

ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Anchorage, Alaska
July 25, 2017
9:46 a.m.

MEMBERS PRESENT

Senator Gary Stevens, Chair
Senator Cathy Giessel (via teleconference)
Senator Lyman Hoffman
Senator Natasha von Imhof (alternate)

Representative Andy Josephson, Vice Chair
Representative Scott Kawasaki (via teleconference)
Representative Paul Seaton
Representative Ivy Spohnholz
Representative Jennifer Johnston (via teleconference)

MEMBERS ABSENT

Senator Anna MacKinnon
Senator Click Bishop

Representative Dan Ortiz (alternate)

COMMITTEE CALENDAR

APPROVAL OF AGENDA
APPROVAL OF MINUTES
REVISED PROGRAM LEGISLATIVE (RPLs)
EXECUTIVE SESSION
PRELIMINARY AUDIT REPORTS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SHAWNDA O'BRIEN, Assistant Commissioner
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of RPL 06-7-0716.

AMANDA RYDER, Fiscal Analyst

Division of Legislative Finance
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of RPL 06-7-0716.

ACTION NARRATIVE

[9:46:19 AM](#)

CHAIR GARY STEVENS called the Legislative Budget and Audit Committee meeting to order at 9:46 a.m. Representatives Kawasaki (via teleconference), Seaton, Spohnholz, Johnston (via teleconference), and Josephson and Senators Giessel (via teleconference), Hoffman, von Imhof (alternate), and Stevens were present at the call to order.

APPROVAL OF AGENDA

[9:47:46 AM](#)

REPRESENTATIVE JOSEPHSON moved that the Legislative Budget and Audit Committee approve the agenda. There being no objection, the agenda was approved.

APPROVAL OF MINUTES

[9:47:59 AM](#)

REPRESENTATIVE JOSEPHSON moved that the Legislative Budget and Audit Committee approve the minutes of the May 8, 2017, meeting as presented.

REPRESENTATIVE SPOHNHOLZ noted that at the time stamp of 4:44:06 PM, the minutes reflect incorrectly that she returned after an at-ease as the meeting was in progress, while in fact she was there from the start of that call back to order. She suggested that she may have been on mute [when the roll was called].

CHAIR STEVENS announced that there being no objection, the minutes as prepared, with that one correction, were approved.

REVISED PROGRAM LEGISLATIVE (RPLs)

[9:48:55 AM](#)

CHAIR STEVENS announced that the first order of business would be RPL 06-7-0716, Department of Health and Social Services, Office of Children's Services, Front Line Social Workers.

[9:49:07 AM](#)

The committee took a brief at-ease at 9:49 a.m.

[9:50:54 AM](#)

SHAWNDA O'BRIEN, Assistant Commissioner, Department of Health and Social Services (DHSS), advised that the Office of Children's Services in DHSS, through its efforts to amend its cost allocation plan in both this and the last fiscal years, has been successful in increasing its administrative claiming for its frontline social workers component. She reported that in getting approval through its cognizant agency in May 2017, the department was able to do the analysis necessary to address the additional federal claiming potential for the department. She explained that because of the timing of the approval, the department was not able to conduct the analysis earlier. She said the department is now presenting its request for additional federal authority for fiscal year 2017 (FY 17), for the amount of \$6.5 million in federal receipt authority. Further, the department anticipates that the potential claiming will increase in FY 18. Currently, the department estimates only an additional \$8 million in federal authority.

MS. O'BRIEN said the RPL packet shows projected costs and more detail explaining the process, what is attributed to updating the cost allocation plan, and where the department sees itself "landing." She drew attention to page 2 of the packet, which shows that the receipt authority is budgeted based on what the department knew at the time it did the RPL request and where it projects its estimated expenditures going forward. She said the department is still working to get through its year-end closeout process; therefore, it anticipates there will be some adjustments needed for expenditures that end FY 17.

[9:53:30 AM](#)

AMANDA RYDER, Fiscal Analyst, Division of Legislative Finance, Alaska State Legislature, emphasized that [DHSS] is receiving \$8.1 million in additional federal receipts, and only \$6.5 million is requested, because there is excess federal authorization in other allocations. She added, "This is a

supplemental for [FY] 17, and we can expect something for FY 18 in the future - in next session."

[9:54:17 AM](#)

REPRESENTATIVE SEATON asked, "Since this is coming in so late, is there any lapsing authority here for [FY] 17 or is this all taken care of?"

[9:54:35 AM](#)

MS. O'BRIEN answered that the division is not anticipating that there will be any lapsing general funds (GFs) for FY 17 because of the increased costs it has experienced in the realm of expenditures for special needs, specifically. She said the division is hoping that in FY 18 there may be the potential for a lapsing GF. She explained the ultimate intent of the department in doing the amendment was to be able to offset GF expenditures with the federal authority increase, and it fully anticipates that that will eventually happen.

[9:55:27 AM](#)

REPRESENTATIVE JOSEPHSON moved that the Legislative Budget and Audit Committee approve RPL 06-7-0716 Department of Health and Social Services, Office of Children's Services, Front Line Social Workers, \$6,500,000 Federal Receipts, Fund Code 1002, as a supplemental FY 17 operating budget item.

[9:55:50 AM](#)

A roll call vote was taken. Representatives Kawasaki, Seaton, Spohnholz, Johnston, and Josephson and Senators Giessel, Hoffman, and Stevens voted in favor of the approval of RPL 06-7-0716. Therefore, the motion passed by a vote of 8-0.

EXECUTIVE SESSION

[9:57:31 AM](#)

CHAIR STEVENS announced that the next order of business would be an executive session.

[9:57:40 AM](#)

REPRESENTATIVE JOSEPHSON moved that the Legislative Budget and Audit go into Executive Session under Uniform Rule 22 for the

purpose of discussing confidential audit reports under AS 24.20.301. He asked that the following individuals remain in the room or online: Kris Curtis, Brian Blackwell, Mark Lundahl, Dawn Borjesson, and Linda Day, and he invited any legislators not on the Legislative Budget and Audit Committee and any legislative staff working for committee members to remain.

[9:57:43 AM](#)

CHAIR STEVENS advised that hearing no objection, it was so ordered.

[9:58:30 AM](#)

The committee took an at-ease from 9:58 a.m. to 11:56 a.m. for the purpose of an executive session.

[11:55:51 AM](#)

CHAIR STEVENS brought the Legislative Budget and Audit Committee back to order at 11:56 a.m. and announced that no action was taken during the executive session. Representatives Kawasaki (via teleconference), Seaton, Johnston (via teleconference), and Josephson and Senators Giessel (via teleconference), Hoffman, and Stevens were present at the call back to order.

PRELIMINARY AUDIT REPORTS

[11:57:11 AM](#)

REPRESENTATIVE JOSEPHSON made a motion that the Legislative Budget and Audit Committee release the following preliminary audits to the appropriate agencies for response: Real Estate Commission Sunset Audit, Board of Marital and Family Therapy Sunset Audit, Board of Professional Counselors Sunset Audit, and FY 16 Single Audit.

[11:57:36 AM](#)

A roll call vote was taken. Representatives Kawasaki, Seaton, Johnston, and Josephson, and Senators Giessel, Hoffman, and Stevens voted in favor of releasing the above audits to the appropriate agencies for response. Therefore, the motion passed by a vote of 7-0.

CHAIR STEVENS noted that the committee would meet, possibly in September, to release the FY 16 single audit. He advised that

the three oil and gas consultants have completed their models as required in their contracts. He indicated a meeting would be scheduled in the near future for the consultants to explain and offer a comparison of the three models.

[11:58:56 AM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 11:59 a.m.