

HOUSE FINANCE COMMITTEE
March 8, 2017
8:36 a.m.

8:36:36 AM

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 8:36 a.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

MEMBERS ABSENT

None

ALSO PRESENT

Representative Charisse Millet

PRESENT VIA TELECONFERENCE

None

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 addressed the agenda for the morning. The committee would begin with amendments on page 10 of the packet, "All Remaining Items" starting with H CED 14.

#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. 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."

[8:37:58 AM](#)

Co-Chair Seaton noted he saw a significant amount of red around the table and acknowledged that it was International Women's Day.

^AMENDMENTS: ALL REMAINING AMENDMENTS

[8:38:51 AM](#)

Representative Wilson WITHDREW Amendment H CED 14 (copy on file).

Representative Wilson MOVED to ADOPT Amendment H CED 16
(copy on file):

Alaska Gasline Development Corporation
Alaska Gasline Development Corporation
H CED 16 - Deletes all positions and funding for the
Alaska Gasline Development Corporation
Offered by Representative Wilson

This amendment deletes all positions and funding for
this allocation from the FY 18 budget request.
Extensive funding is available to the Corporation by
way of Capital funds. The In-State Gas Pipeline Fund
was not created to fund AKLNG, therefore, should be
either reserved for its original purpose, or be
considered unrestricted general funds. Projections
indicate that AGDC will lapse
\$5,200,000 in FY 2017.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Representative Wilson read the amendment (See above).

8:40:09 AM

Representative Guttenberg thought the in-state gasline was
a part of Alaska's future. The Alaska Gasline Development
Corporation (AGDC) continued to work on the right-of-way
for the instate gasline as a back-up for the larger
diameter pipeline. The work needed to continue whether on a
small diameter or large diameter pipeline. He thought it
was short-sighted to pull funding from the project. He
believed the project was much closer to being economical.
He suggested if the project was currently economical it
would have already been built. He spoke about the Federal
Energy Regulatory Commission (FERC) application and the
uncertainty of the project. He did not believe pulling the
authorization back would accomplish anything. He referred
to a letter from the governor to the president of the
United States containing suggestions on what the federal
government could do to help with the project in bringing
additional infrastructure. He thought there were several
opportunities on the horizon for economic development and
noted that the project was at a critical point.

Representative Thompson understood the need to look at
additional revenue options. He did not support the

direction of the amendment. He spoke of monumental meetings in Girdwood and in Kenai the prior weekend. Finance people and buyers from around the world participated. He noted the right-of-way nearing permitting through Denali Park. He did not want to see the project stopped at present. He thought the project was important to Alaska's future. He opposed de-funding AGDC and would not be supporting the amendment.

[8:45:22 AM](#)

Representative Pruitt favored the amendment, as he had offered a similar amendment previously. He spoke to the fact that initially the project was going to be a part of the operations of the state. He relayed that when first approved by the legislature, the project was very different. The legislature had approved something that had substantially morphed. Originally, the state was a partner. Presently, the state was the sole owner and would be assuming all the risk associated with the project. He did not believe the project could be viewed the same or treated the same. Even though the state currently had \$100 million to invest in the project, he wondered if the state was willing to spend \$400 million at the time of the feed decision. He suggested that the legislature scale back and rethink the project. He thought the project should be discussed within the confines of the capital budget rather than the operating budget. He mentioned that in a recent slide show AGDC was referred to Alaska's infrastructure project. He thought that if AGDC was an infrastructure project, it should be competing with other infrastructure projects. The governor asked the president to consider the project shovel-ready. He did not see the project as shovel-ready as some of the other economic development projects. He mentioned several other projects by name. He concluded that the AGDC project was a capital project. He spoke about conversations he had had with constituents going door-to-door. Many asked why the state was paying one individual \$750,000 and about a conflict of interest that the person might have in hiring a family member to run an office in Houston, Texas. He thought the legislature should ask itself whether it was willing to take a dollar from every person's PFD to pay for one person. He thought the project had been allowed to move forward without checks and balances. He supported removing the project from the operating budget. He also thought it was important to try to answer the question as to whether the state was willing

to move forward and commit to the project. Otherwise, the state would lose \$20 million.

8:49:38 AM

Representative Wilson was not defunding the project, rather she believed it was a capital project. She furthered that it was important to be clear what project the state was funding, as there was confusion.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Pruitt, Tilton

OPPOSED: Gara, Grenn, Guttenberg, Kawasaki, Ortiz,
Thompson, Seaton

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (3/7). Amendment H CED 16 FAILED.

Representative Pruitt WITHDREW Amendment H CED 17 (copy on file).

Representative Pruitt asked to go back to the language packet on page 5 related to the particular project.

Representative Pruitt MOVED to AMEND Amendment L H SAP 23 (copy on file).

Representative Pruitt began to read the amendment.

Co-Chair Seaton interjected that the amendment was too technical to address presently.

Representative Pruitt WITHDREW the amendment to AMEND Amendment L H SAP 23.

8:54:16 AM

Representative Wilson MOVED to ADOPT Amendment H CED 19 (copy on file):

Alaska Energy Authority

Alaska Energy Authority Rural Energy Assistance

H CED 19 - Replace UGF with PCE Endow Funds for Rural Energy Assistance
Offered by Representative Wilson

This amendment utilizes PCE funds instead of Unrestricted General Funds in this allocation. The projects in this allocation are mostly utilized in areas receiving PCE in exchange for lower energy costs.

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson read the amendment (see above). She noted that in looking at the mission of Alaska Energy Authority (AEA), most of the projects were meant to displace the use of diesel fuel through sources such as solar, wind, or biofuels. The idea was that, at some point, communities could be removed from the Power Cost Equalization (PCE) program, having substantially reduced their energy costs. The Power Cost Equalization Fund was doing well having a balance of about \$1 billion. The fund was able to take care of the PCE costs of communities. She believed that the point of having the fund was to ultimately get low-cost energy to areas that were currently suffering. The state had been using general fund dollars, but she thought using PCE funds would be a proper use of the fund.

[8:56:02 AM](#)

Representative Guttenberg mentioned that the governor's budget included a fund change ensuring that all costs related to managing the PCE program were paid for with PCE funds. The analysis from the PCE program revealed that some of PCE's administrative costs had historically been paid by UGF authority and a rural energy assistance component. He noted that in the 2018 budget the governor replaced \$381,000 UGF with \$381,000 PCE funds. The current amendment spent PCE funds on things other than the PCE program, which was not the purpose of the program.

Representative Wilson argued that the program was ultimately for lower cost energy. She reasoned that the state should be investing in projects that would reduce the cost of electricity. The Power Cost Equalization program was not supposed to go on indefinitely. It was supposed to help offset electricity costs as well as help with

investments of projects that would lower energy costs. She added that she thought some communities were devastated because of basic energy costs. She thought that technology was key in lowering energy costs.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

OPPOSED: Gara, Green, Guttenberg, Kawasaki, Ortiz, Seaton

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (4/6). Amendment H CED 19 FAILED.

Representative Wilson MOVED to ADOPT Amendment H CED 20 (copy on file):

Alaska Seafood Marketing Institute
Alaska Seafood Marketing Institute
H CED 20 - Eliminates all General Funds from the
Seafood Marketing (services line)
Offered by Representative Wilson

This amendment deletes all General Fund Match in this allocation from the FY 18 budget request. Seafood Marketing Services funds are available through alternative sources such as industry participants. The intent of the Legislature in FY 17 was to eliminate the need for any general fund dollars to be used for seafood marketing. Over \$20,000,000 is available from a combination of industry fees and federal funds.

Vice-Chair Gara OBJECTED for the purpose of discussion.

Representative Wilson read the amendment. She found it interesting that the Alaska Seafood Marketing Institute (ASMI) was still in the operating budget, while the legislature had moved tourism to the capital budget.

[9:00:17 AM](#)

Representative Guttenberg had looked into the history of ASMI funding. In FY 17, there was legislative intent to remove UGF for AMSI. He conveyed that the amendment would take effect in FY 19. The amendment accelerated one year

without replacing the funds for it, pulling it up short. He reported the funds would be removed the following year. He suggested in the following year ASMI would not appear in the budget as a UGF item.

Representative Pruitt agreed with the amendment. He thought that tourism and ASMI should be treated the same. He agreed with a step-down approach. However, he believed keeping the monies in the operating budget was not a good idea, as it sent the message that it was part of the state's overall operating expenses. It was perceived as a one-time increment. He supported the amendment.

[9:03:20 AM](#)

Representative Wilson thought it was good to hear there was a plan. She agreed that if tourism was being placed in the capital budget, she thought ASMI should not be in the operating budget.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

OPPOSED: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Seaton

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (4/6). Amendment H CED 20 FAILED.

[9:04:21 AM](#)

Representative Tilton MOVED to ADOPT Amendment H CED 21 (copy on file):

Alaska Seafood Marketing Institute
Alaska Seafood Marketing Institute
H CED 21 - Elimination of Seattle based Marketing and
Sustainability Director positions
Offered by Representative Tilton

This reduction would eliminate the Seattle based Marketing Specialist and Sustainability Director as outlined in the Governor's departmental budget detail.

Vice-Chair Gara OBJECTED for discussion.

Representative Tilton read the amendment (see above). There had been recent conversations about stepping the program down. There had been intent language moving the funding for Alaska Seafood Marketing Institute (ASMI) into the capital budget. In light of stepping the program down, there were 6 positions that were Seattle-based. The amendment sought to eliminate 2 of the 6 positions.

[9:05:42 AM](#)

Representative Guttenberg indicated that the department was moving one of the positions to Alaska and another in FY 18. He thought it was important to allow the agency to do what it needed to do.

[9:07:01 AM](#)

Representative Kawasaki mentioned discussions about whether the industry participation was there and whether it would continue to be there in the future. He wondered if, by removing specific positions, partner sponsorship would be removed or jeopardized.

Representative Wilson was concerned with why the positions were in Seattle.

[9:08:13 AM](#)

Representative Tilton reported 7 people sitting in the Seattle office. The largest salary was \$161,603 including benefits. The second largest salary was \$160,406. She read the remaining salaries including benefits from the Seattle office: \$81,307; \$161,603; 156,931; and \$106,509. She thought the salaries were high for people outside of Alaska. The marketing specialist and the sustainability specialist salaries totaled \$263,400. She thought the industry understood and knew the state would be stepping down its GF contribution and would have to pay from its pocket instead. She thought it was disconcerting for Alaskans that they were paying for positions out of state.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Kawasaki, Pruitt, Thompson, Tilton, Wilson

OPPOSED: Gara, Grenn, Guttenberg, Ortiz, Seaton

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (5/5). Amendment H CED 21 FAILED.

[9:10:55 AM](#)

Representative Guttenberg MOVED to ADOPT Amendment H CED 22 (copy on file):

Regulatory Commission of Alaska
Regulatory Commission of Alaska
H CED 22 - Replaces intent language in
CSHB 57(FIN),Version U, p.7, lines 13-19
Offered by Representative Guttenberg

It is the intent of the legislature that the Regulatory Commission of Alaska provide to the House Finance Committee, the Senate Finance Committee and the Legislative Finance Division, by December 1, 2017, an analysis of Alaska's current broadband coverage and providers' planned coverage expansions, and a description of the remaining gaps in statewide broadband infrastructure and financing.

Representative Wilson OBJECTED for discussion.

Representative Guttenberg explained that the amendment was a re-write of intent language that had already been adopted. The language was more concise. He read the amendment description.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H CED 22 was ADOPTED.

[9:13:13 AM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 6 (copy on file):

Education Support Services
Executive Administration
H DOE 6 - Eliminate Special Assistant position
Offered by Representative Wilson

This amendment deletes a Special Assistant to the Commissioner and the associated personal service costs from the Personal Service line of the FY 18 budget request.

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson read the amendment. She explained that it was the job of a special assistant to provide answers to the legislature. She thought legislators could live without the position.

Representative Ortiz relayed that since 2015, the department had been cut 38 percent. General funding positions were essential in meeting the department's statutory requirements. He suggested that when talking about the department being cut by 38 percent, it did not reflect the essential things that were not occurring within the department as a result of those cuts. He mentioned a program that supported teachers living in rural Alaska with their curriculum and with other things having to do with living in a rural setting. The intent of the program was to help them sustain their stay and to avoid teacher turnover. He thought the proposed cut would add an additional burden to the department. He would be opposing the amendment.

Co-Chair Seaton asked if the special assistant was responsible for the fiscal notes.

Representative Wilson responded in the negative. She reported that the financial officers took care of the fiscal notes.

Representative Wilson indicated that the position had nothing to do with the mentoring program that had been mentioned earlier. The teacher mentoring program was offered by the department through grants given to past educators and to the university. Deleting the position would not impact a program that no longer existed. The primary duty of the special assistant was to answer questions from the legislature. She was aware the person attended the education meetings, but she did not believe \$164,400 was affordable in the state's current fiscal situation. She relayed that federal dollars were put towards the position carrying with those dollars the

responsibility of reporting to the federal government. She asked members for their support of her amendment.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

OPPOSED: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Seaton

The MOTION FAILED (4/6). Amendment H DOE 6 FAILED.

9:18:44 AM

Representative Wilson MOVED to ADOPT Amendment H DOE 7 (copy on file):

Education Support Services
Executive Administration
H DOE 7 - Remove Erin's Law Funding
Offered by Representative Wilson

An appropriation of \$200,000 was made to the Department for the implementation of Erin's Law in Sec32(c) Ch3 4SSLA2016 P95 L22 (HB256), reversed in HB256 CC Amendment 29-LS8006A.31 Wallace P2 L6 and restored as an increment in the FY 18 Budget request for this allocation. This amendment deletes the requested increment of \$200,000 and removes the funding from the base budget. Private funds were available for this program. The department also had resources and personnel dedicated toward this type of program.

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson read the amendment (see above). She furthered that private non-profits had come to her saying they would pay for any implementation or material that was needed. They were turned away, being told the funding was not needed. Additionally, before the law was passed, Governor Sean Parnell had installed a program addressing domestic violence and what children should know and what teenagers needed to do. The state hired a position within DEED to help districts to assist them. The duty of this particular person was to make sure that every school had curriculum. It was her understanding that the Rasmussen

Foundation and the Children's Trust had come forward to be a part of the discussion and a source of funding but were turned away. She did not understand why the state would turn away private funding. It did not make sense to her to have \$200,000 in the base every year.

[9:21:29 AM](#)

Representative Ortiz asked for more detail regarding the money that was turned down. He wondered if she could provide documentation or specific information about it.

Co-Chair Seaton indicated that the clarification question should be addressed in wrap-up.

Representative Ortiz recalled that in the previous year's vote on Erin's law, the bill received widespread support for its passage. However, he had heard concerns from districts about Erin's Law being an unfunded mandate passed down to local school districts. They did not want to have to use their budgets to fulfill the requirements resulting from the legislation. He reported that DEED had received one-time funding support in the amount of \$25,000 from the Alaska Children's Trust to develop eLearning online courses to assist district teachers in complying with training requirements on sexual abuse assault and dating violence required under the Alaska's Safe Children's Act. The funding did not address the ongoing costs associated with delivering such courses to personnel. He reported that 100 percent of the FY 17 appropriation of \$200,000 passed through the districts to purchase materials to provide training on curricula. The estimated initial start-up costs for districts to implement the act was \$400,000 to \$500,000 for curricula. Funding would be needed every year because of DEED having to purchase new slots for each additional personnel of the 16,000 district personnel using the eLearning system. The Alaska Children's Safe Act would result in many additional staff using the eLearning program. He expected the number of district staff would grow to 20,000 once the new law took effect. The money was needed every year so that districts could comply with the law. If the money was removed it would be an unfunded mandate. He opposed the amendment.

Representative Wilson indicated that there were people ready to step up to the plate. She did not understand the notion of DEED having its own eLearning program and

charging for it. She spoke of someone in DEED that was helping with getting the program started. She noted that some school districts were already in compliance with the law. The intent of the amendment had nothing to do with whether the law was good or bad. She wanted to understand why the state turned private money down and used state dollars instead.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

OPPOSED: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Seaton

The MOTION FAILED (4/6). Amendment H DOE 7 FAILED.

[9:26:50 AM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 9 (copy on file):

Education Support Services
School Finance & Facilities
H DOE 9 - Eliminate funding for semi-annual school bus inspections
Offered by Representative Wilson

Semi-annual safety school bus inspections were not the responsibility of the state but of the districts, so funding has been removed.

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson read the amendment. She wondered why the state was paying for school bus inspections when there were private vendors contracted. She thought it was the vendor's responsibility to inspect its vehicles for safety and should be part of the contract with the school districts.

[9:28:08 AM](#)

Representative Ortiz indicated that by statute the school districts were responsible for inspection of school buses twice every year. He thought it was simple - the state was

required to do the inspections by statute (AS 14.09.030 (b)(2)).

Representative Guttenberg understood the intent by the maker of the amendment. However, he thought the adoption of the amendment would result in school buses not being inspected. He did not believe it was an acceptable outcome.

Representative Wilson thought the state could charge the company a fee. The law required the state to inspect the buses, not pay for the inspection. She provided an example regarding air quality and car inspections. She was certain the state could require payment for inspections. She did not want to see students injured. She saw nothing in statute requiring the state to pay for inspections. The buses did not belong to the state. She disagreed with the statement that the legislature would be making buses unsafe for children. She thought the private companies should pay for the inspections rather than the state.

Co-Chair Seaton directed Representative Wilson not to repeat her argument more than once due to time constraints.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

OPPOSED: Guttenberg, Kawasaki, Ortiz, Gara, Grenn, Seaton

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (4/6). Amendment H DOE 9 FAILED.

[9:33:55 AM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 10 (copy on file):

Teaching and Learning Support

Student and School Achievement

H DOE 10 - Reduce funding for positions deleted by the Department and funds were retained in the Service line.

Offered by Representative Wilson

The Department deleted nine positions in the FY 18 budget request without taking funding reductions in the Personal Services line item for the positions deleted. The FY 2017 budgeted cost for these nine positions was \$1,085,317 million. The Department did transfer \$1,070,300 million from the Personal Services line item to the Services line item with the explanation that the transfer was made to align authority as a result of enacted reductions and deletion of long term vacancies.

This amendment deletes the amount transferred from personal services to services.

Vice-Chair Gara OBJECTED for* discussion.

Representative Wilson read the amendment. She reflected that there had been comments made about unallocated costs. She argued that if a position was not being funded in the budget the corresponding position control number (PCN) should reflect a zero amount. If there was an amount next to the PCN, it meant the state was still allocating funding for that position. In the case of the items in the amendment, the funding was being transferred not deleted.

Representative Ortiz explained that the amendments all reduced personal services funding where the department deleted positions without deleting all funding for the positions. In all cases, the legislature made unspecified reductions to the allocations in the FY 17 budget necessitating adjustments to positions by the department to manage the reductions. The money associated with the positions was already removed in FY 17.

Representative Wilson clarified that the money was not coming from personal services, but rather, services. She did not reduce anything from personal services.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Tilton, Wilson, Thompson

OPPOSED: Kawasaki, Ortiz, Gara, Grenn, Guttenberg, Seaton

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (4/6). Amendment H DOE 10 FAILED.

[9:37:03 AM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 11 (copy on file):

Teaching and Learning Support
Student and School Achievement
H DOE 11 - Reduce unrestricted general funds to encourage the use of federal funds.
Offered by Representative Wilson

This amendment reduces the FY 18 General Fund request of \$4,921,700 in this allocation by \$4,000,000 and will require the Department to reallocate federal funds to fund the programs administered by this allocation.

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson read the amendment (see above).

Representative Ortiz explained the amendment would remove \$4 million out of \$4.9 million in UGF budgeted for student and school achievement. Federal funds must be directed to federal work. The department already leveraged the federal dollars it received. There were very few GF positions left. General fund funding was essential if DEED was to address state issues and priorities. This particular section in the budget had been cut 41 percent UGF over the prior 4 years, since FY 14. Staffing had been cut 30 percent. If the amendment was adopted there would be no statewide student assessment, no charter school grants, no school health and safety project funding, and no report card to the public. There would be no school district educational accountability. He spoke of the need for accountability and the assessment of outcomes. The legislature had been on record calling for such accountability. The amendment would move the state in the opposite direction. He opposed the amendment.

Representative Wilson responded that the allocation took in \$4 million in additional federal funds. She conveyed that none of the money was matching funds and would leave \$921,700 to cover any extras that were necessary and not covered under federal guidelines. She spoke of a required

waiver to receive certain federal funds. She thought the funds could be used to pay for accountability measures mentioned by Representative Ortiz.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

OPPOSED: Ortiz, Gara, Grenn, Guttenberg, Kawasaki, Seaton

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (4/6). Amendment H DOE 11 FAILED.

[9:40:37 AM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 13 (copy on file):

Teaching and Learning Support
State System of Support
H DOE 13 - Funding deletion for one-time appropriation
for the Best Practice Initiative.
Offered by Representative Wilson

This amendment deletes the one-time appropriation from the FY 18 budget request in the Grants line item for the new Best Practice Initiative. This grant provides assistance to the Department in encouraging school districts to strengthen and expand innovative student learning opportunities through effective district-level partnerships. Schools that want to participate in this program can utilize individual district funding.

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson read the amendment (see above).

Representative Ortiz reported that in the governor's State-Of-The-State speech he challenged Alaskans to come together to improve the state's educational system through Alaska's education challenge. The State Board of Education and Early Development members would chair 5 committees to prioritize recommendations from Alaskans in 5 priority areas. The areas included improved student learning, the assurance of

excellent educators, modernization and finance, tribal and community ownership, and the promotion of safety and wellbeing. He reported that over the past 3 years DEED's budget had been reduce by 38 percent. It resulted in a reduction of the department's capacity to engage in future planning and analysis. The increment would provide the funding necessary to ensure that Alaska's voices were reflected in the Alaska's education challenge. The department was still in the early planning of the Alaska education challenge, but approximately \$125,000 of the increment would be used to provide opportunities for public input, provide community members with written comments, provide support for travel, provide technology, and provide staff needed through the end of the calendar year. In addition, the funds would be used for the State Board of Education and Early Development members to meet in person to approve the final draft of the recommendations on improving education in Alaska and to present them to the governor and the legislature. The remaining \$125,000 would be for competitive grants to school districts to help collaborate with other school districts and to share innovative projects that were making a difference in student achievement. It would also strengthen and expand innovative student learning opportunities through effective district-level partnerships.

Representative Wilson suggested that the state had to pay schools to work together. Originally, the grant had been a one-time funding increment to encourage school districts to strengthen and expand innovation for their students, which she believed most were already doing. She wondered if it was something the district felt was worth-while and whether it could utilize the funding already in place rather than the state paying extra money.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (5/5). Amendment H DOE 13 FAILED.

[9:44:35 AM](#)

Representative Pruitt MOVED to ADOPT Amendment H DOE 14
(copy on file):

Teaching and Learning Support
Teacher Certification
H DOE 14 - Decrease funding to personal services and
services.
Offered by Representative Pruitt

There have been steady increases in spending under
Teaching & Learning support every year during our
drop-in revenue. This amendment draws services funding
back to roughly FY08 and FY09 levels.

Representative Grenn OBJECTED for discussion.

Representative Pruitt explained the amendment was a call to
reanalyze whether the legislature should have increased
funding at the rate that it had the previous several years.
He suggested returning to funding levels from FY 08 and
FY 09. He thought the amendment provided the opportunity to
recognize the state had grown faster than it should have.
The amendment would scale back the funding for teacher and
learning support.

Representative Ortiz reported that in 2016 at the direction
of the legislature the department increased teacher
certification fees to generate enough revenue to fund both
teacher certification and the Professional Teaching
Practices Commission (PTPC) budgets. In FY 18, the budget
was funded by teacher certification fees in the amount of
\$916,000. There was \$16.4 million in interagency receipt
authority. In FY 08 the actuals were \$353,000 primarily
through program receipts plus \$5.2 million UGF in real
dollars. He explained that FY 08 funding in the amount of
\$353,400 equated to \$422,700 in FY 17 dollars.
Historically, the program receipt authorization for teacher
certification was not fully spent. It provided a buffer for
PTPC and teacher certification from a variation in revenue
collection from variation and revenue collection since each
was almost 100 percent dependent on the receipts. For
example, in FY 16 the authorization was \$913,000 but actual
expenditures equaled \$631,200. The Teacher Education and
Certification Office planned to utilize carry forward
receipts to upgrade their database system to maintain and
improve efficiencies.

Representative Wilson asked why the state was charging its teachers more for certification if it did not need the money. The money would go back to the teachers. She argued that it was difficult to hire teachers and the fees could be a deterrent in attracting teachers to Alaska. She suggested giving the teachers a refund if there was extra funding.

Representative Pruitt appreciated his colleague's argument.

Representative Grenn MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson, Pruitt

OPPOSED: Gara, Grenn, Guttenberg, Kawasaki, Ortiz, Seaton

[Co-Chair Foster was absent from the vote].

The MOTION FAILED (4/6). Amendment H DOE 14 FAILED.

[9:49:44 AM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 15 (copy on file):

Teaching and Learning Support
Child Nutrition
H DOE 15 - Personal Services Reduction
Offered by Representative Wilson

The Department deleted an Office Assistant position in the FY 18 budget request without taking a funding reduction in the Personal Services line item for the position deleted. The FY 2017 budgeted cost for this position was \$69,659. This amendment deletes the FY 17 budgeted position costs that were not deleted by the Department from the Personal Services line of the FY 18 budget request.

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson read the amendment (see above). She explained that the funding, rather than being reduced from the personal services line, was moved into grants. She advocated for truth in budgeting. She suggested that with

unallocated cuts the departments were responsible for assigning where the cuts would be applied. She thought they were dealing with an accounting issue. If the department took the money from personal services and left the PCN in place, the books would show an office assistant PCN with zero funding in FY 17. The position would still exist, but the funding would not. However, the books continued to reflect the position along with its funding. Without her amendment, the department would be over budget by \$69,659. She asked for support of her amendment.

9:52:07 AM

AT EASE

10:00:46 AM

RECONVENED

Representative Wilson MOVED to AMEND Amendment H DOE 15. She explained that the \$69,700 should be moved from the personal services line to the grants line.

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson relayed that it was brought to her attention that the \$69,700 was shifted to grants and should be removed from there rather than personal services.

Co-Chair Seaton asked for clarification.

Representative Wilson responded that the funding had already shifted to the grants line from personal services. It was the same amount of money, but a different line. The PCN would be removed.

Vice-Chair Gara thought it was important to discuss the impact of a reduction. He indicated that the \$69,700 was a decrement from the prior year. A position was unfunded. The amendment would be another decrement of about the same amount. He thought it was important to consider what would happen in the area of child nutrition. He was uncertain if the maker of the amendment was aware that it would be a repeat of the same decrement from the previous year.

Representative Wilson clarified that the amendment to the amendment was shifting \$69,700 from the personal services line item to the line item of grants.

Co-Chair Seaton asked for further clarification.

Representative Wilson replied that personal services would equal zero and grants would show -\$69,700.

Representative Thompson asked if it was still UGF.

Representative Wilson indicated that it was a GF match.

10:04:04 AM

AT EASE

10:04:44 AM

RECONVENED

Co-Chair Seaton recognized Representative Millet had joined the meeting.

Vice-Chair Gara WITHDREW his OBJECTION.

There being NO OBJECTION, the Amendment to Amendment H DOE 15 was ADOPTED.

Representative Ortiz spoke in opposition of Amendment H DOE 15. He thought the amendment was an example of not reviewing the effects of the amendment. He suggested that if the amendment passed it would have dire consequences. Department of Education and Early Development laid off an office assistant position, PCN 05-2300, for the FY 17 budget. Child nutrition programs was primarily funded by the USDA. In order to receive funds from the USDA in the amount of \$64,712.7 million in FY 16 the State of Alaska was mandated to provide a small amount of GF match. He continued that a reduction of the \$69,700 would result in non-compliance with state match requirements by USDA and would result in the loss of federal reimbursement to pay for meal programs at schools, Head Start agencies, and child care centers.

Representative Wilson was unsure why the governor would make an unallocated reduction within the department if it was going to be devastating. She acknowledged that the funds had been transferred. She thought it was about numbers.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Pruitt, Thompson, Tilton

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

The MOTION FAILED (4/7). Amendment H DOE 15 as amended FAILED.

[10:08:42 AM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 16 (copy on file):

Teaching and Learning Support
Early Learning Coordination
H DOE 16 - Eliminate Funding for Best Beginnings and Parents as Teachers
Offered by Representative Wilson

A reduction of \$820,000 is made to this allocation, \$320,000 from the Best Beginnings program and \$500,000 from the Parents as Teachers program. An appropriation of \$320,000 was made to the Department for the Best Beginnings program in Sec32(c) CH3 4SSLA2016 P95 L20 (HB256), reversed in HB256 CC Amendment 29-LS8006A.31 Wallace P2 L6 and restored as an increment in the FY 18 budget request for this allocation. This amendment deletes the requested increment of \$320,000 and removes the funding from the base budget. An additional appropriation of \$700,000 was made to the Department for the Parents as Teachers program in Sec32(c) CH3 4SSLA2016 P95 L21 (HB256), \$700,000 was vetoed and \$500,000 was restored in the FY 18 Governor's budget request as an increment. This amendment deletes the requested increment of \$500,000 and removes the funding from the base budget. Although these are good programs they are not the responsibility of the state to fund and should be funded through contributions of those that benefit or private contributions.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Wilson read the amendment (see above).

Representative Ortiz relayed there had been extensive conversations about preschool programs at the subcommittee level. Also, there had been extensive public testimony in support of these programs. In response to the amendment, he reported that the Best Beginnings and Parents as Teachers programs reached populations of children not otherwise supported by DEED services. Best Beginnings was supporting the implementation of literacy by mailing books to children, ages 0-5 years. They relied on corporate, individual, and foundation funds to supply the Imagination Library. Private participation was already in place. Parents as Teachers programs provided support for infant learning, Head Start, childcare resources, and referrals. These agencies were doing more with less. State support for Parents as Teachers allowed them to extend their services to provide home visits. Requesting that Best Beginnings and Parents as Teachers be funded through contributions from participants would limit the ability to serve rural and low-income families. The amendment went in the wrong direction in terms of helping to support Alaska's overall education system. Research and documentation showed the strong impact of preschool opportunities provided to students; setting them up for a greater chance of success in their K-12 education experience. He did not support the amendment.

Representative Wilson responded that they were dealing with grants which did not have reporting requirements to DEED. The state had many early programs most of which were housed within the Department of Health and Social Services. She recalled seeing the Dolly Parton advertisement about Best Beginnings and how it would be a program supported by the community. She reported the program having contributors who might renege on their funding if the state contributed. She thought having communities involved in the programs made them better. The programs were started as community programs, not state programs. She asked the committee for its support.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Pruitt, Thompson

OPPOSED: Grenn, Guttenberg, Kawasaki, Ortiz, Seaton, Foster

[Vice-Chair Gara was absent from the vote].

The MOTION FAILED (4/6). Amendment H DOE 16 FAILED.

[10:14:35 AM](#)

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

Teaching and Learning Support
Early Learning Coordination
H DOE 17 - Reduce Head Start grant by 5 percent
Offered by Representative Wilson

The FY 18 Budget request for Head Start grants in this allocation is \$8,003,700. This is not a mandated program; therefore, a reduction of 5 percent is made to the Grants line of the FY 18 Budget request for these pass-through grants by this amendment.

Co-Chair Foster OBJECTED for discussion.

Representative Wilson read the amendment (see above).

Representative Ortiz relayed that the Head Start grantees utilized the state grant they received to meet their federal 20 percent match for the non-federal share. It leveraged \$300 million in federal Head Start funds that went directly to grantees. Some programs were not able to meet the non-federal share in other ways such as local contribution, parent volunteer hours, fundraising, or other contributions. He suggested the amendment went in the wrong direction. The benefits of preschool opportunities had been documented and proven to be critical and needed in the state. The amendment would effectively eliminate opportunities for preschool.

Representative Thompson argued that the \$400 thousand cut was relatively small compared to the program size of \$8 million. He thought that the reductions were reasonable and would preserve the program in the future. He favored the reduction.

Representative Pruitt agreed that the cut did not eliminate the program. He did not think Alaska received \$300 million. He thought it was appropriate to focus on the \$8 million in the budget, a 5 percent reduction, and preserving the

program into the future. He thought the discussion was reasonable.

Representative Ortiz clarified that the number was \$30 million rather than \$300 million. The \$8 million matched the \$30 million.

Representative Wilson explained that the numbers were not adding up correctly. She noted that with the amendment, the matching GF would remain in the budget and the state would still receive the corresponding federal funding. She spoke to many Head Start programs that had to have their own buildings, not being a part of the K-12 system. She thought additional savings could be identified through utilizing already established school buildings.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

[Vice-Chair Gara was absent for the vote].

The MOTION FAILED (4/6). Amendment H DOE 17 FAILED.

10:20:07 AM

Representative Wilson MOVED to ADOPT Amendment H DOE 18 (copy on file):

Teaching and Learning Support
Early Learning Coordination
H DOE 18 - Personal Services Reduction
Offered by Representative Wilson

The Department deleted an Education Program Assistant position in the FY 18 Budget request without taking a funding reduction in the Personal Services line. The FY 2017 budgeted cost for this position was \$74,260. This amendment deletes the FY 17 budgeted position costs that were not deleted by the Department from the Personal Service line of the FY 18 Budget request.

Co-Chair Foster OBJECTED for discussion.

Representative Wilson read the amendment (see above). She would be withdrawing the amendment. However, she wanted to speak to the fact that the department moved the same amount to the travel services and commodities line. She emphasized the importance of the numbers matching correctly. She thought it was difficult to track where money was being spent within the department.

Representative Wilson WITHDREW Amendment H DOE 18.

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 indicated that the committee would return to H DOE 19 at the 1:30 PM meeting.

#

ADJOURNMENT

[10:22:23 AM](#)

The meeting was adjourned at 10:22 a.m.