

HOUSE FINANCE COMMITTEE
February 27, 2017
1:02 p.m.

1:02:48 PM

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:02 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Dan Ortiz
Representative Lance Pruitt
Representative Steve Thompson
Representative Cathy Tilton
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Amanda Ryder, Analyst, Division of Legislative Finance; Carol Petraborg, Administrative Services Director, Department of Fish and Game; Karen Forrest, Deputy Commissioner, Department of Health and Social Services; Shawnda O'Brien, Assistant Commissioner, Department of Health and Social Services; Brandon Cullum, Administrative Services Director, Department of Law; Jim Cantor, Deputy Attorney General, Department of Law; Amanda Holland, Admin Services Director, Department of Transportation; Miles Baker, University of Alaska; Representative Louise Stutes.

PRESENT VIA TELECONFERENCE

Jessica Bogard, Administrative Operations Manager, Division of Public Assistance

SUMMARY

HB 57 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 57 was heard and HELD in Committee for further consideration.

HB 59 APPROP: MENTAL HEALTH BUDGET

HB 59 was HEARD and HELD in committee for further consideration.

Co-Chair Seaton reviewed the agenda for the day. The committee would be hearing subcommittee reports for the following departments:

Department of Corrections (DOC)
Department of Fish and Game (DFG)
Department of Health and Social Services (DHSS)
Department of Law (DOL)
Department of Public Safety (DPS)
Department of Transportation and Public Facilities (DOT)
University of Alaska (UA)
Judiciary (JUD)
Legislature (LEG)

Co-Chair Seaton indicated that the committee would bring up other departments if time allowed. The subcommittee reports were distributed to members the previous Friday and Saturday and were posted online. He asked Representative Kawasaki to begin with the report for DOC.

#hb57

#hb59

HOUSE BILL NO. 57

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

HOUSE BILL NO. 59

"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."

1:03:59 PM

Representative Kawasaki provided the subcommittee report for the Department of Corrections. He relayed that the subcommittee met over a series of five meetings for a total of about 9 hours. On the last day, prior to closing out, the subcommittee took up budget amendments. He forwarded 6 amendment recommendations to the co-chairs.

Co-Chair Seaton guided members to the amendment section of the packet.

Representative Kawasaki reviewed the FY18 budget with recommended Governor and subcommittee amendment totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF): \$257,758.2

Designated General Funds (DGF): \$8,501.6

Other Funds: \$34,652.0

Federal Funds: \$7,686.0

Total: \$308,597.8

Representative Kawasaki MOVED to ADOPT Amendment 1 [GA 3] (copy on file):

Administration and Support
Office of the Commissioner
GA 3 2/15 Community Resource for Justice

Grants from Community Resource for Justice Incorporated will be used to support implementation of justice reform efforts. This is a new request for FY2018 and was not included in the FY2018 governor's request as these grant funds were not available at the time. The Alaska Criminal Justice Commission approved this item in January 2017.

Community Resource for Justice Incorporated (CRJ) is a Massachusetts nonprofit corporation that is assisting the State of Alaska with implementation of Justice Reform. The Crime and Justice Institute applied for and was awarded a federal grant from the Bureau of Justice (BOJ), Office of Justice Programs for Criminal Justice Improvement and Recidivism Reduction through the State-Level Justice Reinvestment Initiative. This grant award allows CRJ to issue sub awards in efforts to assist agencies with funding to meet training and statewide coordination needs as approved by CRJ and the BOJ. This grant will fund a Coordinator either through a contract or non-perm position to assist with identifying and addressing ongoing implementation issues, particularly those that span several divisions within the department as well as coordinate between each state and local stakeholders as well as reporting needs for the Alaska Criminal Justice Commission.

Co-Chair Foster OBJECTED for the purpose of discussion.

Co-Chair Seaton clarified that Amendment 1 was actually Amendment GA 3. Representative Kawasaki agreed.

Representative Kawasaki explained that the amendment was passed in the House DOC budget subcommittee. It was originally offered by the governor on February 15, 2017. It included grants to communities from a national organization called Community Resource for Justice Incorporated. The organization obtained much of its funding from the US Department of Justice. The funding was a one-time increment of statutory designated program receipts. The subcommittee discussion surrounded where the money would come from and whether it would supplant general funds. The amendment proposal was forwarded for recommendation.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION Amendment GA 3 was ADOPTED.

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AT EASE

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RECONVENED

Co-Chair Seaton explained where members could find the amendment numbers and directed them to refer to their amendments using the same nomenclature.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 1 (copy on file):

Administration and Support
Office of the Commissioner
H DOC 1 - Transfer New Professional Conduct Unit from Correctional Academy to Commissioner's Office (TrOut 337896)
Linked to H DOC 4 - Transfer New Professional Conduct Unit from Correctional Academy to Commissioner's Office
Offered by Representative Kawasaki

Transfer the newly created Professional Conduct Unit from the Correctional Academy to the Commissioner's Office where it is more appropriately housed. The new Investigative Unit will work in coordination with the Department of Public Safety, Department of Law and the Office of the Governor to investigate external and internal complaints into alleged misconduct or criminal activities, on the part of all DOC employees, inmates, visitors, and contractors.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki reviewed that the amendment was technical in nature and transferred the Professional Conduct Unit currently housed within the Correctional Academy to the Commissioner's Office. He reported a \$714,500 undesignated general fund (UGF) transfer and 3 permanent full-time positions. The committee believed it was inappropriate to house the unit within the Correctional Academy.

Representative Wilson agreed with the change offered in the amendment. She hoped a larger discussion would ensue regarding the positions, as they were new positions being proposed. She referred to a report about whether there should be an internal or external investigative unit. The report recommended that the unit be external. She was concerned about adding new positions. She remarked that an external investigative unit for any department would be

more objective than an internal one. She reiterated her support of the move.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H DOC 1 was adopted.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 2 (copy on file):

Administration and Support
Information Technology MIS
H DOC 2 - Delete Positions and Funding of Four
Transferred PCNs from Closed Palmer Correctional
Center
Offered by Representative Kawasaki

This amendment deletes four positions and associated operating costs transferred to this allocation. Savings and positions from the closure of the Palmer Correctional Institution were transferred to this allocation to fund operations of the MIS unit of the Department. This results in four new positions to support MIS operations. These positions are currently vacant and have been since the closure of the institution. Additionally, the Department should not be increasing positions while the Department of Administration is in the process of consolidating information technology in the new Division of Information Technology. This amendment will eliminate this increase of staff to the MIS unit. It will also assist the Department in arriving at the cost savings identified in the fiscal note for SB 91 associated with inmate population reductions.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki explained that the amendment resulted from a recommendation made by a member of the budget subcommittee to delete \$546,200 UGF and 4 permanent full-time positions, which were previously at the Palmer Correctional Center within the Information Technology Department. They suggested transferring the positions to the administrative and support appropriations. The committee discussed that the positions were vacant and had been held open without being advertised. He deferred to Representative Wilson, as it was her amendment.

Representative Wilson further explained the amendment. She indicated that although the positions would be transferred, they were new positions. They had not been advertised and remained vacant. There was a question about being able to address the issue without hiring additional people. She argued that if the positions were really needed the department would have been actively trying to fill them. She mentioned that the amendment would also help the state realize the savings resulting from the closure of the Palmer facility based on SB 91 [An omnibus crime bill passed in 2016].

Co-Chair Seaton recognized the arrival of Representative Pruitt to the meeting.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H DOC 2 was ADOPTED.

[1:12:27 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment H DOC 3 (copy on file):

Population Management
Pre-Trial Services
H DOC 3 - Efficiencies in Pre-Trial Services
Offered by Representative Kawasaki

It is the intent of the legislature that the Department prioritize the use of existing community facilities and resources for the Pre-trial Services Division when appropriate.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki detailed the amendment. During the subcommittee testimony from the Pre-Trial Services Division, it was mentioned that they would be looking into lease space, new facility space, or enhancing existing facility space. Members had questions concerning the locations within each of the judicial districts. Members felt that it was important that pre-trial services considered looking at being housed within current and existing locations including office space the state already had in order to reduce its footprint overall.

Representative Wilson agreed with the amendment. However, she wanted to comment about the previous year's budget process. She reported that there had been discussion about the start-up costs associated with Pre-Trial Services. She reported that the cost was not placed into the fiscal notes on purpose. The state had \$3 million sitting in the budget for the current year and \$10 million for the following budget year. Presently, only one of the positions was filled. During the subcommittee process, a member mentioned that they wanted to use the \$3 million for start-up costs. She was concerned that the services would not begin until September or October. The implementation of the Pre-Trial Services was supposed to result in a large savings as outlined in SB 91. She noted that the state had invested \$5 million in the division, yet it was not staffed.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION Amendment H DOC 3 was ADOPTED.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 4 (copy on file):

Population Management
Correctional Academy
H DOC 4 - Transfer New Professional Conduct Unit from
Correctional Academy to Commissioner's Office

Linked to H DOC 1 - Transfer New Professional Conduct
Unit from Correctional Academy to Commissioner's
Office (TrIn 337897)
Offered by Representative Kawasaki

Transfer the newly created Professional Conduct Unit
from the Correctional Academy to the Commissioner's
Office where it is more appropriately housed. The new
Investigative Unit will work in coordination with the
Department of Public Safety, Department of Law and the
Office of the Governor to investigate external and
internal complaints into alleged misconduct or
criminal activities, on the part of all DOC employees,
inmates, visitors, and contractors.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki relayed that the amendment was the corresponding amendment to Amendment H DOC 1. It transferred money from the Correctional Academy to the Commissioner's office.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H DOC 4 was ADOPTED.

Representative Kawasaki MOVED to ADOPT Amendment H DOC 5 (copy on file):

Population Management
Institution Director's Office
H DOC 5 - Prioritize Solutions for Disparate High
Incarceration Rates of Alaska Natives
Offered by Representative Kawasaki

It is the intent of the legislature that the Commissioner of the Department of Corrections will prioritize funding and implement solutions to the disparity in Alaska Native incarceration rates throughout the state.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki explained that the amendment contained intent language and that there had been a considerable amount of debate on it at the subcommittee level. The member from the Bethel Region that introduced the amendment mentioned that the incarceration rate of Alaska Natives was much higher than the rest of the prison population. The maker of the amendment wanted to see the commissioner address the issue and to find out whether there were underlying causes including systemic racism or economic disparities.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H DOC 5 was ADOPTED.

[1:17:08 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment H DOC 6 (copy on file):

Population Management

Electronic Monitoring
H DOC 6 - Electronic Monitoring in Bethel
Offered by Representative Kawasaki

It is the intent of the legislature that the Commissioner of the Department of Corrections will prioritize expanding the Electronic Monitoring program to Bethel.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki explained that the amendment inserted intent language that would expand the Electronic Monitoring Program to Bethel. There were several places in which electronic monitoring was already in place.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H DOC 6 was ADOPTED.

Co-Chair Seaton pointed out that there were no other amendments for the DOC budget for the current day.

Representative Wilson wanted to add to the subcommittee report on Page 5 that the amendment looked at out-of-state locations to place prisoners who were already in maximum-security facilities in Alaska. It was not her intent to release maximum-security prisoners on electronic monitoring systems when they required additional supervision. The department had regulations and processes in place to determine who could be on the monitoring system. She emphasized that the committee did not want to change the policies and procedures currently in place by the department.

Representative Kawasaki concurred with Representative Wilson's characterization. The committee used some of the language that was within the explanation of the amendment, much of which was corrected in the budget subcommittee process. High-level offenders and offenders that should not be on the street on electronic monitoring or within a community residential center would not be eligible to participate. The committee discussed the commissioner continuing to look at other options for housing inmates out-of-state and for potential savings in other areas.

Co-Chair Seaton thanked the subcommittee for its work. He indicated the Department of Fish and Game was up next. He relayed that that there were 15 amendments for DFG none of which were language amendments.

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Representative Ortiz reported that the House Finance Budget Subcommittee for the Department of Fish and Game held eight meetings with the department during the review of the FY 18 budget request, which totaled about 10 hours of meeting time. The committee looked into the department's overall budget. He reported that there were 3 governor's budget amendments and 9 amendments proposed by the budget subcommittee. He reviewed the budget with the amendments totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF): \$50,516.4

Designated General Funds (DGF): \$14,897.5

Other State Funds: \$68,903.1

Federal Funds: \$67,019.5

Total: \$201,336.5

Representative Ortiz noted that the department had seen a total reduction of \$28,871 (UGF) reductions from FY 15 to FY 18. The total UGF reduction percentage was 36. He read from the report:

Representative Tarr voiced the importance of sport fishing to Alaska's culture and economy.

I have not put forward for consideration by the House Finance Committee a proposal which would have utilized \$50.0 from the Fish and Game Commercial Fishing subfund for Amount Necessary for Subsistence household surveys in non-subsistence areas. The committee votes ended in a tie after substantial discussion.

Several subcommittee members voiced support for reformation of the sport guide logbook process. Representative Stutes also noted that there is no freshwater sportfish guide vessel registration fee, and no freshwater sport fish guide fee.

Co-Chair Seaton reemphasized that the amendment transaction detail could be found on the landscape-formatted pages of each subcommittee report. He asked members to move their amendments by the same title as noted on the amendment detail.

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Representative Ortiz MOVED to ADOPT Amendment GA 7 (copy on file):

Commercial Fisheries
Southeast Region Fisheries Management
GA 7 2/15 Coho Salmon and Dive Fisheries Research
Projects

This will allow support from private industry to support various escapement, stock assessment, and survey projects. This is a new request for FY2018. It was not included in the FY2018 Governor's budget because the scope of the projects were still being identified.

Northern Fund Pacific Salmon Commission is providing \$87.1 for the Boundary Area Coho Escapement project. This project proposes to sample chum releases from the Canadian area 3 commercial seine and gillnet fisheries.

Northern Fund Pacific Salmon Commission is providing \$54.0 for the Hugh Smith Coho project. The primary purpose of this project is to maintain an indicator stock assessment program for Coho salmon in the northern boundary area. The operation of the smolt weir is to enumerate and coded-wire tag Coho salmon smolts emigrating from Hugh Smith Lake to generate total population estimates, including total smolt production, marine survival, exploitation rate, and catch by area, time, and gear type.

Southeast Alaska Regional Dive Fisheries Association is providing \$50.0 for the cucumber and geoduck dive fisheries surveys. These surveys must be done in order to have a fishery.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Ortiz supplied some brief comments as to the overall intention of the proposed amendments. He relayed that the UGF reduction of 36 percent resulted in the department having to abandon some important projects that involved gathering data such as escapement levels. In some cases, the department was forced to implement test fisheries in order to generate revenue to pay for particular surveys and data collection. Certain data collection was imperative to the industry in terms of being able to manage fisheries properly. The amendments were not increasing the department's overall budget. Instead, monies were being moved from the Administrative Services Division, the Commissioner's Office, and the Commercial Fisheries Entry Commission to fund some of the data collection projects. He had received feedback from fishing industry participants expressing concern about opportunities for fisherman to catch fish, provide for their families, and put added monies into the economy. They were also concerned about the potential reduction in fish tax revenue for the State of Alaska. The idea behind the amendments were to ensure that DFG was able to conduct the studies necessary to allow the maximum sustainable yield for Alaska's fishing industry.

Co-Chair Seaton clarified that the subcommittee did not change the department's budget; its role was to work with the department to rearrange its funding. Representative Ortiz agreed. He explained Amendment GA 7. The amendment would allow for receipt authority in the event that a third party would be successful in fund raising for a project. The amendment did not guarantee funding for projects. It supported a boundary area Coho escapement project and a stock assessment program for Coho. It also allowed for receipt authority from the Southeast Alaska Regional Dive Fisheries Association to contribute to dive stock assessments.

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Representative Wilson asked Representative Ortiz for the definition of a test fishery for clarity. She asked about funding for the test fisheries. Representative Ortiz replied that DFG was credited for employing some of the best fisheries management practices around the world. The department typically conducted test fisheries to assess stock and escapement. There were other test fisheries designed to generate revenue. The department contracted

with a particular commercial fisherman to catch a certain number of fish. For example, one contract generated \$50,000 in revenues for the department, which was used to fund assessment projects that included flying. He was trying to reduce the use of certain test fisheries because other fishermen could not fish at the same time test fishing was going on. Those fishermen would see the test fishery as competition.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment GA 7 was ADOPTED.

Representative Ortiz MOVED to ADOPT Amendment H DFG 1 (copy on file):

Commercial Fisheries
Southeast Region Fisheries Management
H DFG 1 - Replace \$50.0 SDPR funding from SARDFFA with Fish and Game Funds to maintain Dive Fisheries Assessments
Offered by Representative Ortiz

This fund change will allow Commercial Fisheries to continue to administer Dive Fishery Stock Assessments without having to increase the Southeast Alaska Regional Divers Association's fees by 48% (from \$103,900 to \$153,900). The Alaska Department of Fish and Game Funding used comes from the Commercial Fisheries portion of the Fish and Game Fund.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Ortiz detailed the amendment. The fund change would allow the Commercial Fisheries Division to continue to administer dive stock assessments through DFG's commercial fishing sub fund. The Southeast Regional Diver's Association (SARDFFA) would not be asked to contribute more than it already had, approximately \$103,000 per year, to the cost of the stock assessment. The amendment would eliminate the need for the department to ask for an additional \$50,000 from SARDFFA to fund assessment activities.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H DFG 1 was ADOPTED.

1:33:03 PM

Representative Ortiz MOVED to ADOPT Amendment GA 8 2/15
(copy on file):

Commercial Fisheries
Central Region Fisheries Management
GA 8 2/15 Bristol Bay Science Research Institute
Watershed Projects (FY18-FY19)

This will allow support from Bristol Bay Science and Research Institute (BBSRI) to support various escapement and test projects. This is a new request for FY2018. It was not included in the FY2018 Governor's budget because discussions on the agreement were still ongoing.

Bristol Bay Science and Research Institute (BBSRI) has entered into a memorandum of agreement with the Alaska Department of Fish and Game (ADF&G) to provide a framework upon which (ADF&G) and BBSRI may jointly plan, fund and accomplish mutually beneficial projects and activities within the Bristol Bay watershed. Such activities and projects will complement the missions of ADF&G and BBSRI and be in the best interest of the fishery resources and communities within the Bristol Bay watershed.

The following are the anticipated projects to be funded with the FY2018 \$800.0 revenue contract. The project listing will be updated in FY2019 and are anticipated to cost \$800.0.

Nushagak Sonar- \$50.0
Togiak Tower- \$60.0
Igushik Tower- \$50.0
Kvichak inside test- \$40.0
Egegik River inside test- \$43.0
Ugashik inside test - \$47.0
District Catch Sampling- \$100.0
Port Moller test- \$120.0
Management Biologist trainee west side- \$60.0
Catch allocation genetics- \$80.0
Togiak Aerial Herring (forecast model)- \$50.0
Alagnak River Escapement- \$40.0
Nushagak Sonar for Coho and Pink- \$60.0

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Ortiz WITHDREW Amendment GA 8.

Representative Ortiz MOVED to ADOPT H DFG 2 (copy on file):

Commercial Fisheries
Southeast Region Fisheries Management
H DFG 2 - Add SE Partial Salmon Aerial Surveys project
Offered by Representative Ortiz

Utilize savings from Administrative Services, the
Commissioner's Office and CFEC to fund the SE Partial
Salmon Aerial Surveys: 119.2

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Ortiz spoke to his amendment. He indicated that the amendment would utilize savings from the Commissioner's Office and Administration Services for partial salmon aerial surveys. He argued that the surveys were vital to Alaska's economy. He suggested that without the surveys fishing areas could not be opened and fishing businesses would struggle to operate. The surveys were currently funded by revenue test fishing which harmed Alaska's economy and fishing businesses.

Representative Wilson asked if FY 17 monies were being used. Representative Ortiz explained that monies would be used from the FY 18 budget for activities in the summer of the current year.

Representative Wilson asked if another amendment would be offered that would take money from another area. Representative Ortiz responded in the affirmative. He informed the committee that there would be amendments that moved money from the Commissioner's Office, the Administrative Services Division, and from CFEC to pay for the costs.

Representative Wilson suggested that corresponding amendments be offered one after another or together because of her concerns about increasing the budget. Representative Ortiz agreed with Representative Wilson's point.

Co-Chair Seaton reemphasized that there was a series of amendments with fund source transfers within the

department. There was not an increase to the budget. The amendments were being offered for the purpose of operation efficiency. Some programs were being deleted and replaced with those considered more vital.

Representative Wilson appreciated the chairman's remarks. She wanted it clear to the public that the budget was not being increased.

Representative Ortiz would refer to the areas where there were deletions in order to make up for the additions.

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Representative Pruitt agreed with Representative Wilson that there needed to be more clarity and more detail about additions and their corresponding reductions. He appreciated more detail about what the committee would be removing and about any potential impacts.

Co-Chair Seaton pointed to page 7, line 12. There was \$162,000 and \$355,000 being subtracted. The total amounts reflected an accumulation of reductions and the additions being equal. He indicated he would direct Representative Ortiz to reference the information.

Representative Pruitt understood the committee was discussing one amendment at a time. However, he believed there was a need to discuss the corresponding amendments together to understand them. He provided an example.

Representative Ortiz added that the Administrative Services Director, Carol Petraborg, was available for questions.

Representative Wilson commented that she did not need to hear from the director. Her concern was about being asked to vote on an increase. If the increase passed and the decreases failed, the result would be an increase to the budget. She wondered if it was possible to bundle the amendments together, making a transfer change.

Representative Ortiz spoke to the difficulty of lumping the amendments together.

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AT EASE

1:50:39 PM

RECONVENED

Representative Ortiz WITHDREW his MOTION to ADOPT Amendment H DFG 2.

There being NO OBJECTION, it was so ordered.

Representative Ortiz MOVED to ADOPT Amendment H DGF 2, H DFG 3, H DFG 4, H DFG 5, H DFG 6, H DFG 7, H DFG 8, H DFG 9, H DFG 10, H DFG 11, and H DFG 12 (copy on file):

Commercial Fisheries
Southeast Region Fisheries Management
H DFG 2 - Add SE Partial Salmon Aerial Surveys project
Offered by Representative Ortiz

Utilize savings from Administrative Services, the Commissioner's Office and CFEC to fund the SE Partial Salmon Aerial Surveys: 119.2

Commercial Fisheries
Central Region Fisheries Management
H DFG 3 - Add Projects: PWS Pink Salmon Recovery,
Upper Cook Inlet Offshore Test Fish GF
Offered by Representative Ortiz

Increment of funding from CFEC receipts for the following CEN programs: PWS Pink Salmon CWT Recovery: 106.6
Upper Cook Inlet Offshore Test Fish GF: 44.1

Commercial Fisheries
Central Region Fisheries Management
H DFG 4 - Add Coghill River Weir Project
Offered by Representative Ortiz

Utilize UGF reductions from the Commissioner's Office and Administrative Services for Central Region fisheries management projects. CEN Coghill River Weir: 41.6

Commercial Fisheries
Central Region Fisheries Management
H DFG 5 - Add Togiak Tower project
Offered by Representative Ortiz

Utilize UGF from Commissioner's Office and Administrative Services for CEN Fisheries Management Project:

CEN Togiak Tower (FM-20416): 60.0

Commercial Fisheries
Central Region Fisheries Management
H DFG 6 - Add Project: Igushik Tower
Offered by Representative Ortiz

Use UGF savings from reductions in the Commissioner's Office and Administrative Services to fund:
Igushik Tower: 50.0

Commercial Fisheries
AYK Region Fisheries Management
H DFG 7 - Add Kuskokwim River Projects
Offered by Representative Ortiz

Add funding for the following projects:
Fishery Monitoring Kuskokwim River: 26.0
Kuskokwim River Run Assessment: 10.0
Kuskokwim River Subsistence Monitoring: 10.0
Fishery Monitoring Kuskokwim Bay (AYK: FM-30521): 5.9

Commercial Fisheries
Westward Region Fisheries Management
H DFG 8 - Add projects: Yukon River Fall Season TF,
Kodiak Salmon Weir Support, Chignik Salmon Management Support
Offered by Representative Ortiz

Use UGF savings from reductions in the Commissioner's Office and Administrative Services to fund:
Yukon River Fall Season TF: 5.5
Kodiak Salmon Weir Support: 34.8
Chignik Salmon Management Support: 16.9

Commercial Fisheries
Commercial Fisheries Entry Commission
H DFG 9 - Decrement funding to reflect reductions in CFEC's workload
Offered by Representative Ortiz

Two reviews of the Commercial Fisheries Limited Entry Commission (CFEC) were completed and noted that CFEC's workload had diminished over time and that the

organization structure and funding level should reflect the workload changes.

Because DFG believed it could streamline administrative and research functions while still providing appropriate support to the commercial fishing industry in the State, in FY17, the Governor submitted an amendment that reduced CFEC's funding by \$1,330.4--the legislature reduced the decrement to \$650.4. This transaction removes another \$317.2 with the understanding that DFG will be able to implement streamlining administrative functions.

Commercial Fisheries

Commercial Fisheries Entry Commission

H DFG 10 - Add back CFEC receipts as IncOTI to allow time to implement efficiencies

Offered by Representative Ortiz

One time only increment to CFEC allows time to implement additional efficiencies. The funding will be removed in FY19.

Statewide Support Services

Commissioner's Office

H DFG 11 - Delete UGF from the Commissioner's Office to increase Fisheries Management projects

Offered by Representative Ortiz

UGF in Fisheries Management has decreased by 26.1% since FY15. The decreased funding has had a significant impact on the department's ability to manage its commercial fisheries, which also decreases opportunities for sport fishing, personal use, and subsistence. This proposal removes UGF from the Commissioner's Office and divisions will be charged to support the services provided by the Commissioner's Office. The decremented funding will be used to fund projects in Commercial Fisheries.

Statewide Support Services

Administrative Services

H DFG 12 - Decrement UGF in Admin

Services to fund Fisheries Management Projects Offered by Representative Ortiz

UGF in Fisheries Management has decreased by 26.1% since FY15. The decreased funding has had a significant impact on the department's ability to manage its commercial fisheries, which also decreases opportunity for sport fishing, personal use, and subsistence. This proposal removes UGF from Admin Services and divisions will be charged to support the services provided by Admin Services. The decremented funding will be used to fund projects in Fisheries Management.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Pruitt wanted to understand better what was being removed. He did not need to know the details of the projects but wanted more information about the implications in the years to follow. He wondered about their longevity.

Representative Ortiz requested that Amanda Ryder and Carol Petraborg make themselves available for questions at the table.

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AMANDA RYDER, ANALYST, DIVISION OF LEGISLATIVE FINANCE, introduced herself.

CAROL PETRABORG, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF FISH AND GAME, introduced herself.

Ms. Ryder explained that the increments included in the budget were ongoing and were placed in the base budget each year, as were the decrements. The decrements from the Commissioner's Office and from the Administrative Services Division were permanent.

Representative Pruitt asked why the Commissioner's Office felt the money could be removed from its budget. He also wondered about the importance of the projects or programs the state would pay for in perpetuity. Ms. Petraborg explained that when the department started the budget reductions in FY 15 it put forth a plan for cost cutting measures and efficiencies. The department knew a few years prior that it would not have any UGF in the Commissioner's Office and the Division of Administrative Services. The department had been implementing efficiency measures to reduce UGF incrementally. She reported that the projects

being implemented in the Commercial Fisheries Division supplanted GF reductions that had already occurred in FY 16 and FY 17. The projects were longstanding - some had been in place for years and others for decades. The money would fund the continuation of the projects.

Representative Wilson asked about the adjustments made to licensing fees. Ms. Petraborg responded that the increase in the licensing fees were fish and game funds, which were "Other" funds.

Representative Wilson asked about 36 percent of the department's funds being reduced. She wondered about additional monies coming in from an increase in fees. She was curious about the offset. Ms. Ryder thought there was a fund change in the Division of Sport Fish and the Division of Wildlife Conservation in the amount of approximately \$5.4 million between FY 17 and FY 18 budget. A portion of the 36 percent increase counted a fund change. There was not a total fund decrease of 36 percent.

[1:56:46 PM](#)

Representative Wilson asked for clarify about which amendments were not a part of the amendment grouping. Co-Chair Seaton clarified that GA 8 and GA 9 would be dealt with following the amendments currently under consideration.

Representative Tilton asked the testifiers to speak to the selection process of projects that were included. Ms. Petraborg relayed that the Division of Commercial Fisheries met with industry and reviewed the list of projects that were previously cut. The list was then prioritized.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendments H DFG 2, H DFG 3, H DFG 4, H DFG 5, H DFG 6, H DFG 7, H DFG 8, H DFG 9, H DFG 10, H DFG 11, and H DFG 12 were ADOPTED.

[1:58:26 PM](#)

Representative Ortiz MOVED to ADOPT Amendment GA 8 and GA 9 (copy on file):

Commercial Fisheries

Central Region Fisheries Management
GA 8 2/15 Bristol Bay Science Research Institute
Watershed Projects (FY18-FY19)

This will allow support from Bristol Bay Science and Research Institute (BBSRI) to support various escapement and test projects. This is a new request for FY2018. It was not included in the FY2018 Governor's budget because discussions on the agreement were still ongoing.

Bristol Bay Science and Research Institute (BBSRI) has entered into a memorandum of agreement with the Alaska Department of Fish and Game (ADF&G) to provide a framework upon which (ADF&G) and BBSRI may jointly plan, fund and accomplish mutually beneficial projects and activities within the Bristol Bay watershed. Such activities and projects will complement the missions of ADF&G and BBSRI and be in the best interest of the fishery resources and communities within the Bristol Bay watershed.

The following are the anticipated projects to be funded with the FY2018 \$800.0 revenue contract. The project listing will be updated in FY2019 and are anticipated to cost \$800.0.

Nushagak Sonar- \$50.0
Togiak Tower- \$60.0
Igushik Tower- \$50.0
Kvichak inside test- \$40.0
Egegik River inside test- \$43.0
Ugashik inside test - \$47.0
District Catch Sampling- \$100.0
Port Moller test- \$120.0
Management Biologist trainee west side- \$60.0
Catch allocation genetics- \$80.0
Togiak Aerial Herring (forecast model)- \$50.0
Alagnak River Escapement- \$40.0
Nushagak Sonar for Coho and Pink- \$60.0

Commercial Fisheries
Statewide Fisheries Management
GA 9 2/15 Stock Assessment Projects

This will allow support from private industry to support stock assessments. This is a new request for

FY2018. It was not included in the FY2018 Governor's budget because the scope of the projects were still being identified.

Mat-Su Borough is providing \$116.0 for the Coho Salmon Genetic Stock Identification project. This project will estimate the total abundance of selected Coho salmon stocks by leveraging expiring projects estimation Coho salmon escapements. The Mat-Su salmon information inventory and gap analysis determined that the state of knowledge for stock abundance stock identification was only moderate for Coho salmon (available information was incomplete) so additional work was needed.

Pacific States Marine Fisheries Council is providing \$52.0 for the Northern Cook Inlet Chinook Marine Harvest Stock Composition project. This project is needed to gather information about stock-specific harvests of Chinook salmon in the Tyonek subsistence and northern district commercial mixed stock marine fisheries.

Pacific States Marine Fisheries Council is providing \$15.0 for the Eastside Set Net Chinook Genetic Stock Identification project. This project is needed to help better understand the trends and causes of declines in Chinook salmon abundance in the Kenai River.

Co-Chair Foster OBJECTED for the purpose of discussion.

Co-Chair Seaton directed members' attention to pages 3 and 5.

Representative Ortiz reviewed the amendments. He relayed that GA 8 allowed for increased receipt authority for the event of a third party that would be successful in fundraising for a project. The projects were not guaranteed funding through the amendment, although a third party had signed a memorandum of understanding with the department.

Representative Ortiz explained GA 9. The amendment allowed receipt authority in the event of a third party that would be successful in the Mat-Su and Northern Cook Inlet Region.

Representative Pruitt referred to Amendment GA 8 and asked who would be paying and about the program longevity. He

asked what would happen to a program if the third party did not raise enough funds. Ms. Petraborg reported that the projects were previously funded with GF dollars and had been cut. She reported that industry participants had come together to raise funds to continue certain projects. If industry did not fund the projects, they would cease.

Ms. Ryder explained that Amendment GA 8 was a temporary increment for FY 18 and FY 19. The other project in Amendment GA 9 was a one-time increment. Both amendments were entered as temporary increments.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendments GA 8 and GA 9 were ADOPTED.

Co-Chair Seaton indicated that the subcommittee report for Department of Health and Social Services (DHSS) was next.

[2:02:49 PM](#)

Vice-Chair Gara read his report for Department of Health and Social Services:

The House Finance Budget Subcommittee for the Department of Health and Social Services held seven meetings with the department during the review of the FY18 budget request. These meetings included overviews from the Divisions of Medicaid Services, Office of Children's Services, Behavioral Health, Senior and Disabilities Services, Pioneer Homes, Health Care Services, and Public Health. The Subcommittee also had discussions regarding the results of Medicaid Expansion and Reform and the findings of privatization feasibility studies of the Division of Juvenile Justice, Alaska Psychiatric Institute, and Pioneer Home Pharmacy Services.

Vice-Chair Gara commented that the DHSS budget had been difficult to review because the department had seen substantial reductions - about \$190 million - over the previous few years. The subcommittee distributed all of the proposed amendments, whether or not they passed. He continued to read from his report:

The Chair of the House Finance Budget Subcommittee for the Department of Health and Social Services recommends that the House Finance Committee accept the Governor's FY 18 budget with the following amendments:

The budget without amendment totals:
Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF): \$1,063,072.8
Designated General Funds (DGF): \$70,375.2
Other Funds: \$118,746.3
Federal Funds: \$1,436,744.8
Total: \$2,724,939.1

The Unrestricted General Fund difference from FY 15 Management Plan to the FY 18 Governor Amended budget is a reduction of \$190,577.4, a decrease of 15.2%.

The Unrestricted General Fund difference from FY17 Management Plan to the FY18 Governor Amended budget is a reduction of \$21,271.4, a decrease of 2.0%.

Vice-Chair Gara reported that there were no statutory change proposals, although he noted that the department wanted to see some fees increased. The subcommittee was going to introduce an amendment. However, the department was still reviewing its fee increases. His subcommittee hoped it would be able to view something in the current session. He noted that Representative Johnston had made a comment about wanting the department to look at possibly reducing Medicaid reimbursement costs. The department had responded that it was already looking at doing so.

Vice-Chair Gara continued to review his report. He indicated that four amendments did not pass. He noted he had supplied copies of the amendments to members. The four amendments that passed were discussed in the narrative of the subcommittee report. The amendments he would be offering were listed in the transaction detail report. He relayed that Amendment H HSS 1 and Amendment H HSS 3 were originally one amendment during the subcommittee process and he would be offering them together. He reviewed that the amendment would reallocate UGF from the Adult Public Assistance Program to the Office Of Children's Services (OCS). He would be addressing the amendment first, then proceed to the second amendment regarding the Nome Youth Facility. He would move onto the fourth amendment relating

to the wordage traditionally in the budget. There was a language amendment recommended by the committee that would be heard the following day and offered by Co-Chair Seaton. It was a cost-neutral amendment to address the backlog for food stamps and other benefits. Currently, it took about a month to apply for food stamps before receiving them.

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 1 and Amendment H HSS 3.

Co-Chair Foster OBJECTED for the purpose of discussion.

Vice-Chair Gara explained that currently there was a massive shortage of caseworkers at OCS. As a result, youth remained in foster care for a longer period, which meant waiting longer to be reunited with family or to be placed into a permanent home. He reported that the system burned out about 50 percent of new caseworkers within their first year. The state repeatedly spent money on training and recruitment for the positions. He informed members that the purpose of the amendment was to reduce the number of cases for new caseworkers. He reported that the recommended caseload at OCS was 12 cases per caseworker. The idea was for caseworkers to be able to move youth as quickly as possible into permanent homes or back with their original family. In Wasilla, there were 43 cases per caseworker, 350 percent above what was recommended. In Fairbanks, there were 24 cases per caseworker; about 100 percent more than what they should have to deal with. In 6 offices, the caseworker caseload was between 30 and 36.

Vice-Chair Gara continued that the amendment solely addressed reducing the caseloads for new caseworkers. The amount was about equal to the amount already in the budget. He thought that with additional funding the state would be able to reduce the number of cases for new caseworkers to the federally recommended caseload. New caseworkers would have 6 case per caseworker in their first 3 months of training; twelve cases within the first 6 months; and the state would leverage a 75 percent federal match. He believed that with the savings the subcommittee found in the budget, the state was about halfway there. Training increased to a gold standard would allow the state to get to New Jersey numbers. The amendment would add staff to reduce new caseworker caseloads, increase training, add mentors, and add necessary supervisors and support staff for caseworkers.

Vice-Chair Gara reviewed some numbers. He reported that the \$3.29 million came from a savings identified by DHSS and LFD and found in the Adult Public Assistance appropriation for FY 2012. They believed Alaska was about \$3.5 million over what the state needed to pay the benefits for FY 18. He reported using \$3.29 million of the over appropriation for Public Assistance. In the end, the amendment would not raise the governor's proposed budget. Instead, it would move what had been confirmed by the department and LFD as an over appropriation in one area to try to fix a major problem in another area. The department had testified that the change would improve lives and children's outcome without increasing the overall budget. The amendment was passed from subcommittee on a vote of 6 to 3 in favor. He urged members to support the amendment.

Representative Pruitt asked that the committee take up H HSS 3, the corresponding decrement, prior to voting on H HSS 1. Co-Chair Seaton clarified that the amendments were moved together.

Representative Pruitt did not realize the amendments had been moved together. He spoke to his concerns about adding 31 positions. He was also concerned about increasing funding to OCS because, as he recalled in a presentation, when there was a reduction in caseloads, there was an increase in the number of children that were moved into the system. He thought there would be more time provided to search for more families and find kids that might not have some of the same challenges as other children. There were some cases where families had to fight the system. He thought it was great to have found a saving within Adult Public Assistance. He was not sure about transferring money to OCS he believed that OCS had a management problem at its core.

Representative Wilson wanted to direct a question to the Office of Public Assistance. She spoke of a previous presentation that discussed the state being required to have a certain amount of GF money to match federal funds. She reported that upon her review of the Office of Public Assistance budget she had found the same amount as Vice-Chair Gara. She remembered a discussion about losing federal funding relating to Medicaid as the state's UGF decreased. She wondered if any federal funding would be put in jeopardy with the adoption of the amendment.

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Vice-Chair Gara explained that the discussion that occurred the previous year had to do with Temporary Assistance for Needy Families (TANF) money. The state had to spend a certain amount of money to avoid getting a TANF penalty. The amendment was dealing with Adult Public Assistance, which did not count towards the TANF maintenance of effort discussed in the prior year.

Co-Chair Seaton asked Representative Wilson if she wanted to direct her question to the department. Representative Wilson responded affirmatively. She had read the narrative that indicated the money was used. There was a concern from the department about a decrease in the number of cases. She reported that the narrative outlined that the state was also required, once a certain amount of money was sent for Adult Public Assistance, to continue funding the same amount or a penalty would be assessed.

JESSICA BOGARD, ADMINISTRATIVE OPERATIONS MANAGER, DIVISION OF PUBLIC ASSISTANCE (via teleconference), responded that the state had a maintenance of effort for Adult Public Assistance that required \$60.1 million in state spending. If the state did not meet that amount, it would lose Medicaid benefits for all of Alaska.

Representative Wilson wondered if other state funding would be jeopardized if the legislature removed the money from Adult Public Assistance. Ms. Bogard replied that when the department looked at the projections and how the state met the maintenance of effort using Adult Public Assistance for state FY 16 for the federal FY 16 the state benefited from using the Permanent Fund Dividend (PFD) hold harmless fund and from using a small portion of the senior benefits payments. Relying on the two funds allowed the state to meet the maintenance of effort. She added that any decreases would increase the state's reliance on those other funding streams.

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Representative Wilson asked if there would be an issue for the state, for example, if it spent \$30 million in 2013 and only \$25 million in 2017. Ms. Board responded that the state met its maintenance of effort for Medicaid through

one method where the state had to maintain the previous federal fiscal year spend. The state would have an issue if the amount decreased. The state could choose to switch to a second method to meet the maintenance of effort. She explained that it would be to revert certain payments to a level from 1983.

Representative Wilson also objected to the amendment because even though in previous years the legislature had appropriated additional monies, the state had not hired any additional workers. She mentioned a study from a few years previously about whether caseworkers needed to be social workers. Her concern with adding money to a broken system was that it would not fix the system. She would rather see the system fixed. Keeping children in their home longer, if it could be done safely, was the most affordable and best way of keeping families together. She relayed that in previous years when additional funding was provided more children entered the system. She wondered if all of the children in the system should be there. She believed the finance committee should be spending more time on one of the largest growing industries and affected so many other areas of the state budget. She thought the amendment would make things worse for the state. She also noted that in the budget for Adult Public Assistance it was clear that if the state started removing money from it, other areas would be affected as well.

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Representative Tilton was concerned about appropriating small amounts of money rather than addressing the underlying issue. She expressed concerns with the maintenance of effort and having to find money within the Division of Public Assistance. She added that the department, having the ability to move some monies around, could have looked at doing so as an alternative.

Vice-Chair Gara provided an amendment wrap up. He explained that the subcommittee was very careful about making sure the state was not going to deny benefits to a single eligible person who qualified for Public Assistance. He furthered that it was made clear to him by LFD and DHSS that the state would not deny benefits to anyone who qualified for Adult Public Assistance. He relayed that the maintenance of effort issue was not a problem, as the state was putting more into Public Assistance than it was two

years previously. He reported that LFD noted that the state did not need to add \$6 million in funding when not many qualified for assistance. He reported a \$3.5 million excess. He understood Representative Tilton's point about fixing the system. However, he argued that OCS could only absorb so many staff in one year. He did not want to delay fixing the system. He asked members for their support of the amendments, which resulted in the same cost savings over the prior year in the budget over the governor's proposal.

Co-Chair Foster WITHDREW his OBJECTION.

Representative Wilson OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Foster, Seaton

OPPOSED: Pruitt, Thompson, Tilton, Wilson

The MOTION PASSED (7/4).

Amendment H HSS 1 and Amendment H HSS 3 were ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 2 (copy on file):

Juvenile Justice
McLaughlin Youth Center
H HSS 2 - DJJ Intent
Offered by Representative Gara

It is the intent of the legislature that the Nome Youth Facility not be closed if the cost of moving youth from the Nome Youth Facility, maintaining the vacated facility, transporting youth to another facility, and other related costs erase the savings of closing the facility.

Co-Chair Foster OBJECTED for discussion.

Vice-Chair Gara explained that Amendment H HSS 2 was an intent amendment. He relayed that since the state was dealing with a budget crisis the department attempted to save money by closing youth facilities. He suggested it was possible the state would save money by closing the Nome

Youth Facility. He conveyed that the legislature had ordered a privatization report, which concluded that the Nome Youth Facility "was a unique valuable facility that performs exceptionally well in meeting the needs of at-risk youth in a difficult-to-serve area." He reviewed the intent language that passed the subcommittee [See above language]. He relayed some of the potential costs to closing the facility: travel expenses for transporting youth for hearings, facility maintenance costs, and costs associated with a variety of other services. He mentioned the possibility of moving the Nome Youth occupants to a closed facility within the McLaughlin Youth Facility in Anchorage. If youth were transferred there, the facility would have to be reopened costing additional monies. He was unsure if it would be cost neutral to keep the Nome Youth Facility open. The amendment would leave the issue of closing the facility open for discussion.

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Representative Wilson asked to hear from the department on the issue. She wanted to understand why the department recommended closing the particular facility and some of the specifics about a closure. She hoped a study had been conducted.

KAREN FORREST, DEPUTY COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, answered that a portion of the Nome operating budget was removed through the legislative process in the previous year in the amount of \$1.6 million and reinstated as one-time funding. Through the governor's budget process the department did not reinstate the funding, nor did the legislature. One of the issues that was discussed had to do with the utilization of some of the facilities. She reported that what changed from the prior year was that the department had seen an increase in the utilization of some the facilities. Currently, the McLaughlin Youth Center was running at 102 percent utilization. The Nome Youth Facility was currently running an average daily population of about 8. In prior years, the facility was running at about 5 to 6 youth. There was a change in the nature of juvenile crime trends, which influenced the overall picture.

Representative Wilson asked what type of offenders were in the Nome Youth Facility. She asked if the high-level offenders were kept in Anchorage. Ms. Forrest answered in

the negative. The detention units were secure. Youth could be held in detention units for only a couple of reasons: If they were a risk to the community or themselves, or they were a flight risk in terms of being available for court. Generally, someone had to be a risk to the community or to themselves. The department preferred to hold youth in the detention facility closest to their home. The youth in the Nome Youth Facility were from the Nome Region.

Representative Wilson asked about a cost comparison for 8 youth moving to an Anchorage facility versus remaining at the Nome Youth Facility. Ms. Forrest noted the cost to serve the youth was higher in Nome than in Anchorage, although she did not have specific figures with her.

Representative Wilson remarked that she would have thought the department would have brought their numbers with them to the House Finance Committee.

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Representative Ortiz mentioned that Ms. Forrest had testified that the McLaughlin Youth Center utilization rate was at 102 percent. He wondered if the Nome youth would have a place to go if the facility closed. Ms. Forest replied that the department would have to look at where the best place would be for the youth to go depending on safety and security issues. For example, McLaughlin was a 25-bed unit. In the previous week, the facility had 32 youth in the unit, a number that was not sustainable in the long run. If the trends in Anchorage were that more youth had to be detained because of their risk to reoffend, the state might have to send youth to Bethel or Fairbanks where there was capacity in their detention units.

Co-Chair Foster WITHDREW his OBJECTION

Representative Wilson OBJECTED.

Representative Wilson argued that the legislature kept telling the department to find ways of doing things differently to facilitate reductions. She did not think the difference between 5 and 8 youth was substantial enough to justify the amendment. She understood wanting to keep children closer to home. However, she thought there might be other ways to try to make it happen without the related costs.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Foster, Seaton

OPPOSED: Pruitt, Thompson, Tilton, Wilson

The MOTION PASSED (7/4).

Amendment H HSS 3 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment H HSS 4 (copy on file):

Department Support Services
Commissioner's Office
H HSS 4 - Replace Governor's Department level \$25 million Transfer Wordage
Offered by Representative Gara

At the discretion of the Commissioner of the Department of Health and Social Services, up to \$25,000,000 may be transferred between all appropriations in the Department of Health and Social Services, except Medicaid Services.

Co-Chair Foster OBJECTED for the purpose of discussion.

Vice-Chair Gara explained that the amendment reflected traditional language that had been used in previous budgets. The amendment would place a limitation on the administration. It would allow the administration to transfer up to \$25 million between divisions. He argued that it was important not to send a message to the divisions, which would encourage them to spend every penny. Another division might have a greater funding need. ON occasion funds lapsed, which happened in the Commissioner's Office. The amendment would allow transfers within divisions but would not allow transfers between Medicaid and other divisions. He provided an example. The amendment drew a wall between Medicaid and other divisions. The amendment would only allow \$25 million to be transferred between the other divisions. In 5 of the previous 6 years, the legislature had included similar language. He pointed out that if there was an under appropriation for Medicaid, the division would have to request a supplemental in the following year.

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Representative Wilson asked how much money, outside of Medicaid, was not used by the department in the prior year. Vice-Chair Gara deferred to the department.

SHAWNDA O'BRIEN, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, explained that for the previous year's budget the department was using a new accounting system. She relayed that the numbers used at year-end closing were used for lapsed balances under \$10 million UGF. She conveyed that the department tended to lapse more funds such as other fund sources or federal funding.

Representative Wilson asked if Adult Public Assistance was counted as Medicaid funding. Ms. O'Brien answered that the Adult Public Assistance Program was funding the department used to meet the maintenance of effort for Medicaid. The money was not Medicaid funding.

Representative Wilson asked if the same \$3 million that was previously mentioned could have made up a portion of the \$25 million transfer if the department had chosen to do so. Ms. O'Brien responded in the affirmative. The department could have used those funds elsewhere if the department had needed to.

Representative Wilson thought it was interesting that the committee was entertaining an amendment allowing a \$25 million transfer within any division other than Medicaid. Yet, the committee had heard earlier about the importance of having additional caseworkers within OCS. In other words, the department had the authority to transfer money to OCS. In her opinion, the \$25 million could have been used if the issue had been important enough to do so. She asked if any of the \$25 million in previous years had been used to transfer between divisions. She wondered where transfers had typically originated. Ms. O'Brien responded to Representative Wilson's first question concerning whether the department could have used the funding for additional OCS caseworkers. The department could have transferred the funding but it would not have had the additional needed positions. The funding could not have been used in the same way the amendment intended. The department had not had a need to move the funding. She was unaware of any funding being transferred between

appropriations using the authority. She relayed that in prior years there had been some transfers made within the Medicaid appropriation. The amendment limited the department from having the ability to do so.

Representative Tilton clarified that the amendment addressed the governor's language removing the Medicaid services portion. Ms. O'Brien concurred.

Representative Tilton relayed that if the amendment was not approved, the department would be able to transfer funds between all DHSS divisions including Medicaid. Ms. O'Brien responded in the positive.

Representative Tilton indicated that it was stated in committee that the language had become standard language. She believed the language was first included in the FY 14 budget. The reason the \$25 million was approved for moving between divisions was due to the implementation of the Medicaid Management Information System (MMIS). There were challenges with the system and a fear that providers would not be paid because there was not enough funds available to pay providers. She asked if she was correct. Ms. O'Brien believed that the department testified on the issue and agreed with Representative Tilton.

Representative Tilton asked if the language had become standard even though it had not been used. Ms. O'Brien did not believe the department utilized it in the previous year largely because of the difficulties with the new accounting system. She reported that the department tended to only lapse a small amount of general fund dollars. It lapsed more funding under federal authority and other lines within the budget.

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Vice-Chair Gara relayed that originally the department was allowed to transfer \$50 million between divisions. Presently, \$25 million was the allowable amount. He agreed with Representative Tilton that without the amendment money could be transferred between Medicaid and non-Medicaid divisions. In response to Representative Wilson's point, the administration could bolster OCS by transferring money around. However, he argued that without the legislature's approval the department would be subject to significant criticism.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H HSS 4 was ADOPTED.

Vice-Chair Gara remarked that the only other amendment that he had was a language amendment to reduce the food stamp waiting list, which would be addressed later in the amendment process.

Co-Chair Seaton indicated that there were no further amendments for DHSS.

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[2:53:17 PM](#)

RECONVENED

Co-Chair Seaton clarified that the Judiciary subcommittee report would be heard next. He invited Vice-Chair Gara to review the report.

Vice-Chair Gara read from his report:

The House Finance Budget Subcommittee for the Judiciary held five meetings, with the Alaska Court System in attendance, during the review of the FY18 budget request.

The Chair of the House Finance Budget Subcommittee for the Judiciary recommends that, with the recommendations outlined in this report, the House Finance Committee accept the FY18 Governor's Amended budget.

The Governor's FY18 Amended budget totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF): \$104,838.6

Designated General Funds (DGF): \$518.0

Other Funds: \$2,206.1

Federal Funds: \$1,225.6

Total: \$108,788.3

The Unrestricted General Fund difference from FY15 Management Plan to the FY18 Governor's Amended budget is a reduction of \$6,888.6, a decrease of 6.0 percent.

The Unrestricted General Fund difference from FY17 Management Plan to the FY18 Governor's Amended budget is a reduction of \$2,074.7, a decrease of 1.9 percent.

The following statutory recommendation is also submitted to the House Finance Committee.

1. Amend AS 22.25.020 to replace the current Judicial Retirement System for retirement pension payments with a more modest pension. This recommendation is to create a new tier for the Judicial Retirement System. The current Judicial Retirement System allows for a judge or justice to receive 5% of his/her pay per year served, up to 15 years (or 75% of pay). At ten years of service, that represents, roughly, an \$80,000 (for a District Court judge) to \$100,000 (for a Supreme Court justice) pension. Geographic differential is not considered. Constitutionally, this statutory change would affect only judges and justices hired after the passage of such legislation. We cannot constitutionally alter retirement benefits or contribution rates for those already in the system.

Vice-Chair Gara commented that he thought the amount was excessive in the state's tight fiscal times. The committee disagreed with an exact proposal but agreed to make a statutory provision to reduce the retirement earned payment, a savings measure. He reported that 5 new judges would likely be appointed.

Vice-Chair Gara highlighted that the subcommittee considered 4 amendments from the governor and 11 amendments from the subcommittee. The amendments that passed and failed were distributed to all members of the committee. He recommended 2 of his amendments and 4 of the governor's amendments for consideration.

Co-Chair Seaton directed members to turn to the transaction pages in the landscape format.

[2:57:14 PM](#)

Vice-Chair Gara MOVED to ADOPT Amendment H JUD 1 (copy on file):

Alaska Court System
Trial Courts
H JUD 1 - Increase Filing Fee in Superior Court
Offered by Representative Gara

It is the intent of the legislature that the court system raise the filing fee from \$200 to \$500 for Superior Court monetary damage claims of \$100,000 or more.

Co-Chair Foster OBJECTED for the purpose of discussion.

Vice-Chair Gara explained that the amendment included intent language to be placed in the budget. The court system indicated they would take the recommendation seriously, although the legislature could not dictate what it did with intent language. The intent language was an attempt to increase revenue from the court system to help pay for its costs. The money would go into the general fund, and the legislature would decide how to appropriate it. The court system recently raised filing fees. The subcommittee targeted one particular filing fee for Superior Court cases of claims for monetary damages of \$100,000 or more. A person filed monetary damage claims for \$100 thousand or more in Superior Court. Small claims cases and smaller claims cases were heard in district court. The subcommittee limited the fee to the Superior Court monetary damage claims. The intent language encouraged the court system to raise its fee from \$200 to \$500. The increase would generate about \$240,000 in revenue for the general fund minus any fees waived by the court system. The court system had a fee waiver for the indigent.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H JUD 1 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment H JUD 2 (copy on file):

Alaska Court System
Trial Courts

H JUD 2 - Delete Conditional Language

Offered by Representative Gara

Delete conditional language that states: "Budget requests from agencies of the Judicial Branch are transmitted as requested."

Co-Chair Foster OBJECTED for the purpose of discussion.

Vice-Chair Gara explained that the amendment traditionally came in the original budget. It stated that the court system budget would be exactly as submitted to the legislature. He thought the statutory language was not needed. The legislature traditionally removed the language, as it was likely to be inaccurate by the time the budget was passed.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H JUD 2 was ADOPTED.

3:00:13 PM

Vice-Chair Gara MOVED to ADOPT Amendment GA 39 (copy on file):

Therapeutic Courts
GA 39 2/15 Mat-Su Foundation Grants and Awards from
Other Sponsors

Additional receipt authority will enable acceptance of anticipated grants from the Mat-Su Foundation and other sponsors. This amendment provides FY2018 funding based on a FY2017 supplemental request of \$51.2.

Co-Chair Foster OBJECTED for the purpose of discussion.

Vice-Chair Gara explained that the amendment would allow the state's therapeutic court to accept up to \$400,000 in grant monies from the Mat-Su Foundation and other sponsors. The Mat-Su Foundation's grant proposal was note quite \$400,000. The amendment would allow the court system to seek the remainder of \$400,000 in grant monies from other sponsors.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment GA 39 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment GA 40 (copy on file):

Commission on Judicial Conduct
GA 40 2/15 Correct FY2018 Alaska Care Increase
Correct Alaska Care salary adjustment.

The salary adjustment included in the FY2018 Governor's budget should have been \$5.0 for the Commission on Judicial Conduct and \$17.6 for the Judicial Council. This adjustment will correct that error. A corresponding \$12.6 increase is reflected in the Judicial Council component.

Co-Chair Foster OBJECTED for the purpose of discussion.

Vice-Chair Gara relayed that the governor's budget proposal had 2 appropriations backwards. He detailed that there should have been a \$5,000 appropriation for salaries and benefits at the Commission on Judicial Conduct. However, it was accidentally appropriated to the Judicial Council. In addition, there should have been a \$17,600 appropriation for the Judicial Council but was accidentally appropriated to the Commission on Judicial Conduct. Amendment GA 40 and Amendment GA 42 would reverse the appropriations and place them in the correct council.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment GA 40 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment GA 41 (copy on file):

Commission on Judicial Conduct
GA 41 2/15 Personal Service Expenses

Adjustment to fully fund personal services. This is a new request for FY2018. It was not included in the FY2018 Governor request due to oversight.

The Commission on Judicial Conduct is comprised of two staff members - an executive director and an administrative assistant. Personal services comprise the majority of the Commission's budget. This request is necessary to fully fund projected FY2018 personal

services expenses. With a two person staff, the Commission has no capacity to absorb these costs while continuing to provide constitutionally mandated services.

Co-Chair Foster OBJECTED for the purpose of discussion.

Vice-Chair Gara explained that the amendment corrected a mistake in communications between the Commission on Judicial Conduct and the Office of the Governor. The Commission on Judicial Conduct requested \$23,800 for salary and benefits. The governor did not transmit the commission's request. In the prior year, there was a similar number, which the commission tried to absorb but could not in the following budget cycle. Funding did not move forward because of the error. The amendment proposal came from the Governor's Office.

Representative Wilson asked how it had been absorbed in the past and the reason for the funding not being available currently. Vice-Chair Gara responded that if there was a complaint against a judge, the Commission on Judicial Conduct had to hire outside council to prosecute the case - an ethics prosecution. Fortunately, the commission did not have a prosecution of this type in the prior year. The commission also constrained spending where possible and backlogged spending for future years. The salary and benefits were required by statute. The commission could not continue to absorb the cost and bank on there being no complaints against judges.

[3:05:41 PM](#)

Representative Wilson was unclear why funding was needed when the complaints were filed with an outside agency rather than an internal one. She did not understand the reason for the increase. She would not be supporting the amendment.

Co-Chair Foster WITHDREW his OBJECTION.

Representative Wilson OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Thompson, Foster, Seaton

OPPOSED: Pruitt, Tilton, Wilson

The MOTION PASSED (8/3).

Amendment GA 41 was ADOPTED.

Vice-Chair Gara MOVED to ADOPT Amendment GA 42 (copy on file):

Judicial Council
GA 42 2/15 Correct FY2018 Alaska Care Increase

Correct Alaska Care salary adjustment.

The salary adjustment included in the FY2018 Governor's budget should have been \$17.6 for the Judicial Council and \$5.0 for the Commission on Judicial Conduct. This adjustment will correct that error. A corresponding \$12.6 reduction is reflected in the Commission on Judicial Conduct component.

Co-Chair Foster OBJECTED for the purpose of discussion.

Vice-Chair Gara relayed that the amendment corresponded with the mistake he outlined in GA 40. The Judicial Council and the Commission on Judicial Conduct were given the wrong amounts of money. The funds for the Judicial Council should have been \$17,600 and the funds for the Commission on Judicial Conduct should have been \$5,000. The amendment corrected the second of the errors for the Judicial Council.

Co-Chair Foster WITHDREW his OBJECTION.

Representative Wilson OBJECTED. She asked if the changes had anything to do with step increases. Vice-Chair Gara responded that the mistakes had nothing to do with step increases. The Judicial Council and the Commission on Judicial Conduct were granted the wrong amounts of funding. He repeated the amounts and remarked that the numbers were transposed.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment GA 42 was ADOPTED.

Co-Chair Seaton thanked the subcommittee.

3:08:58 PM

Representative Grenn reviewed the recommendations from the finance subcommittee of the Department of Law:

The Chair of the House Finance Budget Subcommittee for the Department of Law submits a recommended operating budget for FY2018 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF):	\$49, 140.4
Designated General Funds (DGF):	\$2,867.0
Other Funds:	\$31,607.0
Federal Funds:	\$1,489.4
Total:	\$85,103.8

The Unrestricted General Fund (UGF) difference from the FY2015 Management Plan to the FY2018 House Subcommittee budget recommendation is a reduction of \$10, 134.9, a 17.1% decrease.

From the FY 201 7 Management Plan, the Subcommittee recommendation reflects a total increase in Unrestricted General Funds of \$264.1, a 0.5% percent increase.

Representative Grenn reported that he had recommended two subcommittee budget amendments and one statutory change proposal, which he would be forwarding to the chair of the House Judiciary Policy Committee. Before he reviewed the amendment proposals, he wanted to make a note about a couple of topics not formally submitted to House Finance.

Representative Grenn continued that the subcommittee was supportive of finding a way to pay for more prosecutors elsewhere in the budget to ensure that the department had resources to prosecute crimes. The department testified that it was declining more and more viable cases due to budget cuts. The Office of Victim's Rights was largely affected. However, since the focus was on the Department of Law, the subcommittee did not feel the amendment was appropriate at present. Additionally, two amendments were ruled out of order during the subcommittee process. They

were addressed in the closeout narrative should members of the full finance committee want to look at them in more detail.

Co-Chair Seaton asked if there was a statutory amendment. Representative Grenn responded in the affirmative:

Statutory Change Proposals:

The following statutory change recommendation is also submitted to the House Finance Committee for consideration:

For Consideration by House Judiciary Committee:

Work over interim to do a comprehensive reform of Child Protection statutes. Particular areas of focus include, but are not limited to the following:

- Looking to streamline existing statute
- Looking into combining the adjudication and disposition hearings in Child In Need of Aid (CINA) proceedings
- Allowing a no-contest plea for parents, and
- Creating settlement judges who focus solely on CINA cases

Co-Chair Seaton asked Representative Grenn to address his budget amendments.

Representative Grenn MOVED to ADOPT Amendment H LAW 1 (copy on file):

Civil Division
Environmental Law
H LAW 1 - Add one PFT Attorney II and related personal services to Environmental Law
Offered by Representative Grenn

There are numerous cases outstanding that could provide significant revenue to the state that the Environmental Law section does not have the resources to pursue. Adding an additional attorney could help the Department achieve significant recoveries for the state.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Grenn explained that the amendment added one Attorney II and related personal services to the Environmental Law budget within the Civil Division. The amendment would increase the personal services line in the Civil Division Environmental Law allocation by \$225,000. The position would be added to help the department pursue existing cases that could result in significant monetary recoveries for the state. The subcommittee provided a list of the recoveries the department stated would not be pursued with current resources. The list would serve as a reference point in the following year to determine whether the position paid for itself. He noted that the members' packets contained a list member's packets of the first cost recovery cases.

Co-Chair Seaton clarified that Representative Grenn was referring to the "Supporting Documents H LAW 1 Page 1 of 1."

Representative Grenn responded affirmatively.

Representative Wilson asked about the number of environmental attorneys within the Department of Law and the amount of monies recuperated thus far. Representative Grenn deferred to the Department of Law.

BRANDON CULLUM, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF LAW, responded that the department currently had 3.5 attorneys the way the division was staffed in the environmental law section. He deferred to the deputy attorney general to speak to the missed opportunities with the current staffing level.

[3:14:03 PM](#)

JIM CANTOR, DEPUTY ATTORNEY GENERAL, DEPARTMENT OF LAW, indicated that in response to Representative Wilson's question he did not have a figure of revenues brought in by the environmental law group.

Representative Wilson remarked that it was difficult to make a determination about the financial benefit of adding an attorney without having a baseline. She asked Mr. Cantor to explain the difference between joining a lawsuit and initiating one. She wondered if the state was out more money or time with either option. Mr. Cantor believed

Representative Wilson was looking at the portion of the sheet that laid out multi-state anti-trust recovery potential. He suggested that Alaska had to establish its damages. For instance, in the drug world, the damages might be related to the Medicare Program overspending on drugs. He added that in the multi-state world, a lead state tended to recuperate more than a follower state.

Representative Wilson asked about the 11 items listed at the bottom of the supporting document. She wondered how many of the items were a result of the past federal administration's philosophy compared to the new one. She suggested that there might not be as many issues to contend with under the new administration. Mr. Cantor responded that the list referred to cost recovery suits in which the state laid out money to clean up some sort of pollution. They were state issues rather than national issues.

Co-Chair Seaton asked about the list of lawsuits. He clarified that the state could recuperate money from the 11 cases listed. Mr. Cantor responded that the amounts listed were monies the state had already expended and would be cost recoveries from the polluters.

Vice-Chair Gara informed the committee that he had previously worked at the Department of Law. He reported that cost recovery was historically a function of the department that brought in more money than it spent. He offered that by understaffing the department, the state ended up settling cases for much less than the original amount. Adequate staff allowed for more of a full recovery for the state. He did not believe one year was enough time to test whether the additional staff was effective due to the variation in the number of cases per year and the amount of time they took to settle. He concluded that the section was a cost positive portion within the department.

Representative Wilson could not make a statement similar to the one Vice-Chair Gara made because the division did not have the figures she requested. She would be voting against the amendment. She agreed that the state would likely need to increase the funding if the federal administration remained the same. However, with the new federal administration it looked as if it would be more pro-development.

Representative Pruitt referred to the supporting document page that not all of the expenditures were barred by a statute of limitation. He wondered if any of the 11 listed were barred by the statute of limitations. He also wondered about the urgency of litigating presently as opposed to later. Mr. Cantor answered that some of the list might include some sums expended more than 6 years ago. Generally, the contamination sites were an ongoing expense. Some sums would drop off of what was collectible. The items within 6 years would be obtainable. He responded to Representative Wilson's question. In FY 16, the section recovered \$6,539,000 in state costs and penalties.

Co-Chair Seaton stated that it was an estimate of \$2,000,000 per attorney, per year.

Mr. Cantor responded, "Yep."

[3:20:46 PM](#)

Vice-Chair Gara clarified that the cost recovery had nothing to do with the US President. The department was enforcing state laws for contaminated sites, oil spills, and gas leaks. The federal government had no impact, determination, or input as to whether the state laws were enforced.

Representative Grenn concluded that the Department of Law made some great points. He emphasized that the list of recovery cases was not exhaustive. He indicated it was an existing list. He thanked the department for its efforts.

Co-Chair Foster WITHDREW his OBJECTION.

Representative Wilson OBJECTED.

Representative Wilson remarked that the state had a spill response fund for litigating issues similar to the list of 11 cases in the supporting document. She understood that there was \$5 million to \$7 million sitting in the fund. She wondered why the spill response fund was not being used to address the issue in the amendment. Representative Wilson MOVED to AMEND Amendment H LAW 1. She explained that the money for the environmental lawyer would come out of the spill response fund rather than from UGF.

Co-Chair Seaton invited the Department of Law to comment.

Mr. Cantor confirmed that it was part of the process of replenishing the fund. The recovered dollars would go into the fund.

Representative Wilson suggested, based on Mr. Cantor's reply, that it would make more sense to pay from the Spill Prevention Response Fund because the recovery dollars would be placed there.

Co-Chair Seaton believed that the Spill Prevention Response Fund was not a legal fund for going after recovery dollars. Rather, it was a fund available for doing the initial cleanup for an incident until the state could pursue recovery dollars. He asked if the department could use the Spill Prevention Response Fund to pay for the department's environmental lawyers.

Mr. Cantor was aware that some of the department's environmental lawyers were funded with general fund dollars. Others were paid through the Department of Environmental Conservation's budget.

Representative Wilson was certain that the money that went into the fund could be used for any general fund purpose. She believed the funding source was a good fit. She wondered if it was too late to offer to amend the amendment.

Co-Chair Seaton responded that he would allow for it prior to the wrap up of each amendment but would allow it in the present situation.

Representative Wilson indicated that she had moved to amend the amendment a while before and that it was on the floor. She reiterated that the funds for the position would come out of the Spill Prevention Response Fund rather than from UGF.

Representative Grenn wondered if all of the recoveries would go into the recovery fund or if they would go into the general fund. Mr. Cantor explained that, in general, the environmental recoveries go into the 470 fund and reappropriated by the legislature. He was sure there were exceptions.

[3:27:14 PM](#)

AT EASE

[3:30:38 PM](#)

RECONVENED

Representative Grenn WITHDREW AMENDMENT H LAW 1.

Co-Chair Seaton explained that when adding something from one department there had to be a fund source from another. There had to be the ability to transfer the funds back and forth. He suggested that the amendment would have to be taken up in the second round of amendments so that both funds could be addressed at the same time. The amendment would be addressed when both agency funds were before the committee together.

Representative Grenn MOVED to ADOPT Amendment H LAW 2 (copy on file):

Civil Division

Natural Resources

H LAW 2 - Correction to a technical error in the original Governor's operating budget bill.

Offered by Representative Grenn

The Office of Management and Budget submitted a \$1.5 m carryforward transaction in section 1 in error--it should have been a language transaction. Legislative Finance Division must match the Governor's bill, so also included the erroneous section 1 transaction with a recommendation to reject the transaction. This amendment removes the erroneous transaction. The committee needs to take no action on the language transactions.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Grenn read directly from the amendment [see above].

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LAW 2 was ADOPTED.

Co-Chair Seaton indicated that the committee would be taking up amendments for the legislative budget.

3:32:39 PM

AT EASE

3:34:04 PM

RECONVENED

Co-Chair Foster relayed that Co-Chair Seaton would be presenting the report from the Legislature budget subcommittee.

Co-Chair Seaton noted that the legislature budget subcommittee held 4 meetings to review the legislative budget and 12 amendments were brought forward along with 2 statutory change recommendations that would be forwarded to the Rules Committee for further review. The first statutory change recommendation was to repeal Chapter 19, SLA 2013, (HB 30: Performance Reviews). The second statutory change was to repeal the statutes establishing the Administrative Regulation Review Committee.

Co-Chair Seaton continued that an amendment was proposed that would have eliminated funding for the legislative lounge. The amendment did not survive the committee's advisory vote. The Rules Chair indicated she was still reviewing the prices charged and that there could be additional price increases to cover more lounge costs. He planned to offer an amendment in the second round of the amendment process to add more general fund receipts and to reduce UGF by the same amount. He relayed that the reductions proposed by the subcommittee would not be the only reduction made to the legislature's budget. He agreed with his counterpart in the Senate to avoid cutting items in the other body's control. The other body would make those reductions.

Co-Chair Foster called on Co-Chair Seaton to begin with his amendments.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 1 (copy on file):

Budget and Audit Committee
Legislative Audit
H LEG 1 - Zero out performance review funding and delete associated position
Offered by Representative Seaton

Performance reviews conducted under HB 130 were funded at a "wind down" level in FY17.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton explained that the amendment deleted \$56,000 and one permanent part-time position from Legislative Audit. The FY 17 budget deleted all but this small amount of wind-down funding for the agency performance reviews under HB 30. One of the subcommittee's statutory recommendations was the repeal of HB 30. It was not funded in the prior year and the performance review had not been effective in controlling the budget.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 1 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 2 and H LEG 9 (copies on file):

Budget and Audit Committee
Legislative Finance
H LEG 2 - Technical Correction Transferring Reduction
for 5-day Furlough from Legislative Operating Budget

Linked to H LEG 9 - Technical Correction Transferring
Reduction for 5-day Furlough from Legislative
Operating Budget TrIn 337675
Offered by Representative Seaton
Reductions associated with furloughs were
inadvertently allocated to the legislative operating
budget rather than to House and Senate Finance
committees. This amendment corrects that error.

Offsetting amendments--and supplemental transactions--
are included in the HFC and SFC budgets.

Senate Finance's portion is -\$26.0 and House Finance's
portion is -\$46.8.

Legislative Operating Budget
Legislative Operating Budget
H LEG 9 - Technical Correction Transferring Reduction
for 5-day Furlough from Legislative Operating Budget

Linked to H LEG 2 - Technical Correction Transferring Reduction for 5-day Furlough from Legislative Operating Budget TrOut 337674

Offered by Representative Seaton

Reductions associated with furloughs were inadvertently allocated to the legislative operating budget rather than to House and Senate Finance committees. This amendment corrects that error.

Offsetting amendments--and supplemental transactions--are included in the HFC and SFC budgets.

Senate Finance's portion is -\$26.0 and House Finance's portion is -\$46.8.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton highlighted that the amendments were linked to make a technical correction transferring the reduction of \$72,800 UGF for a 5-day furlough from the legislative operating budget to the Legislative Finance Division. The furlough reductions were inadvertently allocated to the legislative operating budget rather than to the House and Senate Finance Committees. Amendment H LEG 2 made the reduction to the Legislative Finance Division. The House Finance portion was \$46,800 and the Senate Finance portion was \$26,000. Amendment H LEG 9 added the \$72,000 UGF back to the legislative operating budget.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 2 and H LEG 9 were ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 3 (copy on file):

Budget and Audit Committee
Legislative Finance
H LEG 3 - Reduce House Finance Committee budget
Offered by Representative Seaton

Budget reduction to be managed by the Co-Chairs of the House Finance Committee.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton explained that the amendment reduced the budget for the House Finance Committee by \$240,000 UGF split equally between the personnel services and the services line items. It was an overall reduction of the committee's budget.

Representative Wilson asked if a position was being deleted. Co-Chair Seaton responded that the amendment reduced the personnel line item but was not reducing a position [Co-Chair Seaton reviewed his paperwork and asked for a brief at ease].

[3:39:34 PM](#)

AT EASE

[3:39:58 PM](#)

RECONVENED

Co-Chair Seaton responded that the amendment did not reduce positions.

Representative Wilson asked why a position would not be reduced along with the fund reduction. She asked for clarification. Co-Chair Seaton responded that the House reduced staffing ranges and therefore, the line item was being reduced. He remarked that there used to be several more range 24 personnel. Most of the savings was due to the range cap of 22.

Representative Kawasaki spoke to the changes reflected in the amendment. He wanted to confirm that the savings of \$240,000 was because salary ranges were capped at 21 [22], which resulted in lowering salaries in many cases. Co-Chair Seaton responded that it was a portion of the reduction along with some services.

Representative Pruitt indicated there was a discussion that all staff were at a range 22. He wondered if any of the House Finance employees were being paid above a range 22. Co-Chair Seaton responded that there was one staff being paid at a range 24 in the House operating budget and one in the House Finance capital budget.

Vice-Chair Gara recollected there had been some substantial salaries in the previous year that no longer existed. He continued that the former chair of the Legislative Budget and Audit Committee had highly compensated staff. Those

positions had been deleted. He reported that there were salaries in the former majority leader's office that no longer existed. The House had made the effort to reduce the number of high paid staff. The decisions that had been made up to the present reduced staffing in areas of excessive staff and excessive pay. Representative Wilson responded that only House Finance staff was being addressed rather than the entire legislature in terms of the \$240,000 savings in the amendment. She asked if she was correct.

Co-Chair Seaton responded in the affirmative. He added that there were front desk positions in House Finance that were not filled, a reduction in the number of range 24 employees, and general salary range reductions in all House Finance offices. He clarified that he was only talking about House Finance.

Representative Wilson asked if the committee would be seeing other amendments that addressed the reductions in other areas of the legislature. Co-Chair Seaton confirmed that there were a number of other reductions in the amendment packets.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 3 was ADOPTED.

Co-Chair Seaton WITHDREW Amendment H LEG 4 (copy on file):

Legislative Council
Salaries and Allowances
H LEG 4 - Eliminate regular session per diem for
Juneau legislators and for all other legislators by
75%
Offered by Representative Seaton

This amendment would eliminate regular session per diem expenses for the 3 Juneau legislators who receive 75% of the federal per diem rate for living in Juneau during the session, -\$43.1.

In addition, the federal per diem rate for all other legislators is reduced by 75% (from \$213/day to \$53.25/day), -\$819.5.

Regular session per diem is budgeted in this allocation for a 90-day session.

Co-Chair Seaton reasoned that the Legislative Council had statutory authority per AS 24.10.130c to set policy regarding legislative per diem. He confirmed that a vote was not taken by the council directing his action.

Amendment H LEG 4 was WITHDRAWN.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 5 (copy on file):

Administrative Services

H LEG 5 - Reduce personal services expenditures

Offered by Representative Seaton

Delete \$24.7 from Print Shop Section for 1 PPT 4th Floor copy operator position.

Delete \$55.6 for 1 PFT Administrative Assistant position in the Executive Director's office and change to PPT (8 months).

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton relayed that the amendment reduced administrative services by \$80,300 UGF in the personal services line and deleted one permanent full-time position. He continued that \$24,700 was deleted from the print shop section for one permanent part-time 4th floor copy operator position and \$55,600 was deleted for converting one permanent full-time administrative assistant position to a permanent part-time position for 8 months in the executive director's office.

Representative Pruitt asked if the copier position on the 4th floor was presently filled. He had not seen anyone at the desk. He wondered if the position had already been eliminated and the amendment was removing its funding. Co-Chair Seaton responded that he was correct.

Vice-Chair Gara WITHDREW his OBJECTION

There being NO OBJECTION, Amendment H LEG 5 was ADOPTED.

[3:47:00 PM](#)

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 6 (copy on file):

Legislative Council
Council and Subcommittees
H LEG 6 - Delete legislative secretary and reduce
funding for services and commodities
Offered by Representative Seaton

In a memo dated Feb 2, 2017, Legislative Council Chair
Representative Kito requested that, under the
Legislative Council Chair Account, a legislative
secretary position and a temporary position be
deleted; services be reduced by
\$10.0 (phones); and commodities be reduced by \$15.5
(no specific item targeted).

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton detailed that the amendment deleted
\$221,200 from the Legislative Council Chair account and the
subcommittee allocation. The decrement deleted a permanent
full-time legislative secretary along with reductions due
to a reclassification of a position from a range 24 to a
range 22. The amount also encompassed a reduction for
casual labor and a reduction for services and commodities
in the council and subcommittee allocation. The total
reduction of \$221,200 was comprised of a reduction of
\$197,500 for personal services, \$10,000 for services, and
\$15,500 for commodities.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 6 was ADOPTED.

[3:48:15 PM](#)

Co-Chair Seaton MOVED to ADOPT H LEG 7 (copy on file):

Legislative Council
Council and Subcommittees
H LEG 7 - Reduce funding for the House Special
Committee on Arctic Policy, Economic Development and
Tourism
Offered by Representative Seaton

In recent years, funding to standing, special and
joint committees has been greatly reduced and in many

instances eliminated. This amendment reduces the committee's budget from \$27,850 to \$10,000.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton indicated that the amendment reduced the budget for the House Special Committee on Arctic Policy, Economic Development, and Tourism from \$27,850 to \$10,000. He reported that in recent years funding to standing, special, and joint committees had been greatly reduced and in many instances eliminated. The reduction of \$17,850 UGF was taken from the services line item.

Representative Wilson MOVED to AMEND Amendment H LEG 7. She proposed removing the entire \$27,850 allocation.

Co-Chair Seaton OBJECTED. He relayed that it was deemed by the subcommittee that the reduction of \$17,850 to the budget was acceptable. The subcommittee left a balance of \$10,000 in the account to be used at the discretion of the committee. A meeting in Fairbanks was on the horizon and other potential activities. The speaker and the committee chairman had to approve all travel requests. He suggested that leaving a balance in the account sent the message that it was important for Alaska to be involved in arctic policy.

Representative Wilson remarked about having removed funding for many special committees. She believed legislators had other money that could be used for travel. She did not believe the reduction would indicate that Alaska's value of arctic policy was any less. However, she believed the legislature was sending a message to Alaskans that whenever reductions were possible the legislature would make them. She reiterated there were other funds available for travel.

Representative Guttenberg sat on the state Arctic Policy Commission. He thought zeroing the account out sent the message that Alaska did not care. He believed Alaska was what made the United States an arctic nation. The state could reap large economic gains being at the right place at the right time. He emphasized the importance of representing the Alaska at arctic policy meetings. He thought the \$10,000 was a small amount of money to invest in keeping a presence at policy meetings.

Representative Wilson did not think the amount of money that the state gave to something showed intent. She thought the state's actions showed intent. She believed that by having a special committee that encompassed arctic policy was action enough. She thought things such as passing legislation, avoiding over-regulation of an area, and remaining business friendly would send a bigger message. She opined that by removing the remainder of the allocation it sent the message that legislators understood the need to reduce the budget.

Co-Chair Seaton MAINTAINED his OBJECTION.

A roll call vote was taken on the MOTION to AMEND Amendment H LEG 7.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson
OPPOSED: Grenn, Guttenberg, Kawasaki, Ortiz, Gara, Seaton, Foster

The MOTION to AMEND Amendment H LEG 7 FAILED (4/7).

Vice-Chair Gara conveyed that in the prior year the legislature approved \$27,850 for the commission for travel. The chair of the committee proposed reducing the amount by about 70 percent. He felt that given the change in chairmanship a 100 percent reduction would be unreasonable.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 7 was ADOPTED.

[3:55:16 PM](#)

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 8:

Legislative Council
Legislature State Facilities Rent
H LEG 8 - Reduce space in Wrangell and Ketchikan and
reduce lease costs in Barrow
Offered by Representative Seaton

The Governor's request transfers \$1,499.6 from the "other than Anchorage LIO" facilities rent allocation. After that transfer, an increment of \$153.5 was included in the Governor's request.

This amendment eliminates office space in Wrangell (\$8.9) and Ketchikan (\$6.7) for a legislator and a legislative staff, respectively. The rest of the reduction is a change in anticipated lease costs in Barrow (\$27.7) and elimination of a small contingency balance (\$15.6).

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton elaborated that the amendment deleted \$58,900 UGF from the services line of the legislature state facilities rent allocation. The governor's budget included the transfer of \$1,499,600 from "other than Anchorage LIO" facilities rent allocation. After that transfer, an increment of \$153,500 was included in the governor's budget. Other cost savings were identified. The amendment eliminated office space in Wrangell (\$8,900) and Ketchikan (\$6,700) for a legislator and a legislative staff, respectively. The rest of the reduction was a change in anticipated lease costs in Barrow of \$27,700 and the elimination of a small contingency balance of \$15,600.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 8 was ADOPTED.

[3:56:48 PM](#)

AT EASE

[3:57:09 PM](#)

RECONVENED

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 10 (copy on file):

Legislative Operating Budget
Legislative Operating Budget
H LEG 10 - Reduce House operating budget Offered by
Representative Seaton

Budget reduction to be managed by the Speaker of the House.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton explained that the amendment reduced the legislative operating budget account for the House

operating budget by \$360,000 UGF. Personal services was reduced by \$110,000; travel was reduced \$150,000; services was reduced by \$50,000; and commodities was reduced \$50,000.

Representative Pruitt asked if the reduction impacted money being available for special sessions. Co-Chair Seaton confirmed that the decrement did not reduce funding for special sessions.

Representative Pruitt asked about any employees above a range 22. Co-Chair Seaton believed there were one or two employees in leadership receiving higher than a range 22.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 10 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 11 (copy on file):

Legislative Operating Budget
Session Expenses
H LEG 11 - Reduce expenditures for bill copies and statutes
Offered by Representative Seaton

Projected revenue for subscriptions (copies of bills, etc.) was reduced due to the increased availability of those items electronically (\$2.0); and projected revenue for statutes was reduced, as it will be a statute supplemental year (\$1.5).

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton offered that the amendment reduced session expenses by \$3,500. The projected revenue for subscriptions, copies, and bills was reduced by \$2,000 from the general fund program receipts due to increased availability of those items electronically. Projected interagency receipts for statutes was reduced by \$1,500, as it would be a statute supplemental year.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 11 was ADOPTED.

4:00:30 PM

Co-Chair Seaton MOVED to ADOPT Amendment H LEG 12 (copy on file):

Legislative Operating Budget
Session Expenses
H LEG 12 - Reduce personal services expenditures
Offered by Representative Seaton

This amendment reduces the FY18 personal services budget to more closely align with actual expenditures. It is intended to encourage the legislature to manage its own budget more prudently.

The amount was determined by taking 60% of an expected \$200.0 total reduction, leaving an anticipated total lapse of approximately \$250.0.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton informed the committee that the amendment reduced personal services in the session expense allocation by \$120,000 UGF to align more closely with actual expenditures. It was intended to encourage the legislature to manage its own budget more prudently. The amount was determined by taking 60 percent of an expected \$200,000 total reduction leaving \$80,000 for the other body to cut.

Representative Wilson asked if it was an unallocated reduction. Co-Chair Seaton responded that the reduction was comprised of unused funds from the previous year.

Representative Wilson thought it sounded like the reduction was an unallocated cut. She liked the amendment. However, it was her understanding that committee members were supposed to find specific allocations for reductions.

Co-Chair Seaton commented that the amendment reduced the personal services in the session expense allocation. There had been three rounds of having agencies reduce expenses. The legislature had not previously reduced many expenses. The amendment was representative of the legislature catching up to other agencies in reducing expenses.

Representative Wilson agreed with the reduction. She wanted to clarify that it was her understanding that members had

to be very specific about proposed reductions. She wondered if something would be coming back from the other body that was more specific.

Co-Chair Seaton stated that it was a reduction in the amount of \$200,000 to personal services of the session expense allocation. He conveyed that \$80,000 would be taken from the Senate's session allocation and \$120,000 would be taken from the House's session allocation in personal services. The legislative budget was being considered rather than an agency budget. The intention was for the legislature to take reductions in its allocations.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H LEG 12 was ADOPTED.

Co-Chair Seaton commented that since all of the subcommittee recommendations were adopted with the exception of the withdrawn Amendment H LEG 4 the legislature's budget would total \$64,070,800 UGF; \$592,900 UGF, \$808,300 Other funds for a grand total of \$65,472,000. The unrestricted general fund difference from the FY 15 management plan to the House subcommittee recommendation was a reduction of \$13,600 or a decrease of 17.5 percent. The unrestricted fund difference from the governor's FY 18 budget was a reduction of \$1,150,000 or a decrease of 1.8 percent. He fully expected the legislature's budget to be further reduced in the other body.

Co-Chair Seaton relayed that the committee would be hearing the Department of Public Safety subcommittee report.

[4:06:00 PM](#)

AT EASE

[4:06:53 PM](#)

RECONVENED

Co-Chair Seaton recognized Representative Louis Stutes in the audience.

Representative Kawasaki relayed the subcommittee's report:

The House Finance budget subcommittee for the Department of Public Safety held 4 meetings to discuss

core services within the Department during the review of the FY18 Governor's Amended Budget.

The Chair of the House Finance Budget Subcommittee for the Department of Public Safety recommends that the House Finance Committee accept the Governor's FY18 budget with one Governor's amendment and two subcommittee amendments.

The FY18 budget without Governor or subcommittee amendment totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF): \$\$154,567.7
Designated general Funds (DGF): \$8,851.4
Other Funds: \$15,098.0
Federal Funds: \$12,138.0
Total: \$190,655.1

The FY18 budget with recommended Governor's and subcommittee amendment totals:

Fund Source (dollars are in thousands)

Unrestricted General Funds (UGF): \$156,067.7
Designated general Funds (DGF): \$8,351.4
Other Funds: \$15,098.0
Federal Funds: \$12,138.0
Total: \$191,655.1

Representative Kawasaki MOVED to ADOPT Amendment H DPS 1 (copy on file):

Alaska State Troopers
Alaska Bureau of Highway Patrol
H DPS 1 - Reverse Governor's Transportation
Maintenance Fund Change
Offered by Representative Kawasaki

The proposed Transportation Maintenance Fund is intended for capital, operating, or maintenance of highways and highway infrastructure. This new fund source is more appropriately used in the Department of Transportation for highway maintenance rather than DPS for highway patrol activities.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki MOVED to AMEND Amendment H DPS 1 to reflect the actual amount. The amendment would reflect a decrement of \$1,519,100 DGF and a total of \$1,519,100 UGF.

Representative Wilson OBJECTED for the purpose of discussion.

Representative Kawasaki explained that the purpose of the motion was to reflect the actual dollar amounts. During the subcommittee closeouts, the amount was rounded to \$1,500,000 after the legislative fiscal analyst was already too late. The new total reflected the amount requested in the governor's fund source change for \$1,519,100.

Representative Wilson MAINTAINED her OBJECTION. She spoke to her objection. She opposed the notion of placing money into a bill that had not passed. The intent of the committee was to make sure the funding was not in DPS. If the funds were going to be available, they would be in the Department of Transportation and Public Facilities (DOT). She noted there was not a corresponding amendment specifying where the transportation money would be allocated.

Representative Kawasaki clarified that the amendment to amend H DPS 1 was speaking to the underlying amendment, which was a fund source change of DGF versus UGF.

Representative Wilson WITHDREW her OBJECTION to Amend Amendment H DPS 1.

There being NO OBJECTION, Amendment to Amendment H DPS 1 was ADOPTED.

Representative Wilson commented that the intention of the subcommittee was to use the funds for DOT rather than DPS. She was unclear that the funds were being put in the appropriate place.

[4:12:06 PM](#)
AT EASE

[4:13:05 PM](#)
RECONVENED

Representative Kawasaki explained that in the governor's original FY 18 request the he requested \$1,519,100 in order to stand up troopers. The amount would come from the transportation maintenance fund - a fund that did not exist currently. The fund would be supplied with dollars from an increase in gas taxes. The subcommittee and the Legislative Finance Division thought it was inappropriate to use funds from a future fund that did not exist. Instead, the subcommittee recommended using UGF. He furthered that the transportation maintenance fund would be used for its intended purpose, which was to maintain highways.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H DPS 1 as amended was ADOPTED.

Representative Kawasaki MOVED to ADOPT Amendment H DPS 2 (copy on file):

Village Public Safety Officer Program
Village Public Safety Officer Program
H DPS 2 - Prioritization of the VPSO Program
Offered by Representative Kawasaki

It is the intent of the legislature that the Commissioner of the Department of Public Safety prioritize a fully operational Village Public Safety Officer program and expand the program to benefit additional rural areas.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki spoke to the amendment, which contained intent language and was offered by a member of the subcommittee. He read the intent language [see above].

Representative Kawasaki reported that there were significant comments about the fact that a few short years ago the state had well over 100 VPSO positions that were filled. Currently, there were 53 filled positions. The subcommittee believed that in working with the state's grantee agencies and DOT the state could spread its resources in a more efficient and effective manner. Hence, the subcommittee brought the intent language forward in the amendment.

Representative Wilson was concerned the state was paying non-profits for 25 positions that were not filled. She was worried the state was not getting what it paid for and about recouping costs. She mentioned a chart that showed that the state was losing VPSOs faster that they could be hired. She thought public safety would become more of an issue if the positions remained unfilled. She saw the issue as a much larger problem. She suggested that perhaps the Department of Commerce, Community and Economic Development (DCCED) would have to take over filling the positions because of the VPSO attrition rate.

Representative Ortiz asked if Representative Kawasaki was saying that in the current FY 18 budget there was funding available for 100 VPSO positions but only 53 of them were filled. Representative Kawasaki responded that at one point there had been enough funding to hire 103 VPSOs. Currently, the state was staffed at roughly half the amount. He furthered that there was enough funding in the budget for 78 VPSO positions if they maintained their capacity and the officers could get trained immediately.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H DPS 2 was ADOPTED.

[4:18:01 PM](#)

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

Council on Domestic Violence and Sexual Assault
Council on Domestic Violence and Sexual Assault
GA 14 2/15 Omnibus Crime Law and Procedure;
Corrections Ch36 SLA2016 (SB91)

Implement reforms identified by the Alaska Criminal Justice Commission to address violence prevention, services, and victims' rights. This is a new request for FY2018. It was not included in the FY2018 Governor's budget due to oversight.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Kawasaki explained that the governor's amendment was in order and submitted by February 15, 2017. It increased the recidivism reduction DGF per the fiscal

note from SB 91 [Legislation passed in 2016 - Omnibus Crime Bill] supporting the Council on Domestic Violence and Sexual Assault by \$1,000,000. They were recommendations that were propagated through SB 91 and recommended by the Alaska Criminal Justice Commission in its Justice Reinvestment Report. The total amount of DGF would be coming via the Recidivism Reduction Fund of which there was a significant amount of Marijuana funds. They believed there would be sufficient funds to cover the \$1,000,000 increment.

Co-Chair Foster WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment GA 14 was ADOPTED.

Representative Kawasaki also reported there had been a number of amendment proposals that were considered but not forwarded by the subcommittee. The first was a reduction of the Crime Lab FY 18 UGF allocation in personal services and services by \$2,484,600, a 50 percent decrease. Members had significant debate and discussion about the crime lab in light of a report that was recently filed by the Legislative Budget and Audit Committee. He offered that all members felt concerned with some of the discussions of whether some of the crime lab activities could be done by other agencies, or whether agencies could help to fund some of the crime lab operations it currently performed.

Representative Kawasaki relayed that there was another amendment dealing with the VPSO grant allocation. There were significant vacancies, as each of the grantee agencies had their own difficult internal conflicts in hiring people for various areas. A significant portion of the money put into the FY 17 budget was used for commodities that might have been out of the scope of the VPSO Program. The committee wanted a higher level of scrutiny on the issue in the future.

Representative Kawasaki indicated that there were 2 other reports from the subcommittee that were not forwarded as amendments. The first included the proposal within DOR's Criminal Investigation Unit of 9 permanent full-time investigator positions to be transferred to DPS. The officers would be armed investigators that would handle Permanent Fund Division fraud, child support fraud, and tax fraud cases. The discussion needed to be clarified but the

committee was unable to introduce an amendment in time for the closeout of the DOR budget subcommittee.

Co-Chair Seaton thanked the subcommittee for its work.

[4:22:16 PM](#)

Co-Chair Foster provided the subcommittee report:

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the Department of Transportation and Public Facilities held 10 meetings with the Department of Transportation and Public Facilities during the review of the FY18 budget request.

RECOMMENDATIONS:

The Chair of the House Finance Budget Subcommittee for the Department of Transportation submits a recommended operating budget for FY2018 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)
Unrestricted General Funds (UGF): \$145,712.6
Designated General Funds (DGF): \$127,113.6
Other Funds: \$311,183.7
Federal Funds: \$2,045.3
Total: \$586,055.2

The Unrestricted General Fund (UGF) difference from the FY2015 Management Plan to the FY2018 House Subcommittee budget recommendation is a reduction of (\$132,8992.0), a 47.7% decrease. The Subcommittee recommendation reflects a total decrease in Unrestricted General Funds of (\$72,623,500.5), a 33.3% reduction from the FY2017 Management Plan

STATUTORY CHANGE PROPOSALS:

The following statutory change recommendations are also submitted to the House Finance Committee for consideration:

For Consideration by House Transportation Committee:

The subcommittee recommends legislation to amend AS 23.40.210 to replace Cost of Living Differential (COLD) to the widely utilized Geographical Differential (GeoDif).

Review all 14 Indirect Expenditures listed in the Legislative Finance Division January 2017 Report to evaluate whether they meet the purpose and intent of the Legislature as defined throughout Section 19.65.050.

Co-Chair Foster directed members to turn to the Legislative Finance Division Transaction Detail Report. There were 15 amendments. He would be offering some of the amendments in a bundle.

Co-Chair Foster MOVED to ADOPT the following governor's amendments together GA 15, 17, 19, 21, 23, 25, 27, 29, 31, 33, and 35 (copies on file):

Administration and Support

Northern Region Support Services

GA 15 2/15 Reverse Prior Request: Delete Federal Program Position (25-1224)

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Administration and Support

Program Development and Statewide Planning

GA 17 2/15 Reverse Prior Request: Delete Federal Program Positions (25-0216, 25-1351, 25-IN1004, 25-IN1102)

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction

Statewide Public Facilities

GA 19 2/15 Reverse Prior Request: Delete Federal Program Positions (09-0012, 25-0673, 25-IN0949, 25-N12069)

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction
Statewide Design and Engineering Services
GA 21 2/15 Reverse Prior Request: Delete 6 Federal
Program Positions

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction
Harbor Program Development
GA 23 2/15 Reverse Prior Request: Delete Federal
Program Positions (25-0223, 25-0859)

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction
Central Design and Engineering Services
GA 25 2/15 Reverse Prior Request: Delete 26 Federal
Program Positions

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction
Northern Design and Engineering Services
GA 27 2/15 Reverse Prior Request: Delete 11 Federal
Program Positions

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction
Southcoast Design and Engineering Services
GA 29 2/15 Reverse Prior Request: Delete Federal
Program Positions (25-3412, 25-IN1107, 25-IN1117, 25-
IN1118)

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction
Central Region Construction and CIP Support
GA 31 2/15 Reverse Prior Request: Delete Federal Program Positions (25-0868, 25-0940, 25-3500)

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction
Northern Region Construction and CIP Support
GA 33 2/15 Reverse Prior Request: Delete 8 Federal Program Positions

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Design, Engineering and Construction
South coast Region Construction
GA 35 2/15 Reverse Prior Request: Delete 7 Federal Program Positions

Per General Government Unit Settlement Agreement, the Department is rescinding the previous request and will provide a new change record containing more accurate language as part of the Governor Amended budget.

Vice-Chair Gara OBJECTED for discussion.

Co-Chair Foster communicated that all of the governor's amendments rescinded the prior governor's requests. It restored funding authority and design-related positions. The group of amendments complied with the General Government Unit Settlement Agreement. The department and his staff were available for questions. He was aware of some questions regarding some contracting out of positions in design and engineering. There was concern about letting the positions leave the state.

Representative Pruitt asked for clarification of the amendments. He wondered if the amendments addressed 77 positions.

Representative Guttenberg asked Co-Chair Foster to re-read the amendment numbers.

Co-Chair Seaton responded that the grouping included all of the governor's amendments with the exception of one. He referenced Amendments GA 15-35.

AMANDA HOLLAND, ADMIN SERVICES DIRECTOR, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, replied that the amendments had to do with the 76 positions that were in the governor's proposed budget concentrated in design and construction. The amendments reflected the department's effort to optimize its capital program. The department had been looking for ways to increase its effectiveness and efficiency through the previous several years. The department's proposal of the amendments was one of the actions the department wanted to take in order to reduce the size of its footprint and to realize some of those effectiveness and efficiency measures.

[4:27:36 PM](#)

Representative Pruitt referred to the initial proposal of the department contracting out its design services. He wondered if the decision to change course had been based on not having discussed it with the bargaining units. If that was the case, he wondered if it meant that the department would not continue to pursue its original savings idea. He asked if the department would continue to pursue the idea even though the department was not currently ready to move forward with it. Ms. Holland answered that the department would be doing the activity over the next couple of years. She relayed that some of the state's collective bargaining agreements required a feasibility study prior to contracting out work that would otherwise be completed by people in filled positions. If the filled positions were being considered for deletion (not due to lack of funding or work), the department was obligated to conduct the feasibility study first. She reported there was currently a request for proposal for a feasibility study. The department anticipated the study would be done in September 2017. It would help to direct the department in its future

budget decisions regarding capital programs and a workforce balance of in-house work and contract work.

Representative Pruitt asked if by removing the funding, it would remove the challenge of a feasibility study. Ms. Holland answered that the funding was primarily through the capital program, the department's capital improvement program receipts, and federal funding. Therefore, the funding would not be eliminated.

Representative Thompson spoke to the feasibility study that would be completed by September. He asked that if the study included the estimates for how many federal dollars would be spent outside of Alaska in Washington and Oregon. He asked if the figures would be in the report. Ms. Holland answered in the affirmative. She detailed that in the request for proposal the department asked the consultant to look at where the federal funding might shift if the work was not performed in-house.

[4:30:54 PM](#)

Representative Ortiz asked about Amendment GA 23 regarding harbor program development. He asked about the effects of the amendment if adopted. He also wondered how it would impact the capital project process Ms. Holland spoke about. Ms. Holland replied that in the harbor program development component the department had some in-house engineers who focused solely on the harbor program. Through the potential change, the department would look at other ways to get the work done when it had a need for harbor program development. It might be that the department would have other in-house engineers that could perform the work and it might mean some of the work would need to be contracted out.

Representative Ortiz asked for verification that the committee was holding off on making the proposed change because of waiting for the completion of the study. In other words, the amendment would restore the proposed \$302,000 reduction. Ms. Holland answered in the affirmative. The department had identified 76 positions it could eliminate. However, the department needed to conduct a feasibility study. The two positions within the harbor program development were currently vacant. She furthered that most of the 76 positions up for elimination were vacant.

Representative Guttenberg asked to address the current issue related to level of performance. Ms. Holland mentioned that level of performance would be built into the feasibility study. He continued that regardless of the contractual obligations outlined in the original proposal, he had had several people walk him through how the change would be more expensive than what was already in place. He wanted to ensure that any study the department conducted also included information regard the need for additional employees to manage contracts and overhead. He wanted assurance that the study would be all-inclusive. He was concerned that if the current proposal privatized the work, jobs would move outside of Alaska. He opined that responding to a change order would require travel to Alaska. He reemphasized the need for an all-inclusive feasibility study.

[4:35:14 PM](#)

Representative Wilson asked about the potential savings identified by the department. Ms. Holland answered that the potential savings would be just over \$4 million in capital improvement program receipt authority in the operating budget. The money would still be in the capital budget where the projects were delivered.

Representative Wilson asked if the savings could be utilized somewhere else. Ms. Holland answered it would be used in project work. The department might be able to perform additional projects or would be dispersed to different capital projects approved through the State Transportation Improvement Program.

Representative Wilson understood that most of the positions were currently vacant. She asked if the department was actively looking to hire the positions. She wondered how the department would balance the issue. Ms. Holland answered that the department intended to keep the positions vacant. The governor's proposed budget reflected the elimination of 76 positions. In the governor's amended budget, the department had 2 change records for each of the actions: to reverse the elimination and to delete the positions with updated language in the change record for clarity.

Representative Wilson asked about the cost of the feasibility study. Ms. Holland answered it would cost between \$400,000 and \$600,000

Representative Thompson asked if the anticipated savings of about \$4 million would be general fund dollars. Ms. Holland answered the vast majority of the amount was the capital improvement program receipt which was federally funded capital programs.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendments GA 15, GA 17, GA 19, GA 21, GA 23, GA 25, GA 27, GA 29, GA31, GA 33, and GA 35 were ADOPTED.

[4:38:44 PM](#)

AT EASE

[4:38:57 PM](#)

RECONVENED

Co-Chair Foster invited Co-Chair Seaton to move his amendments.

Co-Chair Seaton MOVED to ADOPT Amendments H DOT 1, H DOT 2, and H DOT 3 (copies on file):

Highways, Aviation and Facilities
Central Region Highways and Aviation
H DOT 1 - Spread available Transportation Maintenance Funds
Offered by Representative Seaton

Amendments in the Department of Public Safety eliminate use of the Transportation Maintenance Fund in the Alaska Bureau of Highway Patrol. The \$1,519.1 freed up by the Public Safety amendments is spread prorata to the three regional highway and aviation allocations.

Highways, Aviation and Facilities
Northern Region Highways and Aviation
H DOT 2 - Spread available Transportation Maintenance Funds
Offered by Representative Seaton

Amendments in the Department of Public Safety eliminate use of the Transportation Maintenance Fund in the Alaska Bureau of Highway Patrol. The \$1,519.1 freed up by the Public Safety amendments is spread prorata to the three regional highway and aviation allocations.

Highways, Aviation and Facilities
South coast Region Highways and Aviation
H DOT 3 - Spread available Transportation Maintenance Funds
Offered by Representative Seaton

Amendments in the Department of Public Safety eliminate use of the Transportation Maintenance Fund in the Alaska Bureau of Highway Patrol. The \$1,519.1 freed up by the Public Safety amendments is spread prorata to the three regional highway and aviation allocations.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Seaton explained that the amendments removed \$1,519,100 in UGF and replaced them with the same amount of DGF. An amendment in DPS eliminated the use of the transportation maintenance fund in the Alaska Bureau of Highway Patrol. He relayed that the \$1,519,100 freed up by the DPS amendment was spread prorated to the 3 regional highway and aviation allocations. The fund source change among the 3 regions was as follows:

Highways, Aviation and Facilities

- Central Region Highways and Aviation: \$471,000 (UGF to DGF)
- Northern Region Highways and Aviation: \$774,700 (UGF to DGF)
- South coast Region Highways and Aviation: \$273,400 (UGF to DGF)
- Total: \$1,519,100 (UGF to DGF)

Representative Wilson wondered about using money that the state did not have that was contingent on other legislation passing. She provided a hypothetical situation where a

reduced fuel tax passed. She wondered if the difference would be prorated from the department's budget.

4:41:55 PM

At EASE

4:42:24 PM

RECONVENED

Co-Chair Seaton indicated that the issue was addressed with contingency language in the language section, which would be taken up by the committee the following day.

Representative Wilson requested that the items be rolled to the following day. She was uncomfortable voting to place money that did not exist. She did not believe it was honest. She noted that in the governor's budget it appeared that there was a reduction in UGF. However, in reality, the state would be counting on money that was not earned yet. She wondered if the language should accompany the current amendments.

Co-Chair Foster asked for the opinion of the sponsor of the amendment.

Co-Chair Seaton indicated that the contingency language was already formatted. If the contingency language passed, there would be no problem. He hoped to pass the amendment, as the money was already built into the budget in several places. He indicated he would be willing to come back and adjust the language, if necessary.

Representative Wilson did not feel that the committee was addressing things in the correct order. She reported that she would not be supporting the amendment. Presently, the state did not have the funding and believed it was disingenuous to remove UGF from DOT until such legislation was passed. She wanted to see the anticipated legislation and its detail before voting on the current amendment.

Representative Thompson hoped the contingency language would include the entire \$40 million expected from fuel tax. He suggested that if DOT did not receive the full \$40 million the department budget would be inaccurate and would affect all areas of the department. He wanted to make sure the contingency language included the entire gambit of fuel tax.

Co-Chair Seaton believed the language would include the entire gambit.

Vice-Chair Gara had a point of order. He did not believe using the words dishonest or disingenuous was appropriate when commenting about the governor. He asked members to refrain from such comments.

Vice-Chair Gara WITHDREW his OBJECTION.

Representative Wilson OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Gara, Guttenberg, Seaton, Foster, Kawasaki
OPPOSED: Pruitt, Thompson, Tilton, Wilson, Grenn

The MOTION PASSED (6/5).

Amendment H DOT 1, Amendment H DOT 2, and Amendment H DOT 3 were ADOPTED.

[4:47:52 PM](#)

At EASE

[4:48:39 PM](#)

RECONVENED

Co-Chair Foster MOVED to ADOPT Amendment GA 37 (copy on file):

Marine Highway System
Marine Vessel Operations
GA 37 2/15 Alaska Care Rate Increase for Alaska Marine Highway System Revised Estimate

Alaska Marine Highway System health insurance rate increase to \$1,555 per member per month. This amendment is an adjustment from the previous estimate submitted in the FY2018 Governor's scenario.

- International Organization of Masters, Mates, and Pilots (MMP): \$32.4
- Marine Engineer's Beneficial Association (MEBA): \$57.8

- Inlandboatmen's Union representing the Unlicensed Marine Unit (IBU): \$151.2

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Foster reviewed that the amendment was an adjustment to the Alaska Marine Highway System's health insurance rate increase. The increase would cover \$1,555 per member for collective bargaining units [see above]. He indicated the department was available for questions.

Representative Grenn asked the department to walk the committee through the amendment. He wondered if the amount was corrected from the estimated number. Ms. Holland responded that the amount was a corrected amount from the governor's proposed budget.

Representative Grenn asked if it happened every year. Ms. Holland responded that it did not come up regularly.

Representative Wilson asked how the amount compared to other state contracts. She also wondered when the contract came up for renewal. Ms. Holland responded that most of the department's collective bargaining agreements were for 3 years. The marine unions were currently in negotiations. Some renewals will be in 2017. She added that the negotiated contracts were typically by fiscal year.

Representative Wilson asked if there would be further negotiations or if the state would end up paying the amount no matter the circumstance. Ms. Holland replied that the amount had already been negotiated. She indicated that the state would be paying the amount agreed upon by the state and the union.

Representative Wilson asked if the money was actually from FY 17 or FY 18. Ms. Holland responded that the amount was what had already been negotiated. She clarified that the department was negotiating in 2017. However, contracts were through FY 18.

Representative Wilson did not understand the \$241,000 discrepancy. It was a significant amount. She asked how many people were in the 2 unions. Ms. Holland responded that it was approximately 800 employees.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment GA 37 was ADOPTED.

Vice-Chair Gara asked if could ask Ms. Holland a question regarding DOT.

Co-Chair Seaton indicated that the committee was finished addressing the budget for DOT. He invited Representative Guttenberg to review the subcommittee report for the University Of Alaska (UA).

[4:54:13 PM](#)

Representative Guttenberg provided the report form the subcommittee:

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the University of Alaska held four meetings with the University during our review of the FY18 budget request.

RECOMMENDATIONS:

The Chair of the House Finance Budget Sub-Committee for the University of Alaska submits a recommended operating budget for FY2018 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF): \$325,033.5
Designated General Funds (DGF): \$331,590.4
Other Funds: \$86,640.4
Federal Funds: \$143,852.7
Total: \$887,117.0

The Unrestricted General Fund difference from FY15 Management Plan to the FY18 Governor Amended budget is a reduction of \$45.6 million, a decrease of 12.3 percent.

Representative Guttenberg reported that there were some budget amendments discussed in committee, which he would be introducing.

Representative Guttenberg MOVED to ADOPT Amendment GA 38
(copy on file):

University of Alaska
Budget Reductions/Additions - Systemwide
GA 38 2/15 Alaska Technical and Vocational Education
Formula Funding

The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated. A reduction in TVEP authority is required in order not to overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor request due to timing of updated revenue collection projections.

TVEP, established under AS 23.15.830, provides non-competitive grants to institutions that are part of a statewide vocational training system. Institutions provide technical and vocational training programs that align with workforce regional demands.

The Department of Labor and Workforce Development (DOLWD) manages the TVEP administration, including projecting available revenue for distribution. DOLWD's proposal for the TVEP distribution in the FY2018 Governor's Budget assumed flat TVEP revenue FY2016 through FY2018. There was a carryforward balance from unspent prior year TVEP distributions at the end of FY2016 that was anticipated to be sufficient to cover reduced revenues in FY2017 and FY2018. Actual revenue collections through the first two quarters of FY2017 indicate taxable wages are declining faster than what was anticipated prior to the start of the fiscal year. An overall adjustment of \$1,319.2 is needed, bringing the total available for distribution to \$11,970.1.

The University of Alaska's distribution is set by AS 23.15.835(d), and will receive \$5,386.6, or forty-five percent, of total receipts available. This decreases the University of Alaska's authority by \$593.5 from the FY2017 distribution level.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Representative Guttenberg mentioned that the amendment had to do with the Alaska Technical and Vocational Education Program (TVEP) money. The amendment reflected a reduction of \$593,500 because TVEP was not going to be collecting as much as anticipated. The amount encompassed all of the vocational training programs in Alaska. Director Pitney had walked through the information before. He thought the information was self-explanatory. The amount reflected less money in receipts that would go into the TVEP fund.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment GA 38 was ADOPTED.

[4:57:37 PM](#)

AT EASE

[4:57:57 PM](#)

RECONVENED

Co-Chair Seaton MOVED to ADOPT Amendment H UOA 1 and H UOA 2 (copies on file):

University of Alaska
Budget Reductions/Additions - Systemwide
H UOA 1 - Move \$0.6 estimate for UA special license plates from language to section 1
Offered by Representative Seaton
See 30-GH1855J.8, Wallace, 1-31-17.
This deletes language sec. 16 in HB 57, version J.

Another amendment will add \$1.0 to section 1, the numbers section for University license plate revenue.

University of Alaska
Budget Reductions/Additions - Systemwide
H UOA 2 - UA license plate revenue moved from language section to section 1
Offered by Representative Seaton

Another amendment deletes language section 16 that included an estimate of \$0.6, in HB 57, version J. This amendment increases the amount to \$1.0 since amounts in section 1 cannot be estimates.

Representative Kawasaki OBJECTED for the purpose of discussion.

Co-Chair Seaton read the amendments [see above].

Representative Kawasaki WITHDREW his OBJECTION.

There being NO OBJECTION, Amendments H UOA 1 and H UOA 2 were ADOPTED.

[4:59:23 PM](#)

AT EASE

[4:59:32 PM](#)

RECONVENED

Representative Guttenberg MOVED to ADOPT Amendment H UOA 3 (copy on file):

University of Alaska
Budget Reductions/Additions - Systemwide
H UOA 3 - Reduction of Intercollegiate Athletic Teams
to NCAA Minimum
Offered by Representative Guttenberg

It is the intent of the legislature that the University of Alaska reduce the number of intercollegiate athletic teams at participating campuses to the minimum required by the NCAA Sports Sponsorship Requirement.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Guttenberg read the amendment description [see above].

Representative Guttenberg noted that the president of the University of Alaska discuss wanting to revert to 8, which was previously allowed. The National Collegiate Athletic Association told the University it would not give permission to do so. However, the NCAA indicated that the University could lower its number and face sanctions after the fact. He opined that it was a terrible thing to do. Currently, the University of Fairbanks (UAF) campus had the minimum number, 10 teams. The University of Anchorage (UAA)

campus had 11 teams. The intent language requested that the University lower its number of teams to 8.

Representative Wilson relayed that in the previous year the subcommittee had asked for an analysis on costs of individual sports. She asked if a report had been completed showing the costs to students and to the university. Representative Guttenberg responded that a spreadsheet had been provided listing the costs per campus. He did not have the sheet with him. He relayed that there was a \$4 billion difference between UAA and UAF.

Representative Wilson remarked that students were being charged a significant amount of money for sports in which they might or might not participate. She was concerned with the rise in tuition costs to students. She thought the amendment did not go far enough. In terms of intent language, the legislature had included it in the past. However, she did not see any results from that intent language.

Representative Ortiz thought the issue had been addressed previously. He wondered if the legislature was micro managing the University regarding what it did with its funding. He agreed that not all students would participate in sports activities but perhaps having the activities would increase the marketability of the school, attracting more enrollment. He wondered if the language in the amendment allowed for the legislature to micro manage and direct the University to have certain policies, which might not be in its best interest.

[5:04:35 PM](#)

Representative Guttenberg reiterated that the amendment reflected intent language only. It was possible that the University was contractually obligated to be at a certain level. The intent was for the number to be reduced. The Board of Regents managed the University rather than the legislature. However, the legislature provided guidance through intent language. It was merely a request.

Representative Pruitt remarked that a large non-profit, the National Collegiate Athletic Association (NCAA), was directing the legislature how to spend the state's money. He opined that the NCAA made money off the backs of students because of the entity's mandates. He wondered if

the intent of the amendment was to bring the Anchorage campus of the University of Alaska into compliance. Representative Guttenberg responded that the minimum number was 10 teams. He reported that Anchorage currently had 11 teams. At one time, the minimum was 8. The University asked NCAA if it could return to a minimum of 8 teams without sanctions. However, the NCAA denied the University's request.

Representative Pruitt asked about UAF's number. Representative Guttenberg responded that UAF had 10 teams.

Representative Pruitt asked if the state would be out of compliance with Title 9 if it were to lower the number to 8. Representative Guttenberg did not know. He encouraged the University to reply.

[5:08:23 PM](#)

MILES BAKER, UNIVERSITY OF ALASKA, corrected the record that Anchorage had 13 teams and UAF had 10 teams depending on whether indoor track and outdoor track were combined. The University had looked at the issue in phase one of its Strategic Pathways process. The University was currently in phase two. The University was balancing the NCAA 10 team minimum requirement and the Title 9 requirements for equal opportunity for men and women. He reported that the University's regional accrediting body, Great Northwest Athletic Conference (GNAC), required it had men and women's basketball and cross-country, and women's volleyball. The NCAA required either 5 male teams and 5 female teams or 6 female teams and 4 male teams to meet their minimum. It was a difficult balance considering the University had less than 400 students participating in those sports. The University tried to resolve the challenge by applying for an NCAA waiver, which was denied. The National Collegiate Athletic Association advised the University to make its decision and the NCAA would make its determination after that. The Board of Regents had set the issue aside not wanting to do anything that would penalize or sanction the University without knowing the outcome.

Representative Pruitt asked if it was appropriate to say that in light of the restraints of the budget the regents would continue to analyze the issue. He asked if it was necessary for the legislature to provide direction. He was hesitant to micromanage the situation in any way but

thought it was important to send a message that the issue needed to be addressed. Mr. Baker responded that the regents were continuing to examine and address the issue. He relayed that private giving played a larger part in the support of the University's sports teams. He recognized a huge up swell of support from the community when the skiing teams were being considered for elimination.

Vice-Chair Gara wanted to confirm that the University was looking into the situation. Mr. Baker responded, "Yes."

Co-Chair Foster WITHDREW his OBJECTION.

Representative Ortiz requested an "at ease" prior to voting.

5:13:30 PM

At EASE

6:14:21 PM

RECONVENED

Co-Chair Seaton reminded everyone that the committee was addressing Amendment H UOA 3.

Vice-Chair Gara was hoping for additional time to consider the amendment. He was not certain the message being sent with the amendment would be taken by the University the way the committee intended. He had some concerns.

Representative Guttenberg reported having attended several university and community meetings where people came out of the woodwork to support various athletic activities. He believed sports and other activities were a significant part of education. The purpose of the intent language in the amendment was to provide the Board of Regents some guidance to move forward with a better idea of what it should do. He opined that there was a significant amount of pressure for the University to focus only on core functions. Although the University was not going to eliminate sports or go below the minimum set by NCAA, it should reach the minimum point.

Co-Chair Foster WITHDREW his OBJECTION.

Representative Pruitt OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Thompson, Wilson, Foster, Seaton

OPPOSED: Gara, Grenn, Ortiz, Pruitt, Tilton

The MOTION PASSED (6/5).

Amendment H UOA 3 was ADOPTED.

Representative Guttenberg MOVED to ADOPT Amendment H UOA 4 (copy on file):

University of Alaska
Budget Reductions/Additions - Systemwide
H UOA 4 - Priority of Cuts or Reallocations of
Unrestricted General Funds
Offered by Representative Guttenberg

It is the intent of the legislature that cuts or reallocations of unrestricted general funds to the University of Alaska Anchorage, University of Alaska Fairbanks and University of Alaska Southeast, on a percentage basis, not exceed cuts or reallocations of unrestricted general funds to the University of Alaska Statewide Administration

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Guttenberg asked members to consider that there were 4 allocations within the university system: University of Alaska Anchorage (UAA), University of Alaska Fairbanks (UAF), University of Alaska Southeast (UAS), and University of Alaska statewide. None of the three campuses would be reduced at a greater percentage than statewide. He noted a significant amount of concern about keeping the focus of the university on the core functions of the campuses. The amendment simply stated that the academic campuses were no less important than statewide administration.

[6:19:47 PM](#)

Representative Pruitt appreciated the intent of the amendment. However, the challenge was that the majority of statewide reductions had been decided. The board would have to start looking for reductions at the individual campus

level. He believed that University would have to consider program deletions or consolidations. The statewide portion of the University's budget had already been reduced by about 40 percent. He thought the amendment would hinder the Board of Regents' ability to make the best decisions for the university system. He was hesitant to support the amendment.

Representative Kawasaki asked about the language of the amendment. The current language directed cuts to be made at the 3 campuses. He wondered if the reduction was aggregate or at each campus. If the statewide administration was to adopt a shared services model, he wondered if campus activities would be hindered. He noted that the University had discussed centralizing human resources within the statewide administration. He also wanted to know about the amendment's impact to the current activities of Strategic Pathways. Representative Guttenberg explained that the intent was that each campus would be treated and funded separately. The funding was based on a percentage of general funds. He provided an example of shared services allocated by campus. It would allow the Board of Regents to have more options to manage the University as needed.

[6:24:26 PM](#)

Vice-Chair Gara completely supported the amendment. He interpreted the amendment to say that the only place potentially left to cut would be in administrative services. A student could no longer obtain a degree in chemistry at the Anchorage campus. The University was losing professors who brought in grant monies. He thought the amendment directed the University to look at cutting administration costs first. He continued that reductions to the main campuses could not be greater than the percentage of cuts to the University's administrative costs. He did not believe there was a significant amount of waste in the University's budget having reduced it by \$50 million. He asserted that the University would need to decide whether it needed highly paid chancellors at every campus. He reemphasized his support of the amendment.

Representative Thompson wanted to ask the administration to speak to the potential effects of the amendment. He queried whether the University had been cut by 40 percent. Mr. Baker responded that system wide reductions were two and a half times what they had been at the campus level. The

campuses had been cut roughly 14 percent over the previous 3 years. He confirmed that statewide reductions were approaching 40 percent. The statewide general funds were down to about \$20 million. There were administrative costs at the statewide level and at each campus. Each campus had administrative costs. President Johnson stated that he wanted to see anything that touched students and academics delivered at the campus level. President Johnson was also pursuing statewide efficiencies that could be implemented holistically. He listed several system wide areas that the University was evaluating.

[6:28:00 PM](#)

Representative Thompson was not clear about Mr. Baker's answer.

Co-Chair Seaton wondered if the University supported the amendment. Mr. Baker replied that the University could work with the will of the committee. He added that the University was half way through the Strategic Pathways process. Over the previous 3 years, the University had been managing the cuts by incrementally passing them down to the statewide level and to the campuses. He conveyed that making additional reductions would be very difficult to do evenly and systematically across the system. The University would have to look at reducing programs and services that it could no longer afford to offer. The reductions could be disproportionate per campus depending on where programs were offered. Part of the Strategic Pathways process was to identify areas in which the University could gain efficiencies by pulling them into a centralized location.

[6:30:02 PM](#)

Vice-Chair Gara wondered about the difference between administration at the main campuses and statewide administration. Mr. Baker responded that internally the University referred to statewide administration as the statewide group managing the entire system. Each campus had a chancellor, deans, provosts, and an administration group managing administrative services. He reported that there was an administrative function at each of the campuses managed by the chancellor of each campus.

Vice-Chair Gara thought Representative Guttenberg wanted to see reductions in administrative costs before cuts to the

core of the campuses. He did not realize there was a difference between statewide administration and administration. He asked if it would be helpful to remove the word "statewide." He asked for feedback. Mr. Baker supported the focus of preserving the core of the University.

Representative Wilson asked about the category for the maintenance of buildings. She wondered if it would fall under statewide administration. She asked for clarity about administration. Mr. Baker responded that the University had a facilities and land office, part of the statewide administration that owned and managed all of the University's facilities. In terms of the day-to-day operations, the management of the facilities at each campus was administrated by their respective campus.

Representative Wilson reported that the University had over 400 buildings. She did not believe it was possible for UA to continue with the maintenance and ownership of those facilities. She completely agreed with the amendment. She reported her concern about some campuses closing and asked if a closure would fall under statewide administration or one of the campuses. Mr. Baker answered that some of the decision-making would be directed to the Board of Regents. He reported that presently the rural campuses and the function of the rural campuses were being studied as part of the second phase of Strategic Pathways. He indicated there was a draft of a new facilities land management plan that would be brought to the regents at the next board meeting. The level of scrutiny of the rural campuses was happening at the system wide level. A determination about how the University was managing its facilities and whether it had too many facilities was in progress.

Representative Wilson asked if the sponsor of the amendment was bundling the three campuses together or if he just did not want any one of the campuses reduced more than the statewide administration. She asked if she was correct. Mr. Baker responded in the affirmative.

Representative Wilson was very supportive of the amendment.

Co-Chair Foster WITHDREW his OBJECTION.

Representative Pruitt OBJECTED. He agreed with the direction of the amendment. However, he did not know if the

language really worked well. He thought it would be worth revisiting the language.

Representative Pruitt WITHDREW his OBJECTION.

There being NO OBJECTION, Amendment H UOA 4 was ADOPTED.

Representative Guttenberg MOVED to ADOPT Amendment H UOA 5 (copy on file):

University of Alaska
Budget Reductions/Additions - System wide
H UOA 5 - Establishing a UGF Spending Level for
Intercollegiate Athletics
Offered by Representative Guttenberg

It is the intent of the legislature that the University of Alaska fund intercollegiate athletics at both the University of Alaska Anchorage and the University of Alaska Fairbanks at the current level of University of Alaska Fairbanks intercollegiate athletics unrestricted general fund spending.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Guttenberg read the amendment [see above].

Representative Guttenberg reported discovering a \$3 million difference between the costs of administration for UAA versus UAF. The monies for administrative costs were not applied to keep the Alaska Airlines facility open, or any buildings. Rather, it was just for athletics. He has discussed the funding issue with the athletic directors of UAA and UAF and about bringing sports in line by raising money through sponsorship, boosters, and the sale of memorabilia or other items.

[6:39:48 PM](#)

Representative Kawasaki was unsure how much general fund dollars UAA spent versus UAF on intercollegiate athletics. As stated earlier, there were 13 NCAA teams at UAA and only 10 at UAF. He was having trouble understanding whether they were comparable types of teams or sports. He asked for clarity and expressed his concern about wanting to define giving an equal amount between UAA and UAF.

Representative Pruitt highlighted that there were twice as many students at UAA as UAF. He did not think it was wise to assign the same amount to each of the campuses. He was not sure if the intent of the amendment would be met. He was concerned because of the disparity in the number of students at each of the campuses.

Representative Wilson remarked that there were not twice as many teams from one campus to the other and UAS did not have any. She thought that because of the prior amendment each campus would have about the same number of participants. She expressed her frustration because she thought it was more important to discuss the graduation rate. Although sports were important, she opined it was more important to discuss how students would be affected. She spoke about the high costs associated with tuition and the fact that students typically got loans. She thought it was unfair that students that did not participate in sports ended up paying for them. She thought education was more important than sports. She was concerned about the University having to meet the 10-team minimum required by the NCAA because of costs. It was her understanding that some teams came together to specifically meet the requirement. She thought the amendment sent a strong message that the University had to quit doing things the way it had been doing them because students ended up paying. She was in support of the amendment.

Co-Chair Seaton was concerned with some of the language in the amendment. He read a portion of the amendment. He thought it sent a bad message and a different message than the legislature had sent in the past. Previously, the legislature had stated that the University should fund its core services. The regents had not defined intercollegiate athletics as a core service. The regents had come in with a budget request of about \$16 million more than the governor's budget. The regents identified needing \$16 million more for its budget. The University spent \$13 million on intercollegiate athletics. The state provided the University \$15,000 to each team to fly to Alaska to compete. He spoke to placing mandatory fees on students not involved in intercollegiate athletics. He wanted to make sure the amendment was not interpreted as saying the University of Alaska funded intercollegiate athletics. He wanted to offer a friendly amendment to the amendment.

Co-Chair Seaton MOVED to AMEND Amendment H UOA 5. He recommended following "It is the intent of the legislature that" inserting, "if the University of Alaska Funds intercollegiate athletics at University of Alaska Anchorage and at the University of Alaska Fairbanks, the regents fund at no more than the current levels of the University of Alaska Fairbanks." He wanted to make sure the legislature was not telling the University that it expected it to fund intercollegiate athletics over chemistry, philosophy, Arctic Studies, or anything else.

Representative Thompson OBJECTED. He thought the word "current" should be removed because it did not leave any room to make reductions if necessary. Presently, the University had a disparity in the amount of general funds to the two athletic departments. The athletic department at UAA was allocated \$6,459,000 versus \$2,810,000 to the athletic department at UAF. He also noted a difference of about \$3 million in the administrative costs of the athletic departments. He liked Co-Chair Seaton's amendment to the amendment but suggested the deletion of the word "current." It did not leave flexibility in case of reductions.

Representative Thompson WITHDREW his OBJECTION to amend the amendment.

There being NO OBJECTION, the amendment to Amendment H UOA 5 was ADOPTED.

Representative Thompson MOVED to AMEND Amended Amendment H UOA 5. He explained that his amendment was to remove the word "current."

There being NO OBJECTION, the amendment to Amendment H UOA 5 as amended was ADOPTED.

Representative Ortiz voiced his concern about potentially micromanaging the University. Although the legislature appropriated funding, the regents were responsible for making the decisions for the University. He assumed the board made its decisions in the best interest of the University. High schools spent a significant amount of money on sports activities to fly teams in and other things. Those decisions were made despite school districts knowing they were dealing with fiscal constraints. He thought the decisions around funding intercollegiate

activities should be left to the Board of Regents. He did not understand the purpose of the direction the legislature was trying to provide.

Representative Pruitt spoke to the amendment as amended. He thought the discussion the committee was having sounded like old people talking about what young adults wanted. He thought members were out of touch. He expounded that campus life was a key component for young people in deciding to attend a certain university. He had heard from young constituents that had been offered full scholarships that they would not be accepting them. He queried the reason. Their response was that the UA campuses did not have campus life. Even though Alaska might have all of the best programs in the world, without a college experience young adults would not be interested the University of Alaska. He opined that sending the message that Alaska thought sports or other activities were frivolous was a poor message to send to young adults. If students chose not to attend college in Alaska, there was a risk that they would not come back to the state at all. He thought a balance was needed. He was not arguing against the state addressing the cost of sports activities. He would be opposing the amendment.

[6:54:11 PM](#)

Vice-Chair Gara did not believe an intent language amendment was a good idea. He did not know how to assign value to the different sports teams. He believed in a vibrant university and reported having opposed previous cuts to the University. He could not support the amendment language.

Representative Guttenberg loved the University. He drove through the campus to get to town by the statewide administration building twice daily. It was an important part of his district, the community, and the state. He had chosen the lower number of the two campuses clarifying that he was not choosing one campus over another.

Representative Guttenberg relayed that the University of Alaska Fairbanks engineering team won a national engineering competition. They beat 5 other major universities. The announcement was made in the Fairbanks New Miner. He pointed out that the amendment was seeking to

establish a baseline. He suggested there were several ways to make money. The amendment reflect intent language only.

Co-Chair Foster WITHDREW his OBJECTION.

Representative Pruitt OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson, Guttenberg

OPPOSED: Ortiz, Pruitt, Gara, Grenn, Kawasaki, Foster, Seaton

The MOTION to adopt H UOA 5 as amended FAILED (4/7).

Representative Guttenberg reported that the subcommittee had one amendment that was not put forward from Representative Wool. It was a proposal to provide \$16.3 million to the University of Alaska to accommodate the Board of Regents' budget request.

HB 57 was HEARD and HELD in committee for further consideration.

HB 59 was HEARD and HELD in committee for further consideration.

Co-Chair Seaton addressed the schedule and agenda for the following day.

#

ADJOURNMENT

7:00:05 PM

The meeting was adjourned at 7:00 p.m.