of the most important functions in the state. He stressed the role education played in the state's future and its children's future. He discussed that business owners in the state were graduates of the University. Additionally, it educated people who were coming up with innovative ways to create new industries in Alaska. He furthered that oil companies, agriculture, timber, and fishing industries depended on the University. The amendment would restore \$25 million to the University budget, which would still mean a \$25 million reduction from the governor's proposed budget. He relayed that UA President Jim Johnson had formulated a new strategic plan and presented it to the Board of Regents - the proposal was to combine the campuses into one university in order to combine duplicated programs and have different campuses specialize in particular subjects. He believed the items were extremely important to Alaska. He addressed research grants and believed approximately \$28 million in state funds had gone towards supporting research the previous year, which had leveraged over \$116 million. He stated that there was a \$4 to every \$1 return on the state's funds. He referred to a McDowell Group study showing that from 2002 to 2011 competitive grants awarded to the University campuses had totaled over \$1 billion. He emphasized that the funds impacted the economy of the entire state. He stated that the issue had been dear to his heart and he felt it was important to have the best university. He believed there was work to be done to try to improve the way the University did business.

4:22:29 PM

Representative Guttenberg MOVED to AMEND the increase to \$50 million.

Co-Chair Neuman OBJECTED to the amendment to Amendment 15.

Representative Guttenberg explained the amendment to Amendment 15. He stated that the University was a unique economic engine in the State of Alaska. He addressed that the state was in a distinctive position to take advantage of opportunities it had never had before. He spoke to the scientific aspect of the opportunities, specifically related to Arctic research. He elaborated that the icebreaker currently stationed in Antarctica was expected to move to Alaska in two years; research in Antarctica was moving to the Arctic. He stated that the University of Alaska was the premiere University in the world on the Arctic. He had attended a University presentation to the secretary of the Navy, which had been eye-opening. His amendment would flat-fund the University from the current year.

Representative Guttenberg spoke to loss of opportunity to Alaska. He remarked that it was aggravating to see other universities do work in the Arctic and then do television shows about the results. He stated that the original amendment would equate to welcoming other researchers into the state to do its work. He elaborated that the work not only involved graduate students and professors, but support provided from across the state. He believed it was about having students in the state's elementary schools understand and learn from the scientists. He opined that if the strength of the University continued to be eroded, it guaranteed that other people would do the state's work. He relayed that professors were leaving the university because the entire concept of the University was being eroded. He elucidated that the founders of the state constitution had specified who managed the University - the state funded the University, but did not manage it. He emphasized that it had been important to the state for many years (it had originally focused on lands and mining). He highlighted that the state was trying to create an opportunity where it would build a pipeline. He questioned where the geologists and engineers would come from. He believed the legislature was asking the state to give up on employing its own people

by not being willing to educate them. He paraphrased a quote from a noble laureate of economics - in an era of tight budgets the real question was how to use the available funds; the best evidence supported investing in the young. He was amazed that the legislature continued to erode the ability for residents to do the work and research themselves.

[4:28:30 PM](#)

Co-Chair Neuman MAINTAINED his OBJECTION.

Representative Kawasaki appreciated proposed amendment to Amendment 15. He discussed that Amendment 15 would replace a significant amount of GF to the University (the 15 percent cut would be reduced to nearly 7 percent). He spoke to the number of years of cuts the University had to sustain since FY 13. He stressed that the cuts were significant and mattered to the University. The amendment sought to support a cornerstone to the state. He shared that his parents had moved to Alaska in the early 1960s because they knew the University of Alaska Fairbanks was a first rate institution. He elaborated that it had been world renowned in Arctic research in particular. He elaborated on his parent's studies at the University. His parents had known they wanted to raise their family in a university town like Fairbanks. He elaborated on his family's experience. He spoke to the University's upcoming 100-year anniversary and believed it was necessary to consider what kind of a vision the legislature envisioned for the University in the future. He noted that there had been significant cuts in the finance subcommittee, which he believed had not been purposeful and had only been cuts to make cuts that would devastate the University. He believed adding \$25 million back into the budget was an important step forward, but it merely represented a fabricated number between zero and \$50 million. He advocated for the higher amount.

Representative Kawasaki discussed that research and the University went hand-in-hand. He highlighted that \$145,000 GF was used by the college of arts and science to leverage over \$3.7 million in non-GF, which represented a 25 to 1 ratio. He noted that the Institute of Northern Engineering in Fairbanks used about \$2.4 million in GF to leverage \$11.7 million in non-GF (a 5 to 1 ratio). The Geophysical Institute received \$5.8 million to leverage \$32 million. He

stated that every dollar the state could invest into the University had a non-GF component that was reinvested. He hoped the University would continue to be first rate into the future. He stated that the Board of Regents had the best metrics system with key indicators. The legislature had told the University it needed to improve the number of bachelor's degrees - in FY 10 there had been 14,500 and by FY 15 there were 15,675 (a 10 percent increase). Additionally, there had been a 3.2 percent increase in the number of graduate students graduating. He provided further history of graduate numbers. He stressed that the University had performed well under very difficult times. There had been 2,700 graduates in vocational education programs in FY 10 and 3,200 in FY 15 (a 22 percent increase). The University had raised more money on its own and had received more DGF. He highlighted that alumni donations had been \$671,000 in FY 10 and \$788,000 in FY 11; it anticipated over \$3.1 million in alumni giving in the current year. He stated that the numbers would continue to increase if the legislature continued to invest in the University. He reiterated his support for the amendment to Amendment 15.

[4:34:36 PM](#)

Representative Wilson disputed the claim that the budget subcommittee had picked a random number to cut or that cuts were draconian. She stated that she had one of the hardest working subcommittees. She wanted to clear up some facts. She clarified that in FY 99 to FY 07 actual spending of state appropriated funds had grown by 73 percent. She stated that it was the most consistent positive budget growth for the UA system since statehood and was one of the longest runs of consistent budget growth in American public higher education. She stated that much of the intent language in the subcommittee's report helped direct the University to be more efficient. She furthered that the University owned approximately 427 facilities and leased approximately 56. She emphasized that there were many opportunities for savings on facility costs via co-location within the high schools community centers, and other facilities. She stated that there was opportunity and service the University could provide. She stressed that a brick and mortar building was not necessary. She furthered that the University had 58 employees making over \$208,000 per year in compensation (compared to the governor's

\$209,000) - she reasoned there were ways to adjust salaries.

Representative Wilson continued that the University owned approximately 138,600 acres of investment property versus 12,000 of education property; it had approximately 62,000 acres in timber rights. She stated that in order to accommodate budget reductions the University had the ability to aggressively pursue commercial and residential land sales and leases, including revenue from timber, mineral, and oil and gas lease royalties. She stressed that the University had ways to make up for the cuts. She furthered that not included in the \$300 million the committee there was another \$7 million from the Alaska Performance Scholarship and Alaska Education Grant. Additionally, there was \$6 million that came from the Technical Vocational Educational program. She stressed it was another \$13 million in state funding that was counted as DGF instead.

Representative Wilson relayed that the student instruction portion of the \$300 million also included \$8.5 million in athletics. She stated it was another \$8.5 million that the regents could determine to allocate to other areas if needed. She referred to an analysis by the Pew Charitable Trust that in 2013 Alaska spent the most per full-time equivalent student in the category of state revenue of any state in the country. Additionally, Alaska spent more per student from all revenue sources than any other state. She furthered that meanwhile Alaska had ranked last in its four-year and six-year graduation rates. Alaska's six-year graduation rate was 27 percent below the national average and its four-year graduation rate was 22.9 percent below the average. The subcommittee had also included a number of suggestions in the form of intent language in order to help guide the University in a direction that would facilitate cost savings and possible efficiencies to help minimize the impact of budget reductions while maintaining services to students. She stressed how hard the subcommittee had worked to show that there were ways to create savings and become a better university in areas like engineering, the health market, and other. She stated that no university could offer every type of degree. She stated that despite claims that the University of Alaska had low tuition rates, based on the Pew analysis from the U.S. Department of Education, National Center for Education Statistics, Alaska was \$633 higher in net tuition and fees per full-time student

equivalent than the WICHE average. Lastly, even with the proposed reductions the University still had almost \$875 million in its budget. She reiterated that it was a budget that experienced a period of unprecedented growth from FY 99 to FY 07. She stated that larger cuts could be accommodated in a way that was least impactful on students via smart and effective reallocations by the Board of Regents. She reasoned that if money solved everything, she would agree to an increase; however, it did not solve everything. She stated it was about being a better university for students. She relayed that the state paid more per university student than it did for K-12 in Anchorage or Fairbanks. She believed the University would use the opportunity to become better at what it did. She reiterated that the finance subcommittee had not picked a random number to cut. She shared that reports would come back to further understand the University budget. She was opposed to the amendment to Amendment 15 and to the original Amendment 15.

[4:40:47 PM](#)

Representative Edgmon supported the underlying amendment. He believed in targeted, but not wholesale reductions. He stated that the amendment to Amendment 15 caught him off guard. He deferred to the judgement of the maker of the original amendment and would oppose the motion to amend it. He stated that the University had its share of supporters in the legislature and he believed the discussion would continue far beyond the House Finance Committee table.

Representative Gara believed the sponsors of the amendment were trying to support the University, which he appreciated. He was concerned that the numbers under discussion would be misinterpreted. He explained the amendment offered by Representative Guttenberg should be a zero-dollar amendment; it was an amendment to maintain University funding at the level of the previous year. He stated that the University had faced substantial cuts in the prior year. He could not blame the University for accepting funds the legislature had allocated in the mid-2000s. He furthered that the University had been strapped throughout the 1990s and the legislature communicated it wanted to increase the number of graduates; therefore, it started funding the University again. The number of graduates had increased. He discussed that the University had increased graduation rates as specified by the

legislature. He agreed that the state could not afford to have a continual increase in the University's budget, but he did not believe it was necessary to cut the budget for the second consecutive year. He highlighted that the University brought in outside research money; the state received \$4 for every \$1 invested - over \$100 million in outside research money had been received. He reasoned that cutting University funding would reduce the amount of money it would receive in research funding and would result in a decrease in the number of students who remained in-state. He stressed that when fewer students remained in-state there was less talent in the state. He discussed the economic impacts of fewer jobs in-state. He emphasized that the state was on the precipice of a recession. He recognized that at some point it was necessary to cut waste - the governor had proposed a responsible \$100 million in cuts to the budget. However, it would harm the economy when the amount of people who would work in Alaska was reduced and students left the state. He believed it would force tuition to go up, which was arguably too high. The biggest indicator of where a student would reside was where they went to college. He thought it was bad for the economy and for graduation to keep cutting the University. He understood that the sponsors of the amendment were trying to protect the University as much as possible, but he believed it was time to stop cutting the University.

[4:45:54 PM](#)

Representative Guttenberg shared that he did not have a college degree. He recognized that there were numerous people who did not finish college because they did not have to. For example, clinics hired students directly out of the dental hygiene program as soon as they were qualified; they did not need a degree. He stated that the University was an open university that would accept anyone, which was unlike most other universities. Many other universities did not count the community colleges as part of the system; however, the University of Alaska had campuses statewide - the point was to deliver services to people where they live, which was expensive. He believed some of the numbers were capricious and arbitrary. He did not personally care about defending the University as an institution, he cared about defending the process and the product the system provided. He cared about students graduating, working in their field in Alaska, and teaching the children in the state's school system. He stated that some of the

facilities were nice and others were not; the University had acres of buildings, which meant a huge amount of unfunded deferred maintenance statewide. The University paid for the maintenance with GF allocated by the legislature, but the legislature had not been taking care of the issue. He stressed that the amendment to Amendment 15 would maintain the current level of funding to the University. He emphasized that the University had been receiving cuts for years and now the legislature was asking it to do more work, reorganizing, and studies.

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 amend Amendment 15 FAILED (3/8).

Representative Munoz addressed the original amendment. She added supportive comments by Representative Neal Foster and Representative Paul Seaton who had served on the subcommittee. She stressed that even the governor's proposed reduction would result in the loss of hundreds of jobs. Fairbanks would lose 136 positions and Anchorage would lose 108. An additional \$10 million cut, which would occur even if the amendment passed, there were additional positions that would be cut. She was concerned about more cuts. She understood that there would be opportunities to continue to work for restored funding. She felt strongly that a successful economy was tied to an educated workforce; the University provided a vital service to Alaskans in preparing young Alaskans for the opportunities in the current economy. She reiterated that even with the restoration of \$25 million she had concern about the cut beyond the governor's proposed level.

[4:51:15 PM](#)

Co-Chair Thompson summarized the Amendment 15. He believed that even with the amendment the University would really struggle. He referred to the number of jobs the cuts would result in; however, the House Finance Committee was having a difficult time justifying adding \$25 million to the budget given the current budgetary circumstances. He shared

that the Senate had added \$25 million to the University budget through its subcommittee process, which would make it a conferenceable item. He was confident there would be much more conversation about the subject; therefore, he WITHDREW Amendment 15.

[4:52:31 PM](#)

Representative Gattis MOVED to ADOPT Amendment 16 (copy on file):

DEPARTMENT: Education and Early Development Services  
APPROPRIATION: Teaching and Learning Support  
ALLOCATION: Student and School Achievement

CONDITIONAL LANGUAGE: Page 12, following line 27:  
Insert new material to read: "The amount allocated for program administration and operations shall not include federal receipts for the ANSWERS program."

EXPLANATION: ANSWERS is Alaska's P-20W Statewide Longitudinal Data System pre-school through grade 20 and the workforce SLDS. The ANSWERS database will lose all sources of funding at the end of FY 2016. It is the purpose of this amendment to encourage ACPE to focus on its core mission of students entering the Alaskan workforce and not maintenance of a database.

Co-Chair Thompson OBJECTED.

Representative Gattis explained that in July 2012 the ANSWERS program had received \$4 million (a three-year federal grant to fund the creation of a statewide longitudinal data system). The Department of Education and Early Development (DEED) had acted as a fiscal agent for the grant and the Alaska Commission on Postsecondary Education (ACPE) had provided project management. She detailed that the program's goal was to collect information for every child in Alaska by tracking them throughout their lives and studying their choices and future outcomes for the purposes of identifying the individual and societal impacts associated with the specific outcomes of Alaska's education systems. She believed that the data collected by the program was private and should not be collected by the state. She furthered that in the 2016 budget she had cut the state funding in what she assumed had been a clear intent that the program was not sustainable. However, the

ANSWERS program had not been discontinued; it had continued to conduct system stabilization, draft preliminary reports, and integrate the workforce data system managed by DLWD. She relayed that at present ANSWERS had not completed the final testing, documentation, or integrated the workforce data system, despite the investment of millions of state and federal dollars over the last four years. Currently, DEED had moved ANSWERS to ACPE using existing receipt authority. She explained that ACPE planned to spend state money from the Alaska State Loan Incorporation to actively pursue funding the ANSWERS program. She stated that the amendment was critical to stop an unfunded program that was not required by federal regulations and would essentially lose federal funding by July 2016 anyway. She expounded that the state did not have the funds to continue the program and the state was not putting forth the money to continue the program. The amendment took away ACPE's authority to utilize students' funding to fund a program that the state did not have the money for. The amendment did not save UGF money, but did not use students' money to continue a program the state was not even willing to invest in.

[4:55:57 PM](#)

RECESSED

[6:49:46 PM](#)

RECONVENED

Co-Chair Neuman relayed that the committee was addressing Amendment 16.

Representative Gattis MOVED to ADOPT Amendment 16 [see 4:52 p.m. for amendment details].

Co-Chair Thompson OBJECTED for discussion.

Representative Gattis restated her earlier explanation of the amendment. In July 2012 the ANSWERS program had received \$4 million (a three-year federal grant to fund the creation of a statewide longitudinal data system). The Department of Education and Early Development (DEED) had acted as a fiscal agent for the grant and the Alaska Commission on Postsecondary Education (ACPE) had provided project management. She detailed that the program's goal was to collect information for every child in Alaska by tracking them throughout their lives and studying their

choices and future outcomes for the purposes of identifying the individual and societal impacts associated with the specific outcomes of Alaska's education systems. She believed that the data collected by the program was private and should not be collected by the state. She furthered that in the 2016 budget she had cut the state funding in what she assumed had been a clear intent that the program was not sustainable. However, the ANSWERS program had not been discontinued; it had continued to conduct system stabilization, draft preliminary reports, and integrate the workforce data system managed by the Department of Labor and Workforce Development. She relayed that at present ANSWERS had not completed the final testing, documentation, or integrated the workforce data system, despite the investment of millions of state and federal dollars over the last four years. Currently, DEED had moved ANSWERS to ACPE using existing receipt authority. She explained that ACPE planned to spend state money from the Alaska State Loan Incorporation to actively pursue funding the ANSWERS program. She stated that the amendment was critical to stop an unfunded program that was not required by federal regulations and would essentially lose federal funding by July 2016 anyway. She expounded that the state did not have the funds to continue the program and the state was not putting forth the money to continue the program. The amendment took away ACPE's authority to utilize students' funding to fund a program that the state did not have the money for. The amendment did not save UGF money, but did not use students' money to continue a program the state was not even willing to invest in.

Co-Chair Neuman asked for clarification on ACPE.

Representative Gattis stated that it was the Alaska Commission on Postsecondary Education.

Co-Chair Thompson expressed confusion about the amendment. He stated that the program funding was scheduled to terminate by the end of June 2016. He asked what the amendment would prevent the program from receiving.

Representative Gattis clarified that there was no longer any federal funding. She detailed that instead of using federal and state funding the program had begun to receive funding from student receipts in ACPE. The amendment would prevent ACPE from funding the program with student receipts.

Representative Wilson stated that she had served as a commissioner on ACPE in the past and she had been concerned about where the program would obtain the funds (the program had initially been funded by a three-year grant). She explained that initially the information was supposed to help the state understand whether or not students attended university or a training program. The goal had been to collaborate between DLWD, the University, and DEED. She furthered that the program had asked more questions about the state's children and more information was included in a database. She noted that she did not know how secure the database was. She stated that there had been three years to get the program up and running, but it was still not running. She explained that the program was looking at using interest students paid on their loans, which she did not believe had ever been the intent. She believed that if the state's agencies looked for federal funds they should be required to show how they would support a program once the federal funds ran out. She remarked that the question had been asked every year related to the program, but there had been no answer. She was concerned that there was significant personal information about the state's students going into the database, which she found disconcerting. She did not believe parents knew how extensive the information was. She was supportive of ending the program and finding a better way to determine where students were going after finishing high school (i.e. college or other).

[6:56:08 PM](#)

Co-Chair Neuman believed the program boiled down to the federal government trying to keep data on Alaska's kids, which he had a problem with. He did not think it was appropriate. He understood that they were trying to figure out what worked in a classroom and what did not, but he believed the state had plenty of resources to see how the kids turned out. He continued that generally when the state used federal funding it came with strings or another attachment. He was uncomfortable creating databases to track people. He understood that the department had specified that there were other monies it could use, but he was not convinced it would happen. He supported the amendment.

Representative Kawasaki asked for verification that there was currently no money attached to the ANSWERS program.

Representative Gattis replied in the affirmative. She believed it was all the more reason for the program to end.

Representative Kawasaki thought he was okay with the amendment; however, he did not want to hinder the department from doing something in the future. He questioned whether there could be a part of the program tied to federal money that was important. He stated that if it only pertained to the database he could possibly buy off on the amendment.

Representative Edgmon did not understand the amendment and noted that it would get rid of federal receipt authority and a program that had at least some value. He stated that he had not heard from anyone in his district that the program was invasive. He was initially okay with getting rid of the program, but he had heard from another House majority member that the program had merit and was related to workforce development. He found it difficult to get rid of the program without knowing what he was voting to get rid of. He remarked that there was two sides to every story and he had not heard from the department. He stated that he was in a quandary over the amendment.

[7:00:08 PM](#)

Co-Chair Thompson WITHDREW his OBJECTION.

Representative Edgmon OBJECTED.

Representative Gara stated that he had not heard evidence about the issue either. He asked if the longitudinal data (over a 20-year period) was to track student progress.

Representative Gattis replied that it had been the plan for the longitudinal data. When the legislature cut state dollars the previous year no one had said a word. She had anticipated hearing that the program had run out of money and had never gotten off the ground and was therefore over. However, the department had elected to look for other funding. She did not believe the state could afford to continue the program and the legislature had made the decision the prior year. She relayed that the program was not yet off the ground. She believed that at one time it sounded like the program would be something. She believed that with the Common Core initiative people had learned a significant amount in the past few years about some of the

data they wanted to collect on the state's kids. She thought it was a bigger picture than merely determining how the state's kids did as they moved on and whether they finished college or not. She struggled with the issue.

Representative Gara stated that there was no evidence that any child's privacy was being compromised, that any child was being embarrassed, or that the data was being misused. He stated that the only thing the committee currently knew was that the program was meant to track student progress. He believed the state should know the ramifications of its decisions in education (whether students were being better prepared or poorly prepared). Absent further information from DEED he could not support the amendment.

Vice-Chair Saddler supported the amendment. He remarked that his family's private information had been breached multiple times in the past. He was concerned about the privacy of individuals. He believed a use was usually found for data that was gathered. He believed people had a constitutional right to be secure in their homes and persons. He did not understand the benefit that justified the program. He trusted Representative Gattis's instincts on education issues.

[7:04:07 PM](#)

Representative Guttenberg had not heard about the issue previously. He wondered if the intent was to prevent the program from getting any funding at all. He stated that if there were no funds available and the program was ending at the close of FY 16, the program would be winding down anyway. He wondered about the difference in letting the program lapse. He surmised that the concern was that the program would live on by receive another fund source in the future. He believed the legislature was letting ACPE know about its concern. He did not know enough about the issue [to support the amendment]. He stated that credit ratings were breached more often in the public sector and he was concerned about that for children; however, he did not have sufficient information.

Representative Edgmon MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Edgmon, Gara, Guttenberg, Kawasaki, Munoz

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment 16 was ADOPTED.

Representative Wilson MOVED to ADOPT Amendment 17 (copy on file):

DEPARTMENT: Department of Labor and Workforce Development

APPROPRIATION: Commissioner and Administrative Services

ALLOCATION: Commissioner's Office

DELETE: \$190,000 Total Personal Services  
\$ 50,000 (UGF 1004)  
\$140,000 (I/A Receipts 1007)

POSITIONS: DELETE 1 PFT

EXPLANATION:

The mission of the Department of Labor and Workforce Development is to provide safe and legal working conditions and to advance opportunities for employment (per AS 23.05.010). At this time, it is prudent to eliminate one of the two deputy commissioner positions. This reduction still leaves one deputy commissioner and two special assistants to the commissioner in the Commissioner's Office. Even with the reduction, the department will still be able to fulfill its mission.

Representative Guttenberg OBJECTED.

[7:07:07 PM](#)

Representative Wilson explained that DLWD had two deputy commissioners, 804 positions, and a budget of \$164,266,600. She compared the figures to the Department of Public Safety (DPS), which had 840 positions, one deputy commissioner, and a budget of \$187,909,000. She reasoned that the data proved that another agency could operate with one deputy commissioner. She detailed that there would continue to be two liaisons in DLWD. She spoke to ways to find efficiencies. She remarked that the issue had been a tied vote in the finance subcommittee.

Representative Guttenberg stated that the DLWD commissioner had given a compelling argument [about maintaining the two deputy commissioner positions]; the department had 800 employees and a completely different command structure than DPS. The commissioner had done a good job on explaining why the position was needed. He reiterated the department's high number of employees and reasoned that someone [one of the top employees] was always off doing something. He discussed that DLWD had offices statewide and the administration traveled frequently. He believed the amendment was an example of having to cut someplace; he believed it would handicap the department. He believed three people at the top of the command structure was minimal. He stressed that the commissioner and her deputies did a great job. He believed the amendment was foolish.

7:10:40 PM

Representative Kawasaki discussed that DOA had 841 permanent full-time positions and a structure with two deputy commissioners, one commissioner, and a handful of division directors. He furthered that DPS had five division directors, one deputy commissioner, and was similarly sized; however, DPS was also involved with the Council on Domestic Violence and Sexual Assault (CDVSA) and the Police Standards Council, which were quasi-standalone agencies. He did not see DLWD as a large agency that was overstaffed. He referred to the Alaska Aerospace Corporation that employed a vice president of business development at \$178,000, a chief operating officer at \$211,000, a finance manager at \$105,000, a program finance manager at \$123,000, and a president at \$225,000, which did not include \$60,000 in travel. He stated the agency numerous expensive positions with few employees. The amendment pertained to an agency with one commissioner and two deputy commissioners. He remarked that the state had to recognize that it would have troubles as it approached a recessionary economy. He reasoned that workforce development would be an agency helping the state through the difficult times. He believed that cutting one [deputy] commissioner did not make sense when compared to the rest of the state agencies.

Co-Chair Thompson pointed out that the Alaska Aerospace Corporation had received zero funding in the past two years. He believed the comparison was unfair.

Representative Guttenberg MAINTAINED his OBJECTION.

Representative Gara stated that DLWD had taken cuts of approximately 35 percent over the past two years. He detailed that the department was tasked with training people for jobs, protecting workers with work safety standards, and job training for individuals who got hurt at work. He stated that it was an agency that was already strapped. He believed that without evidence that the person in the deputy commissioner position was not doing their job, he did not support the amendment. He had heard no evidence that the employee was not doing their job or adding value to Alaska's workforce.

Representative Wilson stated that seven division directors were responsible for taking care of safety and day-to-day grants. She stated that DLWD was different because it had the Workforce Development Board, which could look at necessary training and direct related areas. She stated that the position was another layer that did not provide day-to-day oversight. She believed the commissioner had specified that the two liaisons were more important than two deputy commissioners.

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). There being NO further OBJECTION, Amendment 17 was ADOPTED.

[7:16:13 PM](#)  
AT EASE

[7:16:30 PM](#)  
RECONVENED

Representative Kawasaki MOVED to ADOPT amendment 18 (copy on file):

DEPARTMENT: Department of Education and Early  
Development  
APPROPRIATION: Teaching and Learning Support  
ALLOCATION: Pre-Kindergarten Grants  
ADD: \$2,000,000 General Fund 1004 (UGF)

EXPLANATION: This amendment restores the FY20 17 funding level proposed by the Governor. Alaska ranks 37 out of 40 states for providing access to pre-kindergarten education (National Institute for Early Education Research 2013). Intensive preschool interventions can be highly cost effective and have positive impacts into adulthood. Young children who receive high quality early education do better in school academically and are more likely to stay in school, graduate and go on to attend college and enter the job market in higher numbers. Alaska has a responsibility to provide the best education possible for its children.

Co-Chair Thompson OBJECTED for discussion.

Representative Kawasaki addressed that students participating in a quality pre-K education graduated and went to college in higher percentages, had higher earning rates than their parents, needed less remedial education and public services, and had lower incarceration rates. Former Governor Sarah Palin had introduced a pilot pre-K program, recognizing that Alaska was one of the only states that did not provide pre-K in any form. He continued that only 40 percent of Alaska's population of three and four year olds were enrolled in some type of formal pre-K. Only 3 percent of Alaskan four-year olds were in a state-funded pre-K program, which was far below the national average of 28 percent. The pilot pre-K program had been as much as \$2.8 million for one year; competitive grants had gone out to several districts - some districts had participated while others had not. The results had been positive. He shared that fall and spring scores on the Peabody picture vocabulary test had been compared. He spoke to significant improvements on the test as a result of pre-K education. He spoke to the national evidence-based results of pre-K education. He understood that Alaska was facing budget difficulties and many other states had also experienced difficult budget environments. He believed that in recessionary environments education was one of the things that should not be touched. He stated that the coming year would be the fifth year of the program and would provide good data on how pre-K was working. He believed the first three years provided evidence that the program worked. He relayed that if the grant system continued Alaska would still be the lowest of the states providing some sort of support, but it was something.

7:20:02 PM

Representative Gattis spoke in opposition to the amendment. She stated that her subcommittee had recommended the cut. The subcommittee had considered that the FY 17 governor's budget had initially eliminated pre-K grants, but had added them back. She discussed that pre-K was not a constitutional mandate. She detailed that the program supported 316 students statewide (approximately \$6,330 per student). She agreed that pre-K had first been funded in 2010 as a pilot project. She believed the state needed to be very careful of pilot projects. She did not believe the state should fund the program when it did not have funding.

Representative Gara stated that the program had been funded by the past two Republican governors. The intent was to study the program to determine its success and to extend the service up to the \$10 million level if it was successful. He stated that the legislature had never followed through on the additional funding, but that did not mean the program was unsuccessful. He discussed that studies showed that kids who went to pre-K stayed out of jail, ended up on the welfare rolls in smaller numbers, were more greatly employed, and other. He stressed that there was evidence that the program provided more opportunity to children. He stated that a troopers and an oil pipeline were not constitutionally mandated, but the legislature supported funding for the items. He believed the relevant question was whether the program improved lives, increased academic achievement, and saved money in the long-term. He stated that the answer was yes. He stated that it was a small amount of money compared to other amendments before the committee. He emphasized that it was not a place to cut.

7:23:56 PM

Co-Chair Thompson asked to confirm some numbers mentioned. He asked for verification that the funding only went to 3 percent of pre-K aged students, yet 40 percent of the age group were attending some type of pre-K. He was curious about the effectiveness of the public schools' program. He referred to statistics provided and wondered if the increases were statewide. He did not know how effective the program was if it only applied to 300 students at a cost of

over \$6,000 per student. He wondered if it was fair to other students. He did not support the amendment.

Representative Kawasaki provided a summary of the amendment. He addressed that some communities did have formal pre-K, but the program was very expensive. He listed children served by the program in the past year: 32 in Anchorage, 33 in Dillingham, 30 in Juneau, 30 in the Lower Kuskokwim, 79 in Mat-Su, 53 in Nome, 20 on the North Slope, and 14 in Yukon Koyukuk. He referred to the legislature's continual discussion about ways to curve the budget line. He stated that early education was one of the ways that had been proven repeatedly. The success of Alaska's pre-K pilot program was proven and showed great results. He stressed what had not been proven was to continue spending money on things like remedial sciences in college. He did not believe it was a good investment and was not sustainable to keep investing in things like reforms in middle school and K-12. He spoke to one of President Obama's new initiatives on early education and quality pre-K programs were sustainable. He affirmed that the program in Alaska only reached 3 percent of the state's four year-olds, but it was a great start.

Co-Chair Thompson MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Gara

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

The MOTION to adopt Amendment 18 FAILED (3/8).

Representative Gara MOVED to ADOPT Amendment 19 (copy on file)[Note: see copy on file for further detail]:

DEPARTMENT: Department of Education and Early Development

APPROPRIATION: Teaching and Learning Support

ALLOCATION: Early Learning Coordination

ADD: \$500,000 General Fund 1004

EXPLANATION: This amendment restores Parents as Teachers grants to the FY20 17 funding level in the Governors amended budget. 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 Thompson OBJECTED for discussion.

[7:27:28 PM](#)

Representative Gara discussed that as Alaska was struggling in 40th place (out of the 50 states) of not offering pre-K, he had begun to look into the objections of some of the more conservative members of the community to find something that had worked in more conservative states. The solution he had found was the Parents as Teachers program. He stated if anyone had objection to young children sent into the classroom, Parents as Teachers did the opposite. The program had been adopted across the country. He explained that people with a pre-K background met with parents and taught them what would increase intellectual achievement by their children. He stressed that the program worked just as well as pre-K, but through the parents instead of a classroom. Parents met with Parents as Teachers educators at the place of the parents' choice, where they were provided with the necessary tools to ensure the child achieved what it could. He furthered that the results were the same: children who went through Parents as Teachers graduated, went to college, and got jobs in higher numbers; and ended up on public welfare and in jail smaller numbers. The program saved money and gave people opportunities. He elaborated that the program represented a compromise he had been in search of in the past. He furthered that he and other members had worked together on the issue in the past; it had become bipartisan and had passed the legislature. He stated that the program was originally intended to be funded at the \$2 million level; it had been reduced to \$500,000, but it would still allow the program to continue. He opined that if the legislature was going to cut the budget they should cut things that were superfluous or did not work; however, he did not support making cuts to successful programs that made lives better, kept people off welfare, and out of jail.

Representative Gattis stated that Parents as Teachers had been in her subcommittee budget. She agreed that parents

are teachers, but the Parents as Teachers grant had been eliminated from the governor's proposed FY 17 budget. Subsequently the administration had submitted an amendment to add the funds back into the budget, but the subcommittee had cut the program. She relayed that the program was not a constitutional mandate. She explained that the program had first been funded as a pilot project when the state had the money. She noted that there were things the state was mandated to do and should do pertaining to education. She believed the state did not have the funds; therefore, she did not support the amendment.

[7:31:40 PM](#)

Co-Chair Thompson 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 19 FAILED (3/8).

Representative Guttenberg MOVED to ADOPT Amendment 20 (copy on file):

DEPARTMENT: Department of Education and Early Development

APPROPRIATION: Teaching and Learning Support

ALLOCATION: Early Learning Coordination

ADD: \$320,000 General Fund (UGF) 1004

EXPLANATION: This amendment restores Best Beginnings Grants to the FY20 17 funding level in the Governor's amended 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 over 20,000. 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.

Co-Chair Thompson OBJECTED for discussion.

Representative Guttenberg explained that the amendment would fund the Best Beginnings program. He detailed that the program was very popular with children. He shared a story about witnessing a small child receive a book in the mail. He recalled the child's mother telling him that her child waited each month to receive the book in the mail. He elaborated that the book was age and subject appropriate and encouraged children to read. He pointed out that the average reading age in prisons was third grade. He remarked that anything the state could do to get children reading younger was significant. He referred to discussion about what was mandated in the constitution. He remarked that the constitution did not say people should have children, but they did. He believed children should be taken care of; there was a social obligation to ensure that children grew up to be productive citizens. He believed the legislature was cutting things in the budget that should not be cut - things that were beneficial and helpful for the state. He could not believe they were going to take books out of the hands of children. The amendment would restore the program for children around the state. He reasoned that if the funds were not restored, the matching funds would be lost. The program taught children critical skills such as reading, which would lead to better citizens. He hoped the amendment would pass. He spoke about children who enjoyed reading, a skill that would enable them to understand what was going on as they grew; he stated that "it starts with those little kids."

Co-Chair Thompson relayed that he had always supported the program and provided a personal check annually. He stressed that the program would not lose other funding if the state did not provide funds. He countered that the money would still come in and he guessed that the private funding would increase. He believed it was a great program; however, it was difficult for the state to provide funding given its deficit.

[7:35:48 PM](#)

Vice-Chair Saddler believed the issue was related to wants versus needs. He discussed his personal experience with the

library and books he received from family and other as a child. He stated that public libraries were accessible to everyone. He referred to testimony that the state should not fund things that did not work - he reasoned that the state should also not fund things that were duplicative. He believed it would be more economic to fund the public libraries instead of a program that cost \$30 per child. He acknowledged that the program may be good, but it was not the only way for a child to get a book. He opposed the amendment.

Representative Kawasaki testified in support of the amendment. He pointed to a graph in members' packets associated with the amendment. He stressed that private funds would not supplant the loss of state funds. He stated that Imagination Libraries in Fairbanks had communicated that a devastating cut would end the program. He elucidated that Best Beginnings was more than merely giving books to kids. He stated that it had been the glue that held together DEED's early development component. He explained that a one-quarter of a percent was actually dedicated to early education, which included Best Beginnings, pre-K, and Parents as Teachers. He discussed that Best Beginnings set the other programs together and apart in the conversation about early education. Without Best Beginnings he did not know why there was a Department of Education and "Early" Development. He asserted that the state would not have anyone advocating for early development if all of the early development programs were eliminated.

[7:38:35 PM](#)

Representative Gara discussed that there was every piece of evidence that the Imagination Library and Best Beginnings worked. He stated that getting fewer books to children would work less well. He stated that the amendment would be the difference between having more or less children with books in their hands. He remarked that most of the committee members around the table were pretty privileged. He stressed that the programs benefitted some of the poorest children in the state. He emphasized that the amendment pertained to kids who would no longer get pre-K services or benefit from Parents as Teachers because the programs had been defunded. He stated that the elimination of Best Beginnings would mean fewer books would go to kids, despite the fact that getting books into the hands of kids was successful. He thought the legislature came down to

Juneau to cut things that were wasteful and did not work. He elaborated that the program put books in the hands of children for a cost of \$320,000. He recommended ending the amendment process if all of the amendments would just receive party-line votes. He pointed out that Best Beginnings was the smallest of the pre-K programs. He continued that he had been comfortable voting for majority member amendments and bills; he hoped the committee did not spend the remainder of the evening voting across caucus lines.

[7:41:33 PM](#)

Vice-Chair Saddler stated that it was not proper to question the motivation of another member. He did not appreciate his votes being cast as party-line votes.

Co-Chair Neuman asked members to maintain a civil discussion.

Representative Munoz remarked that all committee members supported pre-K and it was difficult for her to vote against the amendment. However, she understood that there was a finite amount of money available in the current year and that the state would have to continue to look for new revenue sources. She hoped to get as much funding toward K-12 education as possible. She remarked that it was a fine balance. She understood that the issue currently before the committee would continue to be a part of the discussion as the legislature moved towards adjournment. She reiterated that her focus was trying to obtain as much funding for K-12 as possible.

Representative Guttenberg remarked that the committee had already cut Parents as Teachers. He stated that without the amendment the committee was now taking books out of the hands of children. Additionally, the budget cut funding to libraries. He stressed "it is what it is" and asked members not to "say we're not doing it, when that's what we're doing." He stressed that the children were in pre-school. The individuals benefitting from the program did not have the ability to spend time browsing in bookstores; the books went to all of the children - there was no cutoff. He spoke to the pride of ownership that children had for their belongings. The children did not know that it was the state's motive to get them engaged in reading and education. He emphasized that the program was not partisan

or superfluous; it was meant to make society stronger. He communicated that according to Best Beginnings the matching funds for the program would go away if the state GF funds were eliminated. He recalled when a legislator had wanted to put some discretionary money into their district for the program - as a result it had become something the entire legislature did because it was the smart thing to do. The program went to provide books to the most vulnerable children. He relayed that the amendments had not been drawn up to instigate arguments; they were designed to create results. He underscored that the programs created results. The cost of putting a book in a child's hand was worth it. He stressed that the program made a difference tomorrow and in 20 years. He remarked that other amendments included much higher costs than the amendment before the committee. He stated that the amendment was meant to brighten the lives of small children. He emphasized the success of the program.

[7:47:31 PM](#)

Co-Chair Thompson MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment 20 FAILED (4/7).

[7:48:26 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment 21 (copy on file):

DEPARTMENT: Department of Education and Early Development

APPROPRIATION: Teaching and Learning Support

ALLOCATION: Alaska Learning Network

ADD: \$400,000 General Fund 1004 (UGF)

EXPLANATION: Adds funding to allow for the continuation of the Alaska Learning Network Program.

Co-Chair Thompson OBJECTED for discussion.

Representative Kawasaki explained the amendment related to the Alaska Learning Network (AKLN). He detailed that the network had originated as a way to provide equal and equitable access to education online for high school students. He elaborated that 42 of the state's 54 school districts were currently served by the program - ranging from Petersburg, Fairbanks, Juneau, and the North Slope Borough. He noted that Fairbanks had the highest number of participants at 110. The concept behind the program was to provide an outlet and to maximize a student's ability to learn when classes are not offered within their own district. Additionally, the program was part of the governor's performance scholarship. For example, students who did not have access to advanced placement chemistry, calculus, or history, may have the ability to take the course in another venue. Students who participated in the program had a high completion rate (between 79 and 87 percent). He stated that AKLN was one of the backbone systems that needed support. He communicated that the network had been flat funded over the past several years. He asserted that if AKLN was cut, many schools would not have the ability to compete for the performance scholarship, especially in rural Alaska. He added that without the program Fairbanks students accessing advanced placement courses would no longer have access.

Representative Wilson spoke in opposition to the amendment. She was frustrated by AKLN, which she believed could have been self-sustainable by the current time. She explained that the network had been started by a federal grant by the Chatham School District and it had subsequently been taken over by Wrangell, which had done a good job administering the program. Ultimately it was taken over by the University of Alaska. She elaborated that Ketchikan and Kenai had been ahead of the game and had numerous online courses they were sharing with others. She relayed that she had sent the commissioner at the time to Ketchikan to look into utilizing successful programs in similar school districts instead of starting over in various areas. She furthered that the intent of the program to provide high school students with access to courses that may not be offered in their community. She explained that the program was supposed to allow communities to exchange courses or for one district to pay another to keep courses updated. She believed that because the network kept getting traded around it had never really found a good home or become self-sustainable. She pointed to the \$400,000 GF allocation

proposed under the amendment and stated that the program had not found a way to be usable as intended. She still believed the program had the opportunity. She opined that without the state funds, the program would be forced to charge the money, which she believed was probably much less than it would take most districts to hire a master teacher. She stated that they needed to get the money out of the state's districts because they were getting paid for each of the credit hours that high school students were taking. She explained that the cut would not be taking anything away from schools. She furthered that there was another avenue for smaller schools to have a wide range of courses, but the state would not provide funding. She reiterated that the program had access to funding that the districts needed to utilize. She remarked that Kotzebue had its own studio and made classes for some of the smaller school districts to utilize. Even since the program's inception many school districts had done their own program. She believed the program could survive if they charged the necessary amount, which was significantly less than hiring a teacher for just a few students.

[7:54:19 PM](#)

Representative Gattis spoke in opposition to the amendment. She explained that the AKLN program had morphed into using Apex Learning classes. She explained that Mat-Su used the Apex program; it had been able to get the licensing and let anyone use the courses for a relatively inexpensive price. She furthered that it was one of the reasons AKLN had found itself - it was utilizing the same Apex program. She believed AKLN was utilizing some courses it had originally put together, but it had really pivoted over to Apex. She elaborated that AKLN was now operating as a middleman and was therefore charging school districts more. She shared that Mat-Su had communicated that it would charge the going rate. She detailed that the intent had been to incentivize school districts to share with each other, which had never really occurred under AKLN. She had spoken against the program in the past. She highlighted that there were school districts that did online learning out-of-state (i.e. Florida Virtual School and other).

Representative Gara asked how much money would be left in AKLN without the amendment.

Representative Gattis replied that she thought that the program had been defunded. She had been surprised to learn there was still money remaining, but she did not know the amount.

Co-Chair Neuman stated that it was also his understanding.

Representative Gara spoke in support of the amendment. He stated that it was not possible to make a program more efficient by reducing its budget to zero. He was happy to hear if someone had a plan to make AKLN more efficient. He discussed that the program had begun when former Governor Sean Parnell had created the merit scholarship. He detailed that the scholarship required students to take specific courses in order to qualify; however, many of the courses are not available in rural Alaska. He furthered that the merit scholarship would only be available to students living in urban areas if something had not been done. The former governor had stated that the program needed to be funded in order for everyone to have an equal chance at the scholarship. He discussed that there were some very good schools in rural Alaska that produced Ivy League graduates. He believed the students in rural Alaska should have the same opportunity at a scholarship as an urban student; however, that was not the case currently. He elaborated that currently many small schools in rural districts did not have advanced placement courses needed to qualify for the scholarship. He stressed that there could not be two classes of citizens in the state.

Representative Gara questioned what kind of system it would be to tell a child that no matter how hard they worked they would not qualify for a scholarship. He believed it would be an awful system. He furthered that AKLN leveled the playing field for students in rural districts. He could not imagine telling a parent that the merit scholarship was reserved for other people who had access to the necessary courses. He stressed that without AKLN it would be the case. He had never heard that the program had run inefficiently; eliminating it was not the way to make it more efficient. He stated that eliminating the program was a way to create two systems of schools: one for those in urban areas and a worse one for students in rural areas. It was not the Alaska he believed in. He reiterated his remarks about the disparity between rural and urban school districts. He stressed that the state was supposed to maximize the chances for every young person in the state.

He referred to another committee member's statement about a litmus test to determine whether something belonged in the budget. The question had been whether a cut would impact people's lives. He believed it was a relevant question to ask when considering whether to continue a program. He underscored that the cut would impact people's lives and would create two unequal systems of education in Alaska: one for individuals living in wealthier urban areas and another for poorer rural individuals. He did not want to create two systems.

[8:01:12 PM](#)

Representative Munoz believed that AKLN provided a valuable service to the state. She recalled former Governor Parnell visiting a mining training course at the University of Alaska Southeast. She spoke to the impact the former governor's participation had on the class and how witnessing the online learning had impacted him as well. She viewed the program as an opportunity to save the state money. She did not want to see the program go away. She thought the program could look for increased self-sufficiency and ways to increase funding through the districts. She also heard that Mat-Su may want to take a larger role. She did not believe the program should be eliminated.

Representative Gattis reminded the committee that AKLN was not a free program; Apex also charged. She elaborated that AKLN had become the "middleman" and charged more than Apex; AKLN had chosen Apex to utilize the Apex program. She explained that AKLN had the opportunity to buy direct from Apex. She believed that the program had morphed into being the middleman for the Apex program and had shifted away from the original intent. She did not have a problem with AKLN or Apex, but she stated that Apex was provided at a cheaper price. She did not support funding a middleman.

Co-Chair Thompson had not seen statistics about how many rural students were using the program. He referred to the sponsor's testimony that the largest utilizer was Fairbanks. He asked for detail on other areas using the program.

Representative Kawasaki summarized the amendment. He shared that AKLN had started in 2011 with only 169 enrollees; at the close of the 2014/2015 school year there were 920

enrollees. The projection for the current year was 878. He stated that Alaska Native student success was an important goal for AKLN, which was included in the programs by-laws. He furthered that 36 percent of the enrollees were Alaska Native students. He referred to the distribution of enrollees and explained that Fairbanks accounted for a large number; however, Kuspuk had 17 or 18, Nenana had 16 or 17, and Hoonah had 2 or 3 students participating in AKLN. He believed it was important to recognize, especially under the terms of the governor's performance scholarship. According to AKLN the upcoming summer courses were already in jeopardy until further funds were secured. Past appropriations varied between \$800,000 and \$400,000 (the current amount was \$400,000). The AKLN director had communicated that without the \$400,000 the program would end. He encouraged the committee to think hard about what ending the program would do.

[8:06:12 PM](#)

Co-Chair Thompson WITHDREW his OBJECTION.

Representative Wilson OBJECTED.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment 21 FAILED (5/6).

[8:07:10 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment 22 (copy on file):

DEPARTMENT: Department of Education and Early Development

APPROPRIATION: Alaska Library and Museums

ALLOCATION: Online With Libraries (OWL)

ADD: \$761,800 General Fund 1004 (UGF)

EXPLANATION: Restores Online with Libraries to the FY17 Governor's Amended budget level.

Co-Chair Thompson OBJECTED for discussion.

Representative Kawasaki explained the amendment pertaining to funds for the Online with Libraries (OWL) program. He explained that as the state required more and more online study, broadband became an important aspect. He detailed that OWL was parallel to the AKLN program. He elaborated that OWL provided 1.5 megabit speeds to most area libraries. He continued that the average monthly internet cost for a rural library could be as low as \$2,700; however, the rate was \$7,600 for the Dillingham library. The program provided all of the libraries with a small subsidy in order to operate video and teleconferencing equipment and online resources. In 2012 there had been scheduled video/teleconferences of about 247; with increased technology and the demand set on rural communities in particular, the number had increased to 794 in 2013 and 840 in 2014. He stated that OWL provided another method to help with students in rural Alaska.

Representative Gattis testified in opposition to the amendment. She relayed that OWL had begun to receive state funding in 2015; the state had received federal and private grants from 2010 to 2014. Only 42.6 percent of the state's 101 libraries utilized the OWL program; the remainder of the public libraries paid the local share of the internet bills in-house. Some of the libraries that used OWL would downgrade their internet with the proposed cut, while other libraries may not have difficulty paying for the internet. She believed the state could live without the program.

Representative Edgmon supported the amendment. His district included two first-class smaller regional hubs - the cities of Dillingham, Unalaska, and Naknek had libraries that depended on the funding. He noted that the program leveraged federal e-rate matching dollars (\$8 to \$9 for every state dollar). The program provided community access to the internet at the local library and also had valuable instructional value to students. He discussed that the program stretched the state's educational dollars. He could see broadband replacing some component of the K-12 formula in the future.

[8:11:50 PM](#)

Representative Guttenberg spoke in favor of the amendment. He believed it was unfortunate that the committee did not understand the structure of broadband and e-rate dollars. He explained that everyone paid into the Universal Service

Fund, which subsidized \$360 million annually in the form of e-rate funding. He elaborated that it drove down the cost of funding in libraries. He discussed that he paid \$89 for poor reception (under 1 megabit) at his home in Fairbanks what he paid at home for internet. He relayed that the average library paid \$2,600 for their share; Dillingham paid \$7,600. The minimum the Federal Communications Commission (FCC) considered for broadband was 25 megahertz. He was not aware of anyone in Alaska who received that speed. He relayed that he could not even stream a movie with his internet service in Fairbanks. He continued that 44 libraries would return to dialup internet service if the OWL funds were not continued; he noted that dialup speed was less than 1.5 megabits. Without the funds many libraries would not have the ability to file for Permanent Fund Dividends online, purchase a hunting license, provide distance education, and other. He surmised that the decreased internet service would render computer equipment useless in some libraries.

Representative Guttenberg referred to a 2013 State of Alaska broadband taskforce report that sat languishing on a shelf. He stressed that the report addressed many of the issues under discussion, but the legislature was not working on them. He emphasized that they were not working on driving down the cost of things the state could do to increase efficiencies and decrease costs in Alaska. He stated that the OWL grants did those things. He expounded that 44 of the state's libraries would have no teleconferencing, distance education, and nothing online. He discussed that when Airforce One had visited Dillingham the secret service had been "flipping out" because they had no internet access. He believed the expense paid for broadband in Alaska was astronomical and criminal; however, the legislature was not doing anything to drive the costs down. He continued that all the legislature was doing was telling communities it would not subsidize the communities because it did not have the character or strength to do what was right for Alaska. He stated the \$761,000 grant was a small part of doing anything. He emphasized that the legislature appeared to be willing to just cut the libraries off at the knees. He underscored that the libraries could not afford the service and would not all find another funding source. He furthered that the cost of utilities would increase due to increased electronic reporting (e.g. trooper reporting and other).

8:17:06 PM

Representative Kawasaki summarized the amendment. He explained that prior to OWL, 70 out of the state's 100 libraries did not have sufficient bandwidth for any internet connection or videoconferencing. He detailed that currently almost every library had some sort of access to the OWL program and the 4 to 1 federal matching rate, which could leverage up to \$2 million. If the program funds were cut, the libraries using OWL would most likely have to return to dialup speeds. He communicated that libraries and schools were often the center of a small community. He believed cutting off their ability to communicate with the rest of the world (or severely limiting the ability) was going in the wrong direction. He acknowledged that the cut would not necessarily impact Fairbanks, Mat-Su, or Anchorage, but it would severely hamper legislators' ability to communicate with their constituents across the rest of the state. He added that it would severely impact constituents' ability to file forms online. He noted that the current legislature had communicated to the administration that it wanted to see more online forms for things like driver's license renewal, fishing licensing, and filing reports, because it cost less. He stated that the \$761,000 GF request was a small part of the state's overall budget; it did not break the budget. He believed that cutting the funds may have the opposite result of the legislature's desired goal of balancing the budget.

Co-Chair Thompson WITHDREW his OBJECTION.

Co-Chair Neuman OBJECTED.

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 22 FAILED (5/6).

8:20:49 PM

AT EASE

8:42:47 PM

RECONVENED

Representative Gara MOVED to ADOPT Amendment 23 (copy on file):

DEPARTMENT: Department of Health and Social Services  
APPROPRIATION: Medicaid Services  
ALLOCATION: Adult Preventative Dental Medicaid Services  
ADD: \$2,882,700 Fed Rcpts (1002)  
\$2,882,700 G/F Match (1003)  
\$279,000 General Fund (1004)

EXPLANATION:

Medicare does not provide dental coverage for seniors, with very minor exceptions. The state therefore adopted a limited dental plan for seniors. Without this amendment the state's senior dental plan will be significantly reduced. Alaska will also lose \$2.88 million, which will impact the economy.

- Preventive dental services help control higher medical costs by preventing more serious dental issues such as infections, extractions, etc.
- Preventive dental services help individuals retain their natural teeth or provide for dentures which help with nutrition as well as cosmetic appearance which helps individuals maintain employment and stay in the work force
- Prevents emergency room visits for dental issues which could have been taken care of with preventive services

Co-Chair Thompson OBJECTED for discussion.

Representative Gara explained that a number of years ago the state decided that not providing people the option for dental services was not the way to go. Medicaid had only covered services in the emergency room for dental work; it had not covered preventative care. He detailed that under the state's Medicaid program people had to wait until their tooth decay problems became bad enough for them to go to the emergency room (ER); the state had not paid for preventative work. He elaborated that the state's senior population had faced the same fate because Medicare did not cover dental work outside of extreme hospitalization services. He reiterated that the state had adopted its dental program for individuals on Medicaid and low income

individuals on Medicare. He continued that at first the state had bought an individual with no teeth one set of dentures at a time (an upper or lower denture); that had been changed in order for a person to use two years' worth of benefits in one year in order to get a full set of teeth. He expounded that if the dental program was eliminated for people who could not afford to go to the dentist a person would not receive dentures at all. He explained that the current budget eliminated the dental program for seniors and non-seniors on Medicaid.

Representative Gara highlighted that half of the current program was funded by \$2.8 million in federal funds (the other half was paid for with state funds). He shared that the previous year 27,000 Alaskans had received preventative dental services. He explained that without the amendment individuals would have to wait until their tooth problem became painful enough to warrant going to the ER; it would be the only coverage a person would receive. He remarked that committee members all had health insurance and could go to the dentist for work; they did not have to wait for disease to occur. He wished Medicare covered preventative dental, but it did not. He believed that while battling the budget deficit, the legislature should look for things to cut that did not matter and were not important. He thought the cut went too far backwards; it was too hard a hit on people who did not have money and on seniors. He reasoned that it was less expensive to let someone go to the dentist before they had a major problem. He communicated that the dental program had been proposed by a Republican legislator in the past and had passed unanimously. The amendment maintained the current dental program; without the program seniors and Medicaid recipients would have to wait for their dental problems to become severe enough to justify going to the ER.

[8:48:44 PM](#)

Vice-Chair Saddler discussed that the state had a very generous Medicaid program. The program offered 26 optional adult services to the Medicaid population, which was approximately 145,000 at a cost of \$239 million per year. Additionally, the program offered 19 mandatory adult services, which cost the state \$486 million [annually]. There were 45 services mandatory services provided to children (including dental services) for a cost of \$539 million. He believed the program was generous. He added

that it was a maximum of \$1,250 per year. He continued that the state provided Permanent Fund Dividends and there was nothing to prevent people from using their dividend on dental work. He explained that people on Medicaid were held harmless; there was no penalty for using the dividend to take care of one's teeth. He explained that the program was separate from the entire medical services Medicaid statute. He reasoned that it was not inappropriate to look at some of the optional services provided when facing a large deficit. He remarked that other states that had gone through recession had figured out ways to reduce Medicaid expenses; suspending or ending the adult preventative dental service was one of the tactics other states had utilized. He pointed out that it was a \$6 million reduction. He reiterated that the state paid \$239 million for optional services, \$486 million for mandatory services, and \$539 million for children's services. He did not believe it was unreasonable to expect that there would be a slight reduction in the optional programs provided in a time of significant deficit.

Representative Gattis shared that her father-in-law had passed away the past year. She shared that he had been a WWII veteran who had not received dental insurance through the VA. She recalled that as he had aged it had been a huge challenge for her family to deal with his dental work. She struggled with the fact that dental care would be offered for free, while many people in the private industry had to pay for coverage themselves. She added that veterans were only covered if they had a war injury. She did not support the amendment.

[8:52:17 PM](#)

Representative Guttenberg stated "I'm delighted that people think that somebody that's eligible for Medicaid services will go in at the drop of a toothache and get a dental appointment, have a phone number to be reached at, and have a place to go and a way to get there at a specific time." He believed that it was unfortunate that veterans did not receive dental coverage. He discussed what happened when people could not afford medical services. He emphasized that he was not asking members to care about the individuals. He was asking members to think about what happened to their insurance bill. He referred to a person with decaying teeth who could not afford insurance; it was not only the pathway to needing heavy dental work, but many

other diseases as well. He stressed that when a person went to the ER because they could not afford to go anywhere else, the state paid for the bill; some hospitals absorbed the cost, but most passed the costs on to the state. The point of the dental program was to provide preventative coverage in order to avoid the need for ER treatment. Additionally, with preventative treatment, people did not get disease as a result of tooth problems. He reiterated that the state was paying for services when individuals went to the ER. He communicated that hospitals would tell members how much money they had to absorb and how much money they had to build into billing and other. He stressed that it was significantly higher than \$6 million. He restated that the state paid the bill anyway when individuals had to go to the hospital. He spoke to the cost-effective nature of providing preventative dental care. He emphasized that failing to provide treatment for individuals would cause the budget to balloon in the future. Additionally, the costs would be reflected in state and private insurance and when paying for services out of pocket. He underscored that the costs would be on the state's bill.

[8:56:13 PM](#)

Co-Chair Thompson MAINTAINED his OBJECTION.

Representative Gara asked if it was accurate that veterans did not receive preventative dental through the VA.

Co-Chair Thompson replied that he was not positive; however, he was not aware of any veterans receiving free dental care.

Representative Wilson stated that her husband is a veteran and did not receive preventative dental care through the VA.

Representative Gara thought it made the need for the amendment even more pressing. He stated "shame on us as a society" if individuals were asked to go to war for the country but did not receive dental care benefits. He opined that if veterans were not receiving dental, it was all the more reason to pass the amendment. The amendment did not discriminate between individuals who had served the U.S. in war and those who had not; it would provide dental coverage for veterans and non-veterans. A veteran would have the

right to dental coverage, especially if they came back injured and unable to work and were Medicaid eligible.

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 23 FAILED (3/8).

[8:59:07 PM](#)

Representative Gara relayed that the restoration of funds to help seniors with conditions like Alzheimer's had already passed in a prior amendment; therefore, he WITHDREW the Amendment 24 (copy on file).

Representative Gara MOVED to ADOPT Amendment 25 (copy on file):

DEPARTMENT: Health and Social Services  
APPROPRIATION: Senior and Disabilities Services  
ALLOCATION: Community Developmental Disabilities Grants  
ADD: \$640,000 GF/MH (1037)

EXPLANATION: The subcommittee's cuts reduce help to Alaskans with developmental disabilities. This assistance is used to help vulnerable people live with dignity, learn, and care for themselves. These funds provide assistance for organizations like Hope Community Resources, which promotes a better quality of life.

Co-Chair Thompson OBJECTED for discussion.

Representative Gara explained that the current budget included a \$640,000 cut to people with developmental disabilities. The amendment sought to restore help for people facing difficulties in their daily lives just because of the way they were born. The amendment would restore funds to Hope Community Resources and other programs. He spoke to public testimony from a man who had a lift installed in his shower so he could take a shower. He believed the services helped people live with dignity. He did not believe a shower lift was a luxury. He stated that

the legislature should be cutting waste and things that did not work, but not programs such as disability services. The funds were essential to people who had many hurdles to live with. The cut would hit people with some of the biggest challenges in the state. The funds also helped an individual to a build ramp to their house in order to remain in their own home; the grants helped individuals live independently. He remarked that someone had once said that the budget was not only a bunch of numbers; it was a moral document. He shared that he had grown up with a foster brother with developmental disabilities. He provided further information about his brother who had been offered a hand and training provided by grants. He had also worked for a living until being hit by a car, which prevented him from working again. He stated that some people need a hand; people with disabilities should be given a hand. He did not support cutting over \$500,000 to individuals who deserved the services, the right to live with dignity, and the right to receive training to help them go to work if possible.

Representative Gara stated that the funds were not wasteful and went to individuals who should have the right to live with dignity and independently. He recalled members of the Key Coalition of Alaska telling him they would just like to live with dignity and independently. He added that some of the funds were used for fun. For example, sometimes a group like Hope Community Resources was able to take individuals to a movie so they did not have to be cooped up at home their entire lives. He wanted to hear if people believed the program was wasteful or if the funds were being misused. He had never heard either of those things. He reasoned that the cut in the budget did meet the standard of impacting lives; it was an essential service. He was supportive of locating waste in the budget, but the service the amendment would restore was not waste.

[9:05:53 PM](#)

Vice-Chair Saddler countered that the state did provide resources to individuals with disabilities. He wondered if providing \$5 million to \$12 million would be sufficient to show that the legislature had respect for the dignity of those impacted by the services. He stated that the legislature provided \$12 million for disability grants (after the reduction the amendment sought to restore). He expounded that the subcommittee had taken a modest 5 percent reduction from the governor's request, which he

believed was not excessive or cold-hearted. He reasoned that it was not possible to spin gold from straw. He stressed that the state was constrained by the current fiscal situation. He furthered that the state provided other services to individuals with disabilities including Medicaid healthcare services and waivers, vocational rehabilitation services, and proposed legislation that would enable people to save money to pay for the cost of living with a disability. Additionally, the federal government provided supplemental security income. He rejected the proposition that not funding the \$640,000 demonstrated lack of care, respect, or compassion. He believed the reduction reflected the fiscal reality and was modest and responsible.

Representative Guttenberg spoke in support of the amendment. He did not hear any place where the funds were superfluous, wasted, or unneeded. He stressed that the making budget cuts was the coldest part of the legislative process. He furthered that cuts were being made on the backs of children, seniors, and disabled individuals. He reasoned at that point the budget became a moral document. He believed cuts were being made to places that should not be cut. He knew the cut to disability services was wrong and he believed "it says something morally about who we are."

[9:09:34 PM](#)

Co-Chair Thompson 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 25 FAILED (3/8).

[9:10:25 PM](#)

Representative Gara MOVED Amendment 26 (copy on file):

DEPARTMENT: Health and Social Services

APPROPRIATION: Senior and Disabilities Services

ALLOCATION: General Relief/Temporary Assisted Living

ADD: \$365,000 General Fund (1004)

EXPLANATION: This cut will reduce emergency housing and help for seniors and those with other significant challenges. It provides housing for people who would otherwise be homeless, until stable housing can be secured.

Co-Chair Thompson OBJECTED for discussion.

Representative Gara explained that the amendment would restore funding for short-term emergency housing for seniors and individuals with significant life challenges. The current budget would cut \$365,000 from the program. He had no problem providing emergency housing for seniors or disabled individuals who could otherwise end up on the street due to life difficulties. He stated that seniors and people with disabilities were already taking a significant hit in the current budget. He believed they were the wrong people to take money away from. He offered to receive a salary cut. He wondered who thought cutting the service would save the state money. He surmised that without the funds the individuals could end up in a shelter; they would eventually receive services, but would live with less dignity. He stated that it was a savings on paper but not in reality. He did not see the necessity for cutting so deep.

[9:13:42 PM](#)

Vice-Chair Saddler spoke in opposition to the amendment. He believed a 5 percent reduction could be considered large or small. He pointed to a survey by the Rasmuson Foundation asking what a person would consider to qualify as a small or medium cut. He believed the population of Alaska thought a small cut would be 10 percent and that a medium cut would be 25 percent. He did not recall what people thought a large cut would be. He stated that temporary assisted living received an allocation of just under \$7 million in state funds. The cut would reduce the governor's request by 5 percent, which he believed was half of what a small cut would be. He had heard earlier in the day that some individuals in the oil industry who were taking 100 percent cuts in pay, losing their jobs, and having to leave the state because of the economics of the oil industry. He reasoned that the economics filtered through the state in the form of reduced taxes and royalties. In the face of tremendous income reductions, he did not consider a 5 percent cut to be deep. He stressed that it was a small

cut, but he wished it was not necessary. He referred a review for DHSS, which specified that the 1915-I waiver the department was pursuing, could make an extra \$4.5 million available for the assisted living allocation. He hoped that the money became available. He stated that he is not uncompassionate; his job on the committee was to balance the state's unlimited needs, wants, and desires with limited revenue.

Representative Kawasaki referred to previous testimony related to polling. He did not listen to polls or lobbyists because ultimately the people he listened to were his constituents. He detailed that many of his constituents would be deeply impacted by the cut. He supported the restoration of funding because his constituents would be heavily impacted by a 5 percent cut.

Representative Gara stated that he would not make the decision based on a poll; however, he had read the poll, which did not say that people supported a 5 percent cut to seniors or people with disabilities in need of emergency housing. He emphasized that the specific questions had not been in the poll. He believed that if Alaskans were polled on the specific issue they would oppose the cut.

Co-Chair Thompson MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

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

The MOTION to adopt Amendment 26 FAILED (3/8).

[9:18:53 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment 27 (copy on file) [Note: see copy on file for further detail]:

DEPARTMENT: Health and Social Services  
APPROPRIATION: Public Assistance  
ALLOCATION: Senior Benefits Payment Program  
ADD: \$5,137,900 General Fund 1004 (UGF)

EXPLANATION: This amendment restores the FY20 17 funding level proposed by the Governor. 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 Silver 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%, 100% and 175% of the Federal Poverty Level. Eliminating benefits to 5,438 people and households will cost the state in the long run.

Co-Chair Thompson OBJECTED for discussion.

Representative Kawasaki discussed the high population of seniors in his district. He detailed that the state's senior population was expected to double over the next 10 years. He believed the number should cause alarm when they spoke about senior and disability services and home and community based waivers. He explained that the Senior Benefits Payment Program helped seniors remain in their homes longer, which ultimately ended up costing the system significantly less. Currently there were 5,348 seniors that would be impacted by the amendment; failure to act on the amendment would mean that seniors making somewhere around \$14,000 per year would no longer receive a senior benefit payment. The payment originally was supposed to be around \$125, which was anticipated to drop to \$47. The seniors that he knew were seniors who had built the state. He remarked that the street names in his district were all named after seniors from the community. He believed that ensuring that senior benefits continued into the future would ensure that the individuals could remain in Alaska.

[9:21:42 PM](#)

Vice-Chair Saddler spoke against the amendment. He stated that the issue had been discussed previously. He believed the state was generous and recognized the contribution of its seniors. The amendment sought to restore a reduction made in his finance subcommittee that would end the cash payment to the highest level of three tiers of senior benefit recipients; individuals that earned approximately \$25,760 at 100 to 125 percent of the federal poverty level.

The subcommittee had proposed no change to the lowest tier of seniors who received \$250 per month at 75 percent of the federal poverty level. Additionally, there had been no change to the second tier who would continue to receive \$175 per month at 76 to 100 percent of the federal poverty level. He opined that the funds demonstrated consideration and compassion to the state's neediest seniors. He reasoned that it was a cash benefit and by maintaining the funds for the neediest seniors it protected two-thirds of the seniors who received the benefit. He noted that there were other benefits offered to the seniors including the PFD, senior citizen property tax exemption, senior sales tax exemption, veteran property tax exemption, survivor of veteran property tax exemption, social security, Medicaid, Medicare, and other. He stated that failing to provide the cash payments to one tier of the senior benefits recipients was not in any way disrespecting or showing a lack of appreciation for Alaska's seniors. He expounded that the cut was simply reflecting the state's difficult budget times. He referred to other discussions about balancing the needs of sick and disabled people versus college students versus pre-K programs. He reasoned that it was not possible to fund or cut everything. He did not believe the cut was inappropriate.

Representative Gara did not believe the state was balancing the needs of children who would benefit from state pre-K with the needs of seniors because it appeared that both would be cut. He stated that taking away funds on both ends did not represent a balance. He discussed that the administration should have been paying \$100 per month to seniors who earned as little as \$14,700; however, the individuals had been paid \$125 per month for the first portion of the fiscal year and \$47 for the remainder of the year. He elaborated that if the amendment failed those seniors would receive no senior benefit payment at all; if it passed they would receive at least \$100 per month. He did not believe the chair of the DHSS subcommittee was disrespecting anyone, but he believed taking the funds away was wrong. He was proud that seniors were offered a property tax exemption; however, it was necessary to own a home in order to receive the benefit. The senior benefit payments went to many seniors who did not own a home.

[9:26:43 PM](#)

Co-Chair Thompson asked which tier a person earning \$14,000 per year fell under.

Vice-Chair Saddler replied that individuals earning \$14,720 per year were in the second tier and would still receive \$175 per month.

Representative Kawasaki provided a summary of the amendment. He stated that the largest benefit went to the people who could least afford it. He detailed that a senior earning between zero and \$11,000 would receive the \$250 monthly payment. Individuals earning between \$11,000 and \$14,000 would receive \$175 per month. The category impacted by the amendment included 5,400 seniors earning between \$14,000 and \$25,000. He stated that the funds were supplemental benefits that went to seniors - individuals who helped to build the state and decided to retire in Alaska. He remarked that many seniors moved to the Lower 48 and places that with a lower cost of living. He told a personal anecdote about his mom who was a senior. He emphasized that seniors wanted to remain in Alaska and had provided a significant amount to the state. He stated that the program provided seniors with funds for food, heating, and prescriptions. He believed that without senior benefits fewer grandparents would have the ability to remain in Alaska. He stated that the amendment would enable seniors to stay in Alaska.

Co-Chair Thompson 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 27 FAILED (3/8).

[9:30:55 PM](#)

Representative Guttenberg believed Amendment 28 had been taken care of in an earlier amendment.

[9:31:12 PM](#)

AT EASE

[9:31:36 PM](#)

RECONVENED

Representative Guttenberg WITHDREW Amendment 28 (copy on file).

Representative Gara MOVED to ADOPT Amendment 29 (copy on file):

DEPARTMENT: Department of Administration  
APPROPRIATION: Legal and Advocacy Services  
ALLOCATION: Office of Public Advocacy  
ADD: \$542,400 General Fund (1004)  
POSITIONS: Add: 5 PFT Positions

EXPLANATION: Guardian ad Litem in Alaska (who represent children in OCS cases) have "among the highest" caseloads "in the United States," according to Office of Public Advocacy Director Rick Allen. Current averages are between 110-120 children per GAL. "GAL caseloads have risen 58% in the past 12-18 months," according to Mr. Allen.

Co-Chair Thompson OBJECTED for discussion.

Representative Gara explained that the amendment addressed guardians ad litem who represented children in cases where they were taken away from their families. The guardians were responsible for determining a child's best interest and presenting it to the court. He detailed that if the best interest was to reunite the child with their family the guardian would recommend that a child be taken out of foster care and reunited with their family. The recommendation would be to keep a child away from an abusive parent if that was the case. He emphasized that the amendment was about protecting children from child abuse and neglect; it was also about maintaining families when possible. He emphasized that the children had not done anything wrong and deserved a voice in court. He referred to a statement by Rick Allen who headed the Office of Public Advocacy that Alaska had among the highest caseloads in the nation. The state's caseloads were between 110 and 120 children per child advocate. He expounded that the large caseload prevented advocates from spending time on the case prior to going to court. He discussed that caseloads had risen 58 percent in the past 12 to 18 months according to Mr. Allen. He had heard numerous statements in the committee that sometimes mistakes were made when it

came to the children, sometimes they were taken away from families they should not be taken away from, and sometimes children are put back with families that have no business taking care of a child. He stressed that mistakes were made in both directions if caseworkers were overburdened. He wanted children's advocates who would know the child when they went to court and who would have the ability to tell whether a child would be put in danger if they were reunified with an abusive parent or other.

Representative Gara stated that in one way the amendment would save the state money; a knowledgeable advocate would know the family well enough to recommend taking the child out of the foster care system. He furthered that the state did not need to pay \$30 to \$100 per day to keep the child in the foster care system. The \$100 cost per day was for children with more severe behavioral problems. He stated that any child taken away from their family had significant problems. He shared that once a child was put in foster care they automatically received high enough Adverse Childhood Experiences score to be categorized as a person needing help. He stated that the amendment would save money. He furthered that there would be cases where the advocate would determine a child could be placed back with their family; it would also save the state money when an advocate determined that keeping the child from their family would prevent abuse. He underscored that if a family abused their child it would ruin the child's life and cost the state more money.

Representative Gara expressed sympathy for individuals facing hardships due to job loss in the oil industry; however, they had not faced the same hardship the children impacted by the amendment faced. He stressed that the children had the right to have the correct decision made about them and the right to an advocate who would represent them wisely. He emphasized that it was the state's job not to send children back to abusive homes. Additionally, it was the state's job to reunify families when appropriate. He reiterated that the amendment would save money. He underscored that the amendment was right and protected children. He emphasized that the state had among the highest caseloads in the country for too long. The state had the highest level of child abuse and sexual abuse in the country. He was tired of the state ranking at the top of the categories. He concluded that the amendment would

save the state money, dignity, and it would save the state's children from pain.

[9:38:44 PM](#)

Co-Chair Thompson 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 29 FAILED (3/8).

[9:39:30 PM](#)

Representative Gara MOVED to ADOPT Amendment 30 (copy on file):

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Office of Children's Services

ALLOCATION: Front Line Social Workers

ADD: \$1,034,300 General Fund (1004)

\$258,600 Federal Receipts (1002)

POSITIONS: ADD: 10 PFT Positions

EXPLANATION: Since the addition of needed staff in 2015, the number of foster youth has grown from 2,450 to 2,879 today. The staff added in 2016 helped neglected and abused youth, but since then more than 400 youth have come into OCS. Caseworkers' caseloads remain with well above recommended caseloads. The system is over-stressed, and we need to have a system that is responsive to abused and neglected children, foster and natural parents, and that gets children out of the foster care system into permanent, loving homes.

Co-Chair Thompson OBJECTED for discussion.

Representative Gara discussed that the previous session the legislature had done something very good. He explained that the state had a massively overburdened foster care system. He noted that the previous year the committee had been told that while the average caseload should be 12 to 15, caseworkers in Alaska had up to 70 cases. He furthered that

the committee had heard that with the addition of 27 caseworkers in the Office of Children Services (OCS), the caseloads were still very high and far above national standards. He offered his appreciation for the funds allocated the previous year. The high rate was partially due to a significant increase in the number of foster youth (the number had risen from approximately 2,450 the previous year to almost 2,900 at present). He had believed the number of children in foster care would be similar in the current year to the number the prior year. He stressed that the children had done nothing wrong and deserved to have a caseworker to check in on them and who knows them. Additionally, foster parents deserved to get a return phone call. He emphasized that not only were caseloads too high, they had increased by 450 in the past year. He spoke to wanting to bend the curve to make things better. He stated that the caseworkers would save the state money when they had the time to realize when a family was ready to take a child back safely or when a child should be kept away from an abusive parent. The larger the caseloads, the more mistakes would be made. He provided a sports analogy about dropping balls. He emphasized that mistakes were made when there were not enough people working. He underscored that the state did not have enough people working for the children who had done nothing wrong, but were abused and neglected and sometimes bounced between 15 foster homes.

Representative Gara stressed that with reasonable caseloads, the caseworker would have the ability to work the case to put a child into a permanent home. The goal of the foster care system was not to keep kids in foster care, but to get them out of the system. He stated that getting a child back into a permanent and loving home was termed permanency in the profession. It was something he believed everyone wanted. He stated that the amendment would make a number of lives better. He elaborated that the amendment was not expensive. He thought the committee would hear from the DHSS budget subcommittee chair that he believed he had located a \$2 million savings in the OCS system to qualify for some federal funds. He stated that the amendment would cost \$1 million. He stated that it would cost the state more if the amendment did not pass. He did not know how to measure accidentally putting a child back with an abusive parent or leaving a child in foster care when they had a loving family to go home to. He recalled testimony from foster children who had been placed in 15 homes over the course of 10 to 15 years. He questioned the damage that the

situation could cause. He had met the head of OCS recently who had expressed her alarm at the number of youth coming into the foster care system; she had no power to stop that, but she needed to work to get children out of the foster care system. She wanted to have control about how fast the state got kids out of foster care and into a healthy, loving home. He reiterated that the national caseload standard was 12 to 15 kids per social worker. He communicated that if 10 caseworkers were added for an increase of 450 kids, it would not meet the national standard, but it would make things better. He remarked that if it made 10 to 20 lives better it would be successful. He asked members to support the amendment.

[9:46:22 PM](#)

Representative Wilson spoke in opposition to the amendment. She hoped that whoever had the allocation the following year should change the allocation from frontline social workers. She corrected that the individuals were caseworkers. She believed that the state was overreaching and would take more children [from their homes] that they should not take if the agency was given more money. She shared that she had received a call the prior day about a child that had been playing at a church playground adjacent to their home. She had been told that someone thought the child was unattended and OCS ended up at the home. She agreed that there were some parents who were abusing children and the children should be taken away. She remarked that more children had been taken out of their homes in the past year because more money had been appropriated to OCS. She stated that OCS had a 1,000-page manual; she did not believe OCS followed its policies. She believed that there would be fewer children removed from their homes if OCS followed its policies. She spoke to the need for offering a safety plan to keep a child in their home. She remarked that very infrequently "is there not an emergency taking of a child." She recalled a situation where the safety plan was with the child's grandmother. She elaborated on the story and relayed that the child had been taken by OCS.

Representative Wilson believed that if the state gave more money to the department it would take more children. She believed the system was broken. She stressed the need to look into the agency if the committee really wanted to see a change. She believed OCS broke federal and state law

because they did not follow the policies and procedures. She stated that the federal government had become involved and decided to provide more funding for adoption and foster care. She did not believe it sounded like a bad idea, but as a result, reunification with families had dropped annually down to 16 percent at present. She wanted to protect children but she also wanted to protect families; families doing the best they could. She acknowledged that they were not perfect. She stated that over 95 percent of the parents had a public defender (based on income). She asked if low-income parents were the only parents visited by OCS. She had told the committee the past year that OCS would take more children from homes if the legislature gave the agency more funding. She did not know why the legislature kept doing the same thing expecting a different outcome. She stressed that families would be broken up if the legislature did not fix the system and continued to allocate more funding. She emphasized that taking children from families had lasting effects; it was not possible to get a family back together in the same way once it had been broken up. She did not believe adding the funds would fix the problem. She pointed to the 18 percent increase in the number of children taken from their homes; she stressed that the numbers were "way out of whack."

[9:51:38 PM](#)

Co-Chair Thompson MAINTAINED his OBJECTION.

Representative Gara provided wrap up on the amendment. He stated that the committee had heard testimony on the reason the number of children in foster care was increasing. He elaborated that the number had been increasing for six years. The legislature had specifically asked DHSS whether the caseworkers had been assigned to taking children out of families - the answer had been no. The caseworkers had been assigned to families where the child had already been taken. He stressed that the caseworkers assigned to families in the foster care were not adding to the number of children taken from homes. The committee had been told that OCS received 26,000 reports of harm annually. The majority of reports came from troopers, medical professionals, teachers, counselors, and police. There was no doubt there was a mistake here and there, which was awful, but the kids the amendment pertained to were in terrible situations. He was alarmed that the number of kids being put in the foster care system was increasing, but the

evidence showed that the caseworkers assigned to families already in the foster care system had nothing to do with the increase. He discussed that approximately five years back OCS had decided to start investigating more cases more thoroughly; it was the only evidence available. He had dealt with as many cases as any other committee member and he had no doubt that an overburdened system was one that sometimes made mistakes, which was awful when it came to a human being's life. However, the amendment would help the situation because it would reduce caseloads and mistakes. More mistakes would occur if caseloads were larger.

[9:54:50 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Edgmon, Gara

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

The MOTION to adopt Amendment 30 FAILED (4/7).

[9:55:31 PM](#)

Representative Gara MOVED to ADOPT Amendment 31 (copy on file):

DEPARTMENT: Department of Health and Social Services

APPROPRIATION: Medicaid Services

ALLOCATION: Health Care Medicaid Services

ADD: \$13,300,000 GF/Match (1003)

EXPLANATION: This amendment restores the FYI 7 funding level proposed by the Governor. The Commissioner of Health and Social Services has stated that the department may achieve \$6.7 million in savings by increasing the allowable federal reimbursement for Indian Health Services beneficiaries travel, and the Governor's budget proposes a corresponding \$6.7 million cut to this category of travel expenses. The current subcommittee budget proposal contains a misunderstanding that \$13.3 million will be available for Indian Health Services beneficiaries on top of the \$6.7 million the Governor's budget reflects as anticipated state savings. Without this amendment, there will be a \$13.3 million unallocated cut to Medicaid's recipients.

Co-Chair Thompson OBJECTED for discussion.

Representative Gara spoke to the amendment that would restore funding to the governor's proposed level for Medicaid services. He explained that the \$13.3 million cut had been increased to \$20 million due to the passage of an earlier amendment. He believed that the cut would not save the state any money in the end because the department would likely have to submit a supplemental funding request the following year. The amendment related to purported savings the state would achieve if it found a way to qualify for more federal funding for travel for IHS beneficiaries. The department's testimony was that it believed it could qualify for about \$6.7 million in federal funding; however, currently the committee had cut about \$27 million of the funds. He believed the proper thing to do would be to let the department work through the paperwork, get the contracts, and obtain federal approval to leverage the federal funds for travel.

Representative Gara explained that if savings were overestimated, the department would come back to the legislature for a supplemental request. He stated there had been no testimony that the department could achieve \$27 million of IHS travel reimbursement. When the cut had been proposed it had been specified that it was possible because the department would receive federal funding to pay for travel for IHS beneficiaries. He believed once the department obtained the federal funding it should be required to save the GF and return them to the treasury at the end of the year. He thought that assuming DHSS would take in federal funds was not the way to budget. He remarked that the amendment really had no fiscal impact because if the estimate on federal funding was overstated, the state would still be required to pay for the Medicaid services and the department would request supplemental funds. He opined that passing the amendment seemed to be the better way to go. He clarified that no one was saying the department was not doing a good job at trying to leverage the federal funds; it just had not been able to as of yet.

[9:58:36 PM](#)

Vice-Chair Saddler believed Amendment 31 was unnecessary. He discussed that the committee had passed an amendment

earlier (Amendment 10), which invested almost \$600,000 to help DHSS realize the savings in Medicaid travel and accommodations, which would be brought about by the change in CMS policy pursued and obtained by Commissioner Davidson. The current DHSS budget subcommittee envisioned \$20 million in travel savings and DHSS believed it may be able to obtain \$27 million in savings with the investment of the \$552,000 in tribal liaison funds. There was the potential for savings of tens of millions of dollars in future Medicaid expenses. He had asked the department during the break earlier about the issue. He had been told that there was no guarantee DHSS would receive the full \$27 million, but they would try.

Co-Chair Thompson 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 31 FAILED (3/8).

10:00:40 PM

Representative Guttenberg MOVED to ADOPT Amendment 32(copy on file):

DEPARTMENT: Department of Health and Social Services  
APPROPRIATION: Alaska Pioneer Homes  
DELETE INTENT: "It is the intent of the legislature that the Division of Pioneer Homes work to achieve savings through the privatization of food and janitorial services in all the Pioneer Homes as has been accomplished in the Juneau Pioneer Home."

APPROPRIATION: Alaska Pioneer Homes  
ALLOCATION: Pioneer Homes  
DELETE: (\$532,500) 1005 General Fund/Program Receipts (DGF)  
ADD: \$532,500 1004 General Fund (UGF)

ADD INTENT LANGUAGE:

"It is the intent of the legislature that receipts collected from an annual waitlist fee shall be deposited into the General Fund."

EXPLANATION: This amendment restores the FY2017 funding level proposed by the Governor, while maintaining the intention of the Subcommittee to implement an annual waitlist fee to offset expenditures from the General Fund to the Alaska Pioneer Homes.

Co-Chair Thompson OBJECTED for discussion.

Representative Guttenberg explained that the DHSS budget subcommittee chair had decided to cut \$532,000 from the Pioneer Homes budget with the anticipation that the Pioneer Homes could charge for being placed on a waiting list, which could cover the cost. He remarked that there had been no analysis verifying that the plan would work or whether the waiting list expense would sufficiently cover the amount. He had heard the subcommittee chairman mention a fee of \$100 and the department mention a fee of \$25. He elaborated that there was no way of determining how many people would drop off the list. The amendment would restore the \$532,000; it would also add intent language that if DHSS started charging to be on the list, the funds would be deposited into GF. He continued that the following year the legislature would know how successful the list had been. Currently there was no way to know whether the concept of charging to be on the waiting list would be sufficient or successful.

Co-Chair Neuman asked members to be careful about making remarks about what other members may have said.

Representative Guttenberg clarified that his comments had not been meant in a negative way. He believed the proposal was worth understanding, but whether it would succeed was not yet known.

[10:03:56 PM](#)

Vice-Chair Saddler spoke in opposition to the amendment. He remarked that Pioneer Homes were attractive facilities. He believed Alaskans would be willing to pay a modest fee to be on the waiting list. He remarked that the committee had heard from the Pioneer Homes director that people got on the list as soon as they could at age 65 in order to wait. He continued that it may be 5 to 15 years before a person may make it to the top of the list. He believed that in the

private market it was possible to obtain a little bit of revenue if something was attractive, in order to help offset the cost. He furthered that the long-term care performance reviews of the Pioneer Homes indicated it may want to restructure its rates to try to capture some of the costs of the service. He believed charging to be on the waiting list was a way to bring in funds. He stated that the cost was roughly \$0.30 per day to be on the waiting list. He was unsure about the intent of the first part of the amendment, which would delete intent language that would encourage the division to determine whether savings could be obtained by privatizing certain functions at Pioneer Homes (as had already occurred in the Juneau Pioneer Home). He thought the amendment seemed to obviate the opportunity to determine whether savings could exist.

Representative Gara MOVED to AMEND Amendment 32. He explained that the amendment would delete the following language:

DELETE INTENT: "It is the intent of the legislature that the Division of Pioneer Homes work to achieve savings through the privatization of food and janitorial services in all the Pioneer Homes as has been accomplished in the Juneau Pioneer Home."

There being NO OBJECTION, the amendment to Amendment 32 was ADOPTED.

Representative Gara discussed that the DHSS finance subcommittee chair's proposal to cut \$532,000 from the Pioneer Homes with the expectation of charging to be on the waiting list.

Co-Chair Neuman interjected that the chair may have proposed a cut, but if it had been approved by the committee, it had been approved by the committee.

Representative Gara stated that without the amendment, \$532,000 would be cut from the Pioneer Home budget. Subsequently, the hope would be that enough people on the waiting list paid a \$100 fee to make up for the loss in GF. He stated that the amendment acknowledged that the money may not come in. He furthered that making up the difference would require 5,300 Alaskans to pay the \$100 fee. He stressed that there were not 5,300 beds at the Pioneer Home. He believed there was a strong likelihood that 5,300

people would not pay a \$100 fee because there was an inactive and active waiting list. He detailed that people on the inactive waiting list did not have to be ready to move into the Pioneer Home; therefore, many people signed up at age 65 and were not ready or willing to move to the Pioneer Home at that time. Whereas people on the active waiting list were ready to move in when a space becomes available. He surmised that the people on the inactive waiting list would not pay the \$100 fee; therefore, he did not believe the \$532,000 would be generated, which would mean a cut to the Pioneer Home budget. He stressed that the amendment would charge the fees and any fees would be returned to the GF. He emphasized that the amendment would eliminate the risk of cuts to the Pioneer Home. He pointed to bill language that it was the intent of the legislature that receipts collected from an annual waitlist fee shall be deposited into the GF. He explained that every dollar coming in from the waiting fee lists would go into the GF. He did not believe it was prudent to assume the fees would generate \$500,000, which he believed was unlikely. He stated that the amendment would achieve all of the savings specified by the subcommittee chair. The amendment would protect the Pioneer Homes, their rooms, and the staff.

[10:11:08 PM](#)

Co-Chair Thompson 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 32 FAILED (3/8).

Representative Kawasaki MOVED to ADOPT Amendment 33 (copy on file):

DEPARTMENT: Department of Health and Social services

APPROPRIATION: Public Assistance

ALLOCATION: Energy Assistance Program

ADD: \$9,174,300 General Fund 1004 (UGF)

EXPLANATION: Restores funding for the Alaska Heating Assistance Program to FY16 Management Plan level.

Co-Chair Thompson OBJECTED for discussion.

Representative Kawasaki explained the amendment related to the state's version (Alaska Heating Assistance Program) of the Low Income Home Energy Assistance Program (LIHEAP). He detailed that around 2008 the state had witnessed a significant spike in the price of oil on the North Slope, which had resulted in the large cost increase in heating oil. He recalled that individuals in Fairbanks had expected oil prices of \$2.00 per gallon, but the cost had been double that amount. He elaborated that individuals had used wood boilers and other less expensive options to try to heat their homes; it had been a very difficult time. He furthered that the Alaska Heating Assistance Program ended up being one of the ways to help individuals heat their homes. The amendment would restore the governor's proposed cut. The logic behind the cut was that with heating prices dropping to a more reasonable level (similar to before 2008), perhaps it would be a good time to shelve the plan. He countered that the program applied to individuals making 151 and 225 percent of the federal poverty level. He explained that it was targeted to the most vulnerable Alaskan families that were not covered by LIHEAP, prioritized families with elderly family members, disabled individuals, and children under six. He communicated that if the amendment did not pass and the program ended, a household of four earning around \$45,000 per year (before taxes) would no longer be eligible for a benefit.

Representative Kawasaki explained that the benefits were fairly simple. There were 9,500 applications for heating assistance in the current year; 5,400 had been covered by the federal LIHEAP program at an average benefit of \$1,222 and 860 households had benefited from the Alaska Heating Assistance Program. He detailed that only 6,400 applications had been supported. The Division of Public Assistance partnered with tribal organizations across the state to ensure that the funds went to the right people at the lowest cost. He listed partnering tribal organizations including the Association of Village Council Presidents, Bristol Bay Native Association, and Tlingit Haida Regional Housing Authority. He noted that there were ten other tribal entities the state worked with to ensure that individuals received the needed support. He continued that the benefit had worked well. He discussed that prices had dropped and heating oil prices that had once been well over \$2.00 in Fairbanks had dropped to just below \$2.00. However, rural Alaska continued to face high prices. He

expounded that the current retail price at the pump was \$5.47 in Bethel, \$5.39 in Dillingham, \$4.31 in Haines, and \$5.73 in Nome. He stressed that the prices had not decreased in the rural communities he had listed. Under the amendment the Alaska Energy Assistance Program would continue; the Division of Public Assistance would decide how much each community would receive. He believed the division would ensure that the program could last into the future.

10:16:28 PM

Vice-Chair Saddler did not support the amendment. He relayed that the governor had proposed the reduction in his FY 17 budget due to declining caseloads, warmer weather, and lower oil revenue. He discussed that the benefit applied to individuals between 151 and 250 percent of the poverty level (annual earnings of \$30,000 and \$50,000 for a couple). The amendment would add back \$9.2 million. He noted that LIHEAP would continue to cover people at about \$2,900 for a couple. He believed the reduction was responsible.

Co-Chair Thompson referred to the high prices that were being paid currently were based on fuel delivered the past fall when prices had still been high. He furthered that by the time the budget took effect in July, new deliveries would have been made and prices would be much lower. He stressed that prices had dropped and beginning in the coming summer he expected fuel and gas prices to decline.

Representative Gara reasoned that the price of the program would decrease because hopefully the price of fuel delivered would decline (especially to rural Alaska). He stated that the program would be eliminated without the amendment. He believed the state should achieve the savings that would result due to lower fuel prices. He explained that the program helped the very low income pay for their heating when they did not receive enough from LIHEAP. He continued that the average federal program recipient obtained around \$1,200 per year. He reasoned that the amount was equal to the cost of heating for one or two months in some of the state's communities (even in the past). He agreed that the cost of the program would decrease due to decreasing fuel prices, but it did not mean the program should be eliminated. He guessed that the program would not cost \$9 million in the coming year if

lower fuel prices were achieved. The state energy assistance plan helped very low income individuals who qualified for federal LIHEAP and individuals who met the state income qualifications. He believed the amendment should pass. He reiterated that money would likely be saved on the state heating program if fuel delivery prices dropped. He added that somehow fuel prices were always high in rural Alaska.

[10:20:59 PM](#)

Representative Edgmon shared that he had a spreadsheet in his office showing that the majority of the program recipients resided in urban areas. He furthered that he had looked taken a look at his district and it was a small number per community that enjoyed the benefit of the program. He supported the program when the price of oil was high and the state could afford the program; however, when oil revenue was low he would support other rural needs over the heating assistance program.

Representative Kawasaki recapped the amendment. He stated that the total number of awardees had not really changed over the past 7 years; the number had been 2,386 in 2009 and 2,132 in 2015. The total number of requests and payouts was relatively the same over the six-year period. The cost of heating oil had dropped, which was recognized. He explained that the program had a point system that rated whether a home contained kids under the age of 6, disabled individuals, and the number of elderly individuals. He explained that the point system multiplied the amount by a certain factor of \$130. He furthered that the dollar amount changed from year-to-year because it was based on the average price per barrel from the previous September and February. He stated that the benefit would eventually go away given the consistent drop in the price of oil; however, ending the program for the upcoming year would mean households of four earning around a total of \$45,000 [per year] would no longer be eligible for any heating assistance.

[10:23:30 PM](#)

Co-Chair Thompson 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 33 FAILED (3/8).

10:24:09 PM

AT EASE

10:44:14 PM

RECONVENED

Representative Kawasaki WITHDREW Amendment 34 (copy on file).

Representative Gara MOVED to ADOPT Amendment 35 (copy on file):

DEPARTMENT: Department of Health and Social Services  
APPROPRIATION: Public Assistance  
ALLOCATION: Alaska Temporary Assistance Program  
ADD: \$5,000,000 G/F Match (UGF) (code 1003)

EXPLANATION: Restores a \$5 million cut to the Adult Temporary Assistance Program. The Subcommittee reduction risks taking Alaska below Alaska's required TANF maintenance of effort. If this occurs, Alaska would lose federal TANF funding and have to pay a penalty. DHSS is trying to qualify other programs to meet the maintenance of effort requirements with AFIFC, but they have not received that approval. ATAP is a benefit payment to low income families with dependent children, who are required to seek job training and work, and there is a five year limit on this benefit. This used to be called Aid to Families with Dependent Children. Families cannot have more than \$1,412/mo. for a family with one child, or \$1,590 for a family of two.

Co-Chair Thompson OBJECTED for discussion.

Representative Gara hoped that committee members would speak to DHSS about the topic. He referred to an earlier amendment that was similar to Amendment 35. He explained that earlier in the meeting \$1.6 million had been cut from the Adult Temporary Assistance program, which was related to TANF [Temporary Assistance for Needy Families]. He

stated that the budget subcommittee had also cut \$500 million [note: the cut was \$5 million]; therefore, \$6.6 million had been cut from the program. He believed the reduction risked taking the state below its required TANF payment amount of \$36 million. He reasoned that the state would most likely lose federal TANF funds as a result and would probably be penalized by the federal government. He stressed that the amendment would save the state money. He questioned the why the state should take the risk of losing federal funds. He suggested giving DHSS the extra year needed to determine whether other existing programs would qualify under the TANF program as the state's proper contributions. He suggested that other members should speak to the department.

[10:46:27 PM](#)

AT EASE

[10:53:28 PM](#)

RECONVENED

Vice-Chair Saddler shared that he had consulted with a representative from DHSS and had been assured that the department was very hopeful that the Homeless Assistance Program TANF money could be eligible for the maintenance of effort. He continued that the department was currently working with AHFC to determine whether the data they have currently would be sufficient (they believed it would be). He stated that the department had found \$4.1 million in FY 15 by counting Food Bank expenditures to maintain the state's maintenance of effort for the TANF funds. The department also had a contractor working to locate other places that would be eligible for the maintenance of effort. He concluded that the department had expressed a high degree of hopefulness and relative confidence they could find it.

Representative Guttenberg stated that in other words "you don't know." He remarked that the maintenance of effort meeting had been a couple of weeks earlier and the answer was yet to be determined. He knew the department had been hard to figure it out, but the answer was not yet known. He reiterated that no one knew [whether the Homeless Assistance Program TANF money could be eligible for the maintenance of effort].

[10:55:35 PM](#)

Representative Gara remarked the committee members were supposed to be the experts on the budget. He reasoned that a pilot did not say they hoped they put enough gas in their plane prior to a flight. He guessed the committee could do a budget based on hope. He stressed that the state may lose federal funding and may be subject to a federal penalty. He supported waiting for the department to come back to the committee to tell them that the state would not face a federal penalty and the loss of federal funds. He remarked that the state had a \$36 million obligation to put GF into TANF programs; if it did not meet the obligation it would result in a loss of funds and a penalty. He did not believe it was wise to base the budget on hopes.

Co-Chair Thompson 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 35 FAILED (3/8).

[10:58:33 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment 36 (copy on file):

DEPARTMENT: Department of Administration  
APPROPRIATION: Public Communications  
ALLOCATION: Alaska Public Broadcast Commission  
ADD: \$46,700 General Fund 1004 (UGF)

DEPARTMENT: Department of Administration  
APPROPRIATION: Public Communications  
ALLOCATION: Alaska Public Broadcast - Radio  
ADD: \$2,786,600 General Fund 1004 (UGF)

DEPARTMENT: Department of Administration  
APPROPRIATION: Public Communications  
ALLOCATION: Alaska Public Broadcast TV  
ADD: \$633,300 General Fund 1004 (UGF)

EXPLANATION: This amendment returns to the FY16 Management Plan numbers and maintains the Public

Broadcasting budgets, thus providing 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 Thompson OBJECTED for discussion.

Representative Kawasaki discussed that the committee had considered an amendment earlier that dealt specifically with the Public Broadcasting Commission, public radio, and public television. He shared that he supported Amendment 36 for the same reason he had supported the earlier amendment. He communicated that 10 years earlier the state support for public broadcasting had been \$7.85 million. In the current budget the governor had proposed \$2.68 million and the committee had elected to support the services at the proposed level. He remarked that the funding looked great given that the legislature had considered eliminating funding for the services; however, the allocation would result in a 27 percent decrease from the prior year. He elaborated that the services had received a similar cut in FY 16. He explained that the legislature was supporting public broadcasting at a small fraction of the amount it had provided in the past. The amendment sought to increase state support for public broadcasting at the FY 16 management plan level.

[11:01:01 PM](#)

Representative Edgmon appreciated the spirit behind the amendment. He shared that he would support the amendment if oil was at \$110 per barrel. He noted that an amendment that sought the middle ground had passed earlier. He could not support the amendment.

Co-Chair Thompson MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Guttenberg, Kawasaki

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

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

[11:02:14 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment 37 (copy on file) [Note: due to the length of the amendment it is not included in the minutes. See copy on file for full detail].

Co-Chair Thompson OBJECTED for discussion.

Representative Guttenberg explained that the amendment was organized by the date appropriations had been made. The amendment took the money in the Kodiak Launch Complex, the Juneau Access Road, the Knik Arm Crossing, the Ambler Road, and the Susitna Watana Hydroelectric Project and deposited it back into the General Fund. He discussed that during the current meeting the committee had either cut or failed to adopt amendments dealing with children, kids in school, seniors, and other. He addressed comments that everything was on the table, nothing was sacrosanct, that there was truth in budgeting, and nothing could be untouched. He elaborated that the funds included in the amendment went back to 1997 and had been reapportioned over the years; the funds added up to \$39 million. He had supported some of the projects over the years, but he believed it was time to put the money back into the General Fund for use. He stated that whether the projects were worthwhile, the legislature would not be funding them in the next few years. He reasoned that piles of money "out there in various places" needed to be brought in and deposited into the General Fund in order to help balance the state's budget.

[11:05:05 PM](#)

Co-Chair Neuman spoke to the Knik Arm Crossing project. He relayed that the first section had been passed in 2003 with 100 percent federal receipt authorization, not UGF. The purpose of the funding had been to complete the EIS. He communicated that the federal authorization had been spent. The second section addressed an FY 15 capital budget appropriation; the \$55 million was made up of \$50 million in federal receipt authority and \$5 million in state matching funds. He detailed that the \$5 million was part of

a larger state match for the full federal program receipts even though it was appropriated to Knik Arm Crossing. The Department of Transportation and Public Facilities (DOT) spent the full federal program annually regardless of which projects actually made it to construction. The Knik Arm Crossing was not currently in the construction phase; therefore, pulling \$5 million in state funds could jeopardize other projects from taking advantage and could risk DOT's ability to fully utilize the full federal program receipts. He had letters from former DOT officials (former DOT Commissioner Pat Kemp and former Chief Planner Jeff Ottesen) that the funds had no effect on other projects around the state and that it was a very useful tool in order for DOT to accept federal funds.

Co-Chair Thompson remarked that there were hundreds of millions of dollars mentioned in the amendment and the committee did not know how many of the federal funds had not been expended. He had heard a statement that there was around \$39 million unexpended, but he could not support the amendment without knowing the breakdown.

Representative Gara discussed that Representative Guttenberg had explained the remaining balances. The amendment had to reference each of the full appropriations. There was \$2.3 million remaining in a \$30 million capital appropriation for the Alaska Aerospace Corporation for the state run rocket launch facility. He believed the point on the rocket launch facility was to tell its seven staff members earning over \$120,000 per year that it was time to move ahead quickly in privatizing the facility. He remarked that no launches had been launched in most years since 2009. He continued that the corporation had always promised impending success, but it had not yet occurred. He expounded that the last time the committee had heard from the corporation it had secured a rocket launch, but the launch had caught fire and there had not been a launch since. He furthered that the corporation's CEO was earning approximately \$250,000 annually and the second highest earner was making \$215,000 per year. Additionally, there were seven members earning over \$120,000. He believed the message being sent was for the corporation to privatize the facility; however, the legislature had not seen progress on the issue.

[11:10:16 PM](#)

Co-Chair Thompson remarked on Representative Gara's statements about how much money it cost the corporation to pay wages and operate; however, there was no state funding involved. He communicated that the corporation had other enterprises underway such as capturing imagery for places all over the world, tracking, and other. He emphasized that the corporation had many different revenue streams that it was using to diversify its activities. He reiterated that the state was not paying any of the money and the corporation knew they would not be receiving any funds from the state. He continued that the corporation had begun when there had been federal funds to do launches and legislators thought they were establishing a new and lucrative industry. He explained that the federal government did not provide the funding any longer; the majority of the funds that had gone into the launch complex had been federal because the federal government had wanted the state to do federal projects. He detailed that the federal government had since changed its mission and no longer had the funding. He stressed that the corporation was currently self-sustaining and was making money by diversifying its business. He did not want to "slam" the corporation and clarified that it had nothing to do with the state's current spending.

Representative Wilson believed the projects in the amendment were all capital. She believed the co-chair responsible for the capital budget looked at the projects annually and swept back finished or unneeded projects. She surmised that the co-chair's review would be the appropriate time to deposit the funds back into the General Fund.

Co-Chair Thompson replied in the affirmative. He confirmed that his office had been tracking everything that had not been spent. He furthered that there were many requests to reappropriate funds. He explained that his office was looking at the requests to determine whether funds should be reappropriated to another project in the same district. The goal was to keep the money the district when possible. He communicated that a significant amount of capital money had been pulled back, which had been set aside in the "parking garage." He continued that the legislature was not increasing capital project spending; the projects were required to complete work in a specified time or the money was automatically returned to state savings. Some of the rural areas had problems spending some of their capital

project funding due to a lack of local government infrastructure; the legislature had tried to work with communities to extend the funds for another year in those circumstances. He relayed that project administrators had been warned by the departments that the money needed to be spent or it would come back to the state. He relayed that they had been tracking a multitude of other capital projects and had been pretty frugal.

11:13:38 PM

Representative Wilson observed that there were six projects included in the amendment and she thought it was unusual to have capital projects in the operating budget. She stated that there was a process for capital funding; the funds were not allocated indefinitely and were swept back into the General Fund if they were not used within a specified timeframe.

Representative Munoz spoke in opposition to the amendment. She stated that the Juneau Access Road was still active. She detailed that the supplemental EIS was due to be completed later in the spring; therefore, it did not make sense to sweep money or delete funds from the project.

Representative Kawasaki testified in support of the amendment. He discussed that the estimates for the projects listed in the amendment were as follows: \$8.3 million for the Juneau Access Project, \$149.8 million for Knik Arm Crossing, \$2.3 million for the Kodiak Launch Facility, and \$2.3 million for Susitna-Watana. He shared that the preceding year the Alaska Energy Authority (AEA) had specified that getting to the next stage of development related to the Federal Energy Regulatory Commission (FERC) licensing for the Susitna-Watana project would cost another \$100 million. He continued that he had tried to amend the budget the prior year to remove the remaining unobligated UGF funds to put back in the capital. He furthered that \$4 million had gone out and the amendment sought to recoup the remaining portion. He did not see an appetite for increasing the budget \$100 million just to get to the FERC licensure. He relayed that if the amendment did not pass, \$2.3 would be expended and the state would not be much closer to the next project stage.

Representative Guttenberg remarked that he had heard all through the meeting that the state could not afford books

for kids, internet for libraries, and other. He explained that the numbers had been hard to get and they had changed. He explained that a capital appropriation status report had been run earlier in the day. He detailed that the Juneau Access Project contained \$15 million UGF, the Knik Arm Crossing had \$5 million UGF, Susitna-Watana had \$8,350,000 UGF, and the Ambler Mine had \$8,155,000 UGF. Additionally, the amendment would pull in \$2,300,000 from the Alaska Aerospace capital and deferred maintenance funds; the corporation would still have \$519,000 that the amendment would not touch. He stated that everyone had their favorite project, but he did not believe everyone wanted to chip in. He believed certain projects had to end - it was not possible to build all of the projects simultaneously or in the near future. He stressed that the legislature was charging people to be on the waiting list for the Pioneer Home and taking books away from kids. He continued that the cuts were hurting people. He reiterated that the amendment would deposit \$39 million back into the General Fund to help close the funding gap. He stated that the projects could be done in the future if they came back up at a later time and were viable. He stressed that everything he had heard around the room was that the state did not have the money; the amendment would provide some of the money. He was not asking to allocate UGF to the amendment; he was asking to return the money to the General Fund.

[11:19:23 PM](#)

Co-Chair Thompson 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 37 FAILED (3/8).

[11:20:09 PM](#)

Representative Gara MOVED to ADOPT Amendment 38 (copy on file) [Note: for additional information pertaining to the amendment see copy on file]:

DEPARTMENT: Department of Law  
APPROPRIATION: Criminal Division

ALLOCATION: Criminal Justice Litigation  
ADD: \$500,000 General Fund 1004 (UGF)  
ADD: 3 PFT

EXPLANATION: Adds funds for 3 District Attorney Positions. To be located within existing offices and not to cause a need for additional office space costs.

Co-Chair Thompson OBJECTED for discussion.

Representative Gara addressed the amendment. He relayed that he had sat on the DOL budget subcommittee; the subcommittee had been told that the District Attorney's office had been referred approximately 6,800 felony cases for prosecution in each of the past three years. He spoke to a decreasing number of cases that the department was able to accept due to a limited number of prosecutors. He detailed that in 2013 the office had been able to accept 82.7 percent of referred cases; the number had decreased to 82 percent in 2014 and 78.4 percent in 2015. He stated that the office had to decide which criminals to prosecute. He addressed misdemeanors and relayed that in 2013 the office had accepted 92.6 percent of the referred cases; the number had decreased to 91.2 percent in 2014 and 86.2 percent in 2015. The amendment would add three district attorney positions. He wanted to avoid a situation where crimes were committed but there were not sufficient prosecutors to prosecute the criminals. He stressed that the state was deciding not to prosecute criminals due to a lack in funds. He supported that the department was prioritizing sexual assault and felony cases; however, other felons were being left on the street who were making the state's neighborhoods more dangerous. He believed they needed to bend the curve.

Vice-Chair Saddler spoke in opposition to the amendment. He communicated that the core service of the criminal justice litigation was to provide legal services to DOC and DPS. He explained that the subcommittee had added money and resources back to the allocation when it had approved an amendment to add \$340,000 to strengthen the office of special prosecutions, specifically to deal with high profile cases involving DOC and the death of prisoners and to have capability to prosecute cases involving shootings. Additionally, they had added money for a prosecutor in the Dillingham prosecutor's office at a cost of \$318,700. He stated that according to DOL the percentage of sexual

assault prosecutions accepted had increased from 58.8 percent to 69.8 percent from 2013 to 2015. He stressed that sexual assault is a terrible violent crime and he was pleased to see that DOL was increasing its prosecution of the cases. He stated that for the same category of crimes the percentage of cases denied had declined. He furthered that in 2013 the department had declined to prosecute 41.2 percent of sexual assault cases compared to 30.2 percent at present. Additionally prosecution for sexual abuse of minors had increased from 64.1 percent in 2013 to 69.7 percent at present. He relayed that the percentage of denied cases for child sexual abuse had declined from 35.9 percent in 2013 to 30.3 percent in 2015. He questioned who was doing all of the prosecution he had mentioned if the shortage of prosecutors was so dramatic. He underscored that if there was a shortage in prosecutors, the legislature had added more than \$600,000 for prosecutors during the current meeting.

[11:25:14 PM](#)

Representative Gara stated that the number of felony and misdemeanor prosecutions by the state had decreased. The District Attorney's office attributed the decrease to a decline in prosecutors. He agreed that the committee had restored funding to the Dillingham office, which was a good thing for the community. Additionally, the committee accepted the department's request to create a supplemented white collar crime unit that would also investigate state misconduct or alleged state misconduct on prisoners. Overall the number of district attorneys had decreased, which had been the testimony by the department to the budget subcommittee. He stated that the department was focusing on sexual abuse crimes and very serious crimes, which he believed they should be doing; however, overall the number of felonies the department was able to prosecute had decreased.

Co-Chair Thompson 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 38 FAILED (3/8).

11:27:27 PM

Representative Gara MOVED to ADOPT Amendment 39 (copy on file):

DEPARTMENT: Department of Public Safety  
APPROPRIATION: Council on Domestic Violence and Sexual Assault  
ALLOCATION: Council on Domestic Violence and Sexual Assault  
ADD: \$340.0 UGF (1004)

EXPLANATION: This amendment restores funding for batterer intervention programs and victim services. Without this funding, community-based batterer intervention programs would be terminated and funding for victim service agencies would be reduced to FYI 3 levels.

DEPARTMENT: Department of Public Safety  
APPROPRIATION: Council on Domestic Violence and Sexual Assault  
ALLOCATION: Council on Domestic Violence and Sexual Assault  
ADD: \$75.0 UGF (1004)  
POSITIONS: ADD: 1 PFT Position

EXPLANATION: Restores funding to Girls on the Run and Coaching Boys Into Men. Both of these programs teach youth boundaries to prevent sexual assault. Girls on the Run - \$35.0 will help maintain status quo for coordination, evaluation, and statewide outreach in the communities of: Haines, Yakutat, Cordova, Fairbanks, Sitka, Wrangell, Ketchikan, Kake, Juneau, Homer, and Kachemak Selo. GOTR also aligns with a new bill that was introduced by Sen. Costello that encourages students up to 8th grade to engage in physical activity during the school week (SB 200: Mandatory Physical Activity in Schools). Coaching Boys Into Men - \$40.0 will help maintain two statewide trainings and technical assistance throughout the year for high school coaches. CBIM was utilized in the Southeast and rural communities of: North Slope, Seward Peninsula, Yukon-Kuskokwim Delta, the Aleutians, the Matanuska-Susitna district, Kenai Peninsula, and Prince William Sound. In 2015, CBIM

trained 176 coaches, administrators, and advocates. This had a positive impact on young Alaskans in 36 communities.

Co-Chair Thompson OBJECTED for discussion.

Representative Gara explained that the amendment sought to restore funding for domestic violence and sexual assault programs to levels from the previous year. He noted that the state had the worst sexual assault numbers in the country at present. The amendment would restore what he believed was the proposed elimination of intervention for batterers. He detailed that the state had a batterer intervention program. Without the amendment the program provided in jail would continue; however, the program provided at women's shelters would be eliminated. The amendment would retain the batterer programs, which intervened and prevented more domestic assaults. The amendment also retained two programs that taught young people to respect members of the opposite sex; both were athletic programs called Girls on the Run and Coaching Boys into Men. He elaborated that the programs used sports as a way to get youth interested so they could also teach the youth how to respect people of the opposite sex in order to prevent sexual violence and spousal abuse. The programs were effective and used small amounts of funding of approximately \$75,000. The amendment worked to prevent sexual abuse and domestic violence. He believed the programs were important.

[11:30:08 PM](#)

Representative Edgmon respectfully opposed the amendment. He communicated that the DPS budget subcommittee had basically accepted the governor's proposal, which removed funding for all three of the programs. He explained that the subcommittee's focus had been on troopers, VPSOs, and trying to retain the core of the Council on Domestic Violence and Sexual Assault (CDVSA), which was getting money out to shelters (pass through grants). He elaborated that he had spoken with the CDVSA director and members and begrudgingly everyone had accepted that it was probably the right choice to make in the current budget environment. He agreed that the programs worked, but there were alternatives.

Representative Gara WITHDREW Amendment 39 and relayed that the sponsors may offer it on the House floor.

[11:31:40 PM](#)

Representative Kawasaki WITHDREW Amendment 40 (copy on file).

Representative Kawasaki MOVED to ADOPT Amendment 41(copy on file):

DEPARTMENT: University of Alaska  
APPROPRIATION: University of Alaska  
ALLOCATION: Budget Reductions/Additions - Systemwide  
ADD: \$50,787,000 General Fund 1004 (UGF)

EXPLANATION: Restores funding to FY16 Management Plan levels.

DEPARTMENT: University of Alaska  
DELETE ALL INTENT: Delete ALL of the following Intent

(A) It is the intent of the legislature that the Board of Regents of the University of Alaska return to the legislature with a specific plan for consolidation that includes specified timelines for anticipated results by the end of the 2016 calendar year; the plan would include, but would not be limited to, the university restructuring to one administrative unit with one accreditation.

(B) It is the intent of the legislature that the University of Alaska prioritize and streamline its Personal Services within the Statewide Services Allocation.

(C) It is the intent of the legislature that the University of Alaska conduct a comprehensive and transparent cost-to-revenue analysis, which does not include student fees or appropriations from the State of Alaska's General Funds as revenue, for all of its intercollegiate athletics programs; furthermore, the university is to report back to the legislature with its findings by the fifteenth day of the 2017 Legislative Session.

(D) It is the intent of the legislature that the University of Alaska better utilize community buildings, school district buildings, and other facilities in close proximity to its existing "brick

and mortar" campuses and satellite facilities that have low utilization rates of face-to-face classes only if the restructuring results in a decreased total cost; furthermore, the university is to report back to the legislature with its general plan to increase its use of "co-location" by the fifteenth day of the 2017 Legislative Session.

(E) It is the intent of the legislature that the President of the University of Alaska make it one of his very highest priorities to improve student retention and graduation rates.

(F) It is the intent of the legislature that the University of Alaska increase contributions from alumni and private industry by a combined twenty percent, as well as seek out productive public-private partnerships in an effort to increase self-supporting revenue and achieve a balanced, sustainable budget.

(G) It is the intent of the legislature that the University of Alaska increase its incoming enrollment for the Alaska Performance Scholarship and UA Scholars Program recipients by five percent.

(H) It is the intent of the legislature that the University of Alaska further develop and improve upon its utilization of its land grants in order to generate additional revenue; furthermore, the university will create a comprehensive plan to expand its land grants as they relate to generating revenue and present it to the legislature no later than the fifteenth day of the 2017 Legislative Session.

(I) It is the intent of the legislature that the University of Alaska focus FY17 UGF budget reductions on (1) non-core mission programs and services; and (2) reduced personal services for all employees across the board or through furloughs.

EXPLANATION: Removes all legislative intent wordage regarding the University of Alaska

Co-Chair Thompson OBJECTED for discussion.

Representative Kawasaki spoke to the amendment related to the University of Alaska. He discussed that the subcommittee budget reduced state support for the University by 14.5 percent. He stressed that the cut was particularly devastating as the committee had heard from numerous University administrators; it could impact between 500 and 1,000 faculty and staff positions statewide. He

spoke to intent language for various sections. He noted that he had supported an earlier amendment that would have restored some funds. Amendment 41 sought to restore the entire GF request to the governor's proposed level and would delete some intent language. He addressed the intent language that would be deleted by the amendment. Section A from the subcommittee requested that the Board of Regents return specific plans for consolidation and University restructuring into one administrative unit. He knew that the Board of Regents was discussing the issue, but he believed the subcommittee language reflected a legislative "grab" on the University, which he did not agree with. Section B asked the University to prioritize and streamline its personal services within its statewide allocation. He explained that under the state's constitution, the University was very clearly its own entity. He furthered that state funding was provided to the University in the form of a single appropriation. He remarked that the legislature could tinker with individual University programs, but ultimately the Board of Regents had the control. He stated that he was okay with Section D. Section C dealt with how to work with intercollegiate athletic programs and other things not directly related to student learning. He believed it was an overreach for the legislature to get involved in the business of the Board of Regents.

Representative Kawasaki continued to address intent language that the amendment would delete. He noted that Section E was okay. He addressed intent language in Section F. He shared that in prior years the legislature had told the University that it wanted to see more alumni and private industry investment. He had mentioned earlier that the University had seen an increase of over 100 percent since FY 10 in the number of alumni contributions. He observed that it did not seem like a difficult thing for the University to do and he believed it the legislature was micromanaging in the area. Section G asked the University to increase its incoming enrollment through performance scholarships and UA scholarship programs. He stated that much of what the University did dealt with what the legislature did. He detailed that the committee had not supported the Alaska Learning Network, which would have helped students with the performance scholarship particularly in rural Alaska. Additionally, the legislature had cut broadband services and OWL and accompanying e-rate funding. He stated that the University would have a hard

enough time with the cuts made by the legislature and trying to determine how it would increase the number of performance scholarship and UA scholars program recipients by 5 percent. He supported some of the intent language, but he believed it went too far in micromanaging the Board of Regents, which had been very responsive to the legislature's requests. The amendment would restore funding to FY 16 management plan levels by adding \$50.8 million to the University budget. He believed the cut made in the budget subcommittee appeared hastily done. He did not know how or why the number had been chosen. He added that there had been an amendment to improve the cut from a bad number to a less than bad number. He stated that the amendment sought to increase the number to a reasonable one.

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Representative Wilson stated that the subcommittee had begun with \$288 million because it had been the figure that came from the University for student learning. She detailed that within the student learning was \$8.5 million of athletics that could be used for that or something else. She believed that most of the professors at University of Alaska Fairbanks (and most likely at other campuses) were required to do research to keep their tenure; professors were paid through educational and research portions. The subcommittee had added \$12 million for the 2,000 grants, although only \$4 million was shown as matching funds. There were mandates that had been put in statute that needed to be examined because the legislature may not have funding to pay for some of the mandated items. She believed the legislature probably was micromanaging the University, but she believed it was justified. She believed the legislature had said the same thing numerous times to the University over the years. She believed putting the intent language in writing made it much clearer. She believed the three new chancellors would do well and there was a president with great ideas. She spoke to Section B and explained that 58 people in the Personal Services section earned more than the governor, which she believed was excessive. She discussed Section C and relayed that her concern was related to the \$4.5 million in mandatory student fees. She remarked that students may or may not be able to attend athletic programs.

Representative Wilson addressed Section F and stated that compared to other universities the University of Alaska

received one of the lowest amounts of alumni support. She moved to Section G and relayed that the Board of Regents had goals for the new University president to achieve in order to receive a bonus. She explained that most of the intent items had been taken out of a letter to the president. She believed that the intent language would help the University to become a better university. She did not believe the cuts represented a devastating blow. She believed they would have to make changes and would not be able to leave 427 buildings open. She stressed that it did not mean that service could not be provided. She emphasized that more regents had attended subcommittee meetings than ever before in order to have discussions about what the legislature and regents expected. She continued that the state was supposed to be helping its students with tuition - she believed it was the legislature's priority to ensure that students were getting the help they needed in order to go into their desired career. She referred to an additional \$12 million and an \$8 million increment.

Representative Wilson stressed that the University would have to make changes. She mentioned McTaggart and Fisher reports and encouraged members to read them. She elaborated that the intent language had been derived from the reports. The subcommittee had reviewed the various recommendations and had selected the best ones to include intent language. She remarked that the research would help the future chair of the University budget subcommittee to move forward. She looked forward to working with the University to see the various things it would offer. She believed the University would only improve because it would be more focused on things that were bringing the students in, including Arctic research, engineering, and other. She opined that enrollment and graduation rates would improve due to an increased focus. She countered the comments that the cut would devastate the University - alternatively, she believed it would create opportunity.

[11:43:50 PM](#)

Representative Guttenberg addressed that the legislative intent language in Section A asked the University to restructure into one administrative unit. He asked who was paying for the cost. He stressed that the committee had cut \$50 million from the University's budget. He wondered where the money would come from to pay for the restructuring. He pointed to Section F related to increasing contributions

from alumni and private industry and to seek out partnerships. He stressed that the new buildings on the Fairbanks campus were paid for by student fees in conjunction with a private partnership. He remarked that it was not present in the budget because the state did not appropriate the money for it. He had heard numerous accounts that people were being driven away from the University. He stressed that the University would not be able to increase enrollment for performance scholarships and scholars because the University was not a stagnant place. He encouraged members to read what people were saying online. He stated that people were leaving. He stressed that they were losing the ability to attract and retain professors. He remarked that the committee wanted the University to do some of the things listed in the intent language; however, he opined that the budget cuts were completely counterproductive for the goals. He reiterated his question about who would pay for the items. He stressed that the legislature was taking money away and asking the University to do more. He reasoned that conducting studies to restructure the University system into one unit was expensive. He agreed that the result may be less expensive, but it would be costly to get to that point.

Representative Kawasaki spoke in support of the amendment. He stated that the 15 percent cut from the previous year was significant. He found some of the cuts that were most disturbing were related to cuts to student teaching, research (which he believed was a primary mission to the University), the Cooperative Extension and athletics. He stressed that the University was more than merely a classroom, a book, and a teacher. He believed there were many things that could be learned by the University and that it was one of the bedrocks to the state. He believed that many of the cuts were leveled to the University without any thought. He understood that the committee wanted to do the right thing by offering some support for the University.

Co-Chair Neuman asked Representative Kawasaki to avoid making comments about what the subcommittee thought.

Representative Kawasaki stated that the subcommittee cut 15 percent from the University, which would lead to significant job loss. He reasoned that the cut was

devastating, particularly because three other years had seen significant cuts.

[11:49:16 PM](#)

Co-Chair Thompson 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 41 FAILED (3/8).

[11:49:58 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment 42 (copy on file):

DEPARTMENT: Labor and Workforce Development  
APPROPRIATION: Employment and Training Services  
ALLOCATION: Workforce Development  
ADD: \$414,300 General Fund (UGF) 1004

DELETE INTENT LANGUAGE:

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

EXPLANATION: This amendment restores the Governor's FY17 proposed funding levels, and removes intent language requiring the department to no longer require any general funds for Workforce Development by FY21. The department has already made much progress in soliciting federal and other non-state funds, and is continuing to do so. Workforce Development programs help to build the state's economy; this is not an appropriate place to reduce funding.

Co-Chair Thompson OBJECTED for discussion.

Representative Guttenberg explained that the amendment would restore funding to keep the construction academy

going. He detailed that the academy did not turn out journeymen; it went into high schools and introduced young adults to the field to determine whether they had an interest in construction. He continued that it created a higher percentage of people going successfully into construction. He discussed that significant time and money could be wasted going into construction if a person did not know whether it was the right career choice. He believed that the academy was important in the current environment where the state was trying to build a pipeline and to advance the state's blue collar workforce.

Representative Wilson countered that the subcommittee did not cut the construction academy, the cut came in the form of intent language from the previous year - the subcommittee had brought the cut forward from the prior year. She continued that including the \$414,300 reduction from DLWD, the workforce development allocation still had \$31,912,900 available with 29 permanent full-time positions. She stated that the cut represented a 1.3 percent decrease in funds. She continued that there had been an increase in the FY 17 budget for the Northwestern Alaska Career and Technical Center, Partners for Progress, the University, and other. She detailed that in FY 16 the distribution had been \$12,510,900; the funding to the schools had increased to \$13,289,300 in the current budget, which represented a \$778,400 increase. She communicated that the \$600,000 to the construction academy had been removed because it had been the intent of the committee the prior year. She had spoken to the commissioner and had learned that the construction academy could submit an application for the State Training and Employment Program and could receive up to \$400,000. She remarked that the program was competitive and she hoped they had applied (an application had not been submitted the previous year). She stressed that the allocation had more money for training programs in the current year than the previous year.

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Representative Gara remarked that the construction academy had been cut for two consecutive years. He stated that the cut was still a cut.

Representative Guttenberg provided closing remarks. He communicated that there were numerous places where construction training occurred; however, they did not

overlap the construction academy that provided training throughout the state. He continued that Statewide Transportation Improvement Program (STIP) funds were very competitive. He stressed that it was not realistic to think that the program could get its costs covered by a grant. He did not support filling gaps in the budget with hope instead of reality. He relayed that the department had communicated that the cut would eliminate after school construction academy opportunities for high school students. He elaborated that there was no time for the training during the day due to full school schedules. He reiterated the competitive nature of [federal] STIP funding. He believed that when the legislature took action it should understand the consequences and should stand up for services instead of hoping something else would happen.

Co-Chair Thompson 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 42 FAILED (3/8).

[11:57:02 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment 43 (copy on file):

DEPARTMENT: Labor and Workforce Development

APPROPRIATION: Commissioner and Administrative Services

ALLOCATION: Labor Market Information

ADD: \$300,000 General Fund (UGF) 1004

EXPLANATION: This amendment would reverse the proposed decrement to the Labor Market Information appropriation and accept the Governor's request to continue to fund an Economist III, Research Analyst III, and Research Analyst II positions. Cutting these positions would result in eliminating important data sources and reports that are used by legislators, policy makers, and the private sector. Funding these positions will result in a greater benefit to the state than would be saved by the proposed to be cut.

According to the department, the proposed cuts would have the following effects on services:

- Eliminate work on the Alaska Career Information System, a valuable resource that provides data on career options to students, career counselors, education and training programs, and other users.
- End publication of the Population Overview and Population Projections which policy makers across the state rely on.
- End work on the Alaska Training Clearinghouse, the only place where all training programs in Alaska are listed and sorted by training type, geographic area, and funding options.
- Significantly reduce support for occupational data collection which will degrade the value of information available to policy makers and the private sector.
- Reduce the capacity for the department to be available to provide detailed data and presentations for public and private sector entities. So far in 2016 audiences for these presentations included a statewide housing summit, the Anchorage Building Owners and Managers Association, the Kenai Peninsula Economic Development District, the Juneau Bar Association, and other public and private sector organizations.

Co-Chair Thompson OBJECTED for discussion.

Representative Guttenberg explained that the amendment would add \$300,000 to continue funding for an economist III, research analyst III, and research analyst II position in DLWD. He detailed that the positions were responsible for gathering information about the economy and other to enable the state government and private sector to make informed decisions. He continued that homeowners had a significant stake in some of the positions. He remarked that the loss of the positions would cause reports to be a month late. He emphasized that a delayed report could be devastating for someone planning. He remarked that a timeline and projection could be missed, which could result in lost investment of time and effort. He continued that the department did significant things for the state related to the ability to make decisions. He believed the cut was too arbitrary.

Representative Wilson discussed that the governor's amended budget included \$4.7 million. She relayed that after the \$300,000 reduction the allocation would still include \$4,457,400. She expounded that there were currently 34 permanent full-time positions under the allocation. She highlighted that the reduction represented a 6 percent decrease. She communicated that the budget subcommittee had run the decrease by the commissioner and had received her input. She disagreed with the amendment and did not believe the reduction would eliminate work on the Alaska Career Information System, the publication of the Population Overview and Population Projections, or work on the Alaska Training Clearing House. Additionally, she did not believe the reduction would significantly reduce support for occupational collection data and it would still allow capacity for the department to be available to provide detailed data and presentations for public and private sector entities. She clarified that DWLD had told the legislature that it may be a little slower getting the information to the legislature and that the legislature may have to do its own homework for some of the information. She suggested that the legislature may need to be more careful about how often it used the departments and perhaps do some of its own research.

[Note: Meeting continued in minutes dated 4/18/14 12:01 a.m.]

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[11:59:59 PM](#)