

HOUSE FINANCE COMMITTEE
March 8, 2017
1:35 p.m.

[Note: Meeting recessed and continued on 3/9/17 at 9:30 a.m.]

[1:35:34 PM](#)

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:30 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

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 meeting. He relayed there were 139 amendments remaining.

House Finance Committee 1 03/08/17 1:30 P.M.

#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."

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^AMENDMENTS

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Representative Ortiz MOVED to ADOPT Amendment H DOE 19 (copy on file):

H DOE 19 - Pre-K Programs Affected by the Moore Settlement
Offered by Representative Ortiz

Under the Moore Settlement (Moore vs. State of Alaska), the State set aside funds to address the educational needs of students in 40 of the chronically lowest performing schools in Alaska. Under the Settlement the state was directed to invest in several strategies to support student learning, one of which

was in early learning (Pre-K and early literacy) programs. In 2012, \$18 million was appropriated by the Legislature to meet conditions of the Settlement, with funding continuing through FY17, at which time any remaining funds would lapse.

Despite investment made over the last four years under the Moore Settlement, the need for Pre-K/early learning programs has not ended.

In FY17, \$2.7 million provides Pre-K and early literacy services to 273 children in 30 communities with Moore Settlement funds. In FY18, without legislative action, there is no money for these services and few if any of the Pre-K programs developed under Moore will survive. In discussions with several participating School Districts, it is clear that constricting school budgets make it difficult if not impossible to maintain gains that have been made.

Schools included in the Moore Settlement remain some of the lowest performing in the State; early interventions and early learning support remains vital to give these children the start they need to be successful in their school years and beyond.

This amendment provides funds to continue the community based early learning services begun under the Moore Settlement with the support and administrative oversight of Early Learning staff at the Department of Education and Early Development. Funds will be leveraged to mix and stretch dollars from all sources including federal, private and non-profit to offer lean, high quality early learning programs for these children, some of the most vulnerable in Alaska.

Representative Wilson OBJECTED for the purpose of discussion.

Representative Ortiz explained that the amendment was intended to provide one-time bridge funds into the coming year in order to give time for the department to address a long-term plan for the Moore schools. The amendment related

to Pre-K programs affected by the Moore settlement. He read from the amendment description [see above].

Representative Wilson spoke to her objection. She shared that she chaired the Department of Education and Early Development (DEED) budget subcommittee when Moore settlement items had been going through. She recalled asking what would happen when the funding ran out. She detailed at the time there had been no funding for Pre-K. She spoke to the Moore settlement and read from the judge's findings on the case (copy not on file):

A related issue on educational content is the topic of pre-kindergarten. Many witnesses for both the plaintiffs and the state testified that pre-kindergarten programs can contribute to academic success by helping to make young children ready for formal education. Yet there appears to be no consensus as to the age to best supply pre-kindergarten programs or whether they ought to be provided in the public schools or outside of the school system. Although there is considerable evidence that pre-kindergarten programs may be beneficial to children, it is not the court's role to make such policy determinations.

Representative Wilson spoke to "number 12" of the same case:

The education clause on its face requires that the state establish and maintain a system of public schools. At statehood public schooling began after kindergarten. The state now provides a public school system available to children beginning at age five. This court does not read the education clause of the Alaska Constitution to accord to preschool-age children the right to a public school education.

Representative Wilson surmised that although the state gave money for preschool programs, the appropriate question was about how the funds would be used. She believed many of the districts combined classes with four and five-year-olds due to the low number of students in many villages. She did not know how many areas did not combine classes with four and five-year-olds and had been able to utilize the same funds and teachers for classrooms that would normally be for kindergarten. She had heard and supported that some

districts were already utilizing funding through the Base Student Allocation (BSA) because it was not costing them anymore. She underscored that districts had known the state funding would not continue in perpetuity and she believed a plan should have been made.

Vice-Chair Gara supported the amendment. He was not interested in whether the state was legally required to provide the funding. He believed the amendment's purpose was to address the fact that one-sixth of the state's youth not at reading level by 3rd grade did not graduate from high school. He stated that those students became the most expensive. He stressed that children who went to Pre-K ended up in jobs at higher levels, earned higher pay, and graduated from high school and college in greater numbers. He remarked that when the state established its Pre-K grant program, which was only \$2 million in 2008, the promise had been that after three years of proof of the program's success, the funding would increase to \$10 million. He stated the program was only referred to as a pilot program because the legislature had never followed through on its commitment to get out of the bottom 10 states in the nation providing Pre-K.

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Co-Chair Seaton testified in support of the amendment. He agreed that the courts did not determine the issue; it was determined by the legislature. He believed the House Majority was fully committed to Pre-K education. He elaborated on his belief that Pre-K education was one of the most effective things the legislature could do to promote education and successful outcomes.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Pruitt, Thompson, Tilton, Wilson

The MOTION PASSED (7/4). There being NO further OBJECTION, Amendment H DOE 19 was ADOPTED.

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

Pre-Kindergarten Grants
H DOE 20 - Eliminate Pre-Kindergarten Grants
Offered by Representative Wilson

Pre-Kindergarten programs are available through Head Start and private programs. This is not a requirement of our Constitution and with childcare grants those unable to qualify for Head Start can still have access to a great private childcare facility.

Vice-Chair Gara OBJECTED.

Representative Wilson explained the amendment. She noted that the legislature had discussed Pre-K grants in the past. She believed it had been intended as a competitive grant for private and public Pre-K programs. As far as she knew, grants had not gone to private entities. She continued that most of the funds had continuously gone to the same entities versus acting as starting funds for other places. The amendment would cut \$2 million from General Fund spending.

Representative Ortiz referred to the discussion about Pre-K in general.

Co-Chair Seaton redirected conversation to the amendment.

Representative Ortiz complied. He discussed that the amendment would mean 358 children who currently benefitted from the program would no longer benefit. Additionally, the programs leveraged and blended federal and private funds to reach more than 1,206 children directly and indirectly.

Representative Wilson provided wrap up on the amendment. She emphasized that the grants had been intended to be moved around to different entities to provide startup funding. Additionally, she believed programs were supposed to show where they would get continued funding after receiving the initial grant.

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, Foster, Seaton

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

[1:46:55 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 21 (copy on file):

Commissions and Boards
Alaska State Council on the Arts
Offered by Representative Wilson

This amendment deletes two of the three Fine Art Administrator positions requiring the Department to redistribute the work to remaining personnel and to operate in a more efficient and effective manner in delivering these programs.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above]. The amendment would cut \$200,000 in General Fund match from the Alaska State Council on the Arts.

Representative Ortiz spoke in opposition to the amendment. He stated that in response to ever tightening budgets, the Alaska State Council on the Arts took the initiative to pursue legislation to restructure the organization. He detailed that HB 137 would restructure the council as a quasi-governmental entity to better leverage private and federal funds. He relayed that the bill was currently in the House Education Committee with companion legislation in the Senate. He furthered that the leading two fine arts administrator positions would result in a loss of \$2.1 million in revenue from private and federal partners and the council's collapse.

Representative Grenn asked how many positions the council currently had.

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RECONVENED

Representative Ortiz replied there were five total positions, three of which were fine arts administrator positions.

Representative Wilson provided wrap up on the amendment. She did not believe the amendment would result in the collapse of the entire program. She detailed that the amendment would enable the council to continue to look for replacement funds from other sources. She did not know any details about HB 137. The amendment would discontinue state funding for two positions and would not prevent the council from requesting funds from private entities such as the Rasmuson Foundation or other.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Tilton, Wilson, Grenn

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

The MOTION to adopt Amendment H DOE 21 FAILED (4/7).

[1:51:31 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 22 (copy on file):

Mt. Edgecumbe Boarding School
H DOE 22 - Deletes funding for pool storage and winterizing maintenance operations.
Offered by Representative Wilson

This amendment deletes the increment of \$100,000 in the Services line of the FY 18 Budget request for pool storage and winterizing maintenance operations at the Aquatic Center located at Mt. Edgecumbe High School.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Wilson read from the amendment description [see above]. She did not know why the cost had not been figured into development and utilization planning. She believed \$100,000 was excessive, especially given the current budget deficit.

Representative Ortiz was opposed to the amendment. He relayed that the legislature had included funding for the pool in a statewide bond package in 2010, which the public had approved in a statewide vote. The new Mt. Edgecumbe High School aquatic center was currently under construction and was estimated for completion by November 2017. Currently the operation and maintenance needed for the center was \$583,000 and full funding yet to be identified. The \$100,000 increment in the governor's proposed FY 18 budget was to provide minimal operations and maintenance of the facility upon its completion, specifically to help cover the warm storage and maintenance costs until the state had identified sufficient funds to support a fully operational aquatic center. The increment was an investment to protect prior investments into the center and would maintain hope that the pool would open in the future.

Representative Pruitt explained that the issue had come up in a Legislative Budget and Audit (LB&A) audit. He stated that the fact the state built the aquatic center had baffled the auditor from Texas. He furthered that the auditor could not believe the state had paid to build the pool but it had not ensured the facilities built in the 1940s were Americans with Disabilities Act (ADA) accessible. He continued that the state had gotten itself locked into the project, which it could not finish building. He emphasized the center was less than one mile away from another pool. He underscored that the legislature really needed to consider whether or not some projects were a good idea when contemplating providing funding. He continued that the aquatic center was an example of a project where the legislature found itself asking why it took \$100,000 to winterize a pool that had not yet been built. He believed it was a catch-22 situation. He questioned whether the legislature should throw out the money it had already spent or ensure the pool would be there for the future. He would vote against the amendment, but he did not like the situation. He underscored that the project should never have been built in the first place. He

believed the situation was important to keep in mind in the future.

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Representative Wilson provided wrap up on the amendment. She emphasized that the state knew it did not have sufficient funds to complete the project. She noted the issue was not about whether or not the pool should be built. She questioned the reason the contractor had not stopped at a point where it would not require \$100,000 to keep the project from being destroyed. Additionally, she stressed that even if the money to build the pool was available, it was her understanding there was no money available to maintain the pool. She questioned how many years the state would pay \$100,000 for storage fees for a project that may never be completed. She noted there was another pool in the area that was being utilized. She wondered how many times the state would pay for something that could not be completed and could not be operated. She stressed that money is not free and that someone would have to pay for it.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H DOE 22 FAILED (3/8).

1:57:42 PM

Representative Wilson MOVED to ADOPT Amendment H DOE 24 (copy on file):

H DOE 24 - Funding reduction for team sports and extra-curricular activities.

Offered by Representative Wilson

This amendment reduces the FY 18 Budget request of \$505,900 in the Travel line for travel to team sporting events and extra-curricular activities by \$200,000. Funding is not given to any other public

school for sports and fees can be assessed if this is an important activity for those that participate.

Co-Chair Foster OBJECTED.

Representative Wilson explained that the amendment would reduce funding for team sports and extracurricular activities. She stressed that the state did not give schools in her district money for extracurricular activities. She explained the schools in her district held fundraisers such as car washes, ticket sales to various things, and other. She read the amendment description [see above]. She added that to her knowledge, the state did not charge to attend school at Mt. Edgecumbe because it was a state school. However, she did not understand why the state would fund extracurricular activities for one public school and not others. She surmised each district in the state contained schools that had to pay for the activities themselves.

Representative Ortiz believed it was safe to say that nearly every school in the state utilized a portion of its operating funds (foundation funds in addition to local contributions) for student extracurricular activities including sports. Mt. Edgecumbe offered a comprehensive program for its students including extracurricular activities. He continued that most of the travel funds paid for roundtrip transportation for students between their home community and Sitka - the average cost was \$1,200 per student for one roundtrip ticket. The total travel cost for 400 students was approximately \$480,000, which did not cover the cost of traveling home for Christmas (parents paid for that cost); after those expenditures there was little funding remaining for sports and extracurricular travel. He explained that the amendment would hamper the ability for students to travel home.

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Representative Grenn asked about the amount spent on travel for sports.

Representative Ortiz replied that he was unaware of the specific amount.

Representative Wilson provided wrap up. She countered that it did not cost all of the Mt. Edgecumbe students \$1,000 to travel home. She stated that many of the students were from Anchorage. She had examined the numbers and reported there was a \$200,000 difference. She believed the school received substantially more money because of its location compared to other schools in urban districts. She agreed that other school districts used formula funding for extracurricular activities, but Mt. Edgecumbe did as well. She stated that Mt. Edgecumbe received more formula funds than many other schools. She believed at a certain point a line had to be drawn.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Pruitt, Thompson

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

The MOTION to adopt Amendment H DOE 24 FAILED (4/7).

[2:02:48 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 25 (copy on file):

Alaska State Libraries, Archives and Museums
Library Operations
H DOE 25 - Services Reduction
Offered by Representative Wilson

This amendment reduces FY 18 Budget request in the Services line by \$900,000 for the RSA with State Facilities Maintenance for operations and maintenance support for the Alaska State Libraries, Archives and Museums combined facility. The Services line increase by \$1,210.5 from the FY 17 Management Plan. This allocation would still have \$875,000 a \$320,500 increase from the FY 17 Management Plan.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see above]. She stated the reason for the amendment was due to

the large [new] building in Juneau that needed to be maintained. She relayed she had offered the amendment for the purpose of discussion. She detailed that the amendment pointed out that when large buildings were built, large cost increases occurred. She continued that the money was not currently left over in the budget - it would be an increase in the current year and in following years in order to maintain the facility. She did not know whether any rent had been saved because DEED had moved into the building.

Representative Ortiz opposed the amendment. He explained that the amendment would bring a \$900,000 or 93 percent reduction to operations and maintenance. He explained it would mean the state would need to close the newly opened A.P. Kashevaroff building, commonly referred to as SLAM [State Library Museum Archives].

Co-Chair Seaton spoke against the amendment. He noted it was important to realize that a number of the items had been voted on by past legislatures and many had gone out to bond after receiving public approval. He believed that it could be problematic for the current legislature to decide to defund maintenance and operations and close a facility (without providing funding to keep the building warm).

Representative Wilson provided wrap up on the amendment. She emphasized that the amendment would leave \$320,500 and would not shut the entire building down. She reiterated she had offered the amendment for discussion purposes. She noted that historically when new buildings were considered she had never seen the House Finance Committee discuss where the maintenance and heating funds would come from (i.e. fees or general funds). She stressed that the issue had occurred numerous times. She did not expect to close the new library, but she wanted people to understand that \$1 million to keep a library open was a substantial amount compared to the funds needed for the prior space. She WITHDREW the amendment.

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Vice-Chair Gara remarked that when he had been on the finance committee in past members had been asked to use their discretion to not speak twice to an amendment when

possible. He noted it would take substantial time to get through the approximately 323 amendments.

Representative Wilson MOVED to ADOPT Amendment H DOE 26 (copy on file):

Archives
H DOE 26 - Personal Services Reduction
Offered by Representative Wilson

This amendment deletes an Archivist position and a Records Analysis position requiring the Department to redistribute the workload of these positions to the remaining staff resources

Co-Chair Foster OBJECTED.

Representative Wilson explained the amendment. The amendment would delete two positions, which would require DEED to redistribute the workload. The amendment would remove \$242,500 from the personal services line and reduced the general fund appropriation.

Representative Ortiz stated that the loss of an archivist position would mean that the records collections would not be available for the public to use for research and for state agencies to use for bill drafting, research, and lawsuits. He continued that state agencies used accessible, archivable records for civil litigations such as Amareda Hess and Exxon Valdez oil spill cases, which returned more than \$1 billion to state coffers. There were only two records analysts on staff. He detailed that the positions helped agencies with records, dispositions, schedules, and activities. He stressed that the loss of one of the positions would result in cost increases to state agencies as they would be forced to store more of their records over longer periods of time. The unit had been static for many years with two staff, even as state government had grown. He concluded the loss of a records analyst would be devastating to the orderly management of state records.

Representative Wilson reminded the committee that the amendment would not remove PCNs. She offered that the Division of Libraries, Archives and Museums could use the cut for other areas of efficiencies if it chose to do so.

Co-Chair Foster 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 to adopt Amendment H DOE 26 FAILED (4/7).

Representative Wilson MOVED to ADOPT Amendment H DOE 27 (copy on file):

Museum Operations

H DOE 27 - Alignment of the FY 18 Budget Request with the FY 17 Authorized Expenditures
Offered by Representative Wilson

FY 17 Authorized Expenditures are \$1,282,100 and FY18 Budget Request is \$1,465,700 a difference of \$183,600, therefore \$183,600 was deleted.

Co-Chair Foster OBJECTED.

[2:10:13 PM](#)

Representative Wilson read the amendment description [see above]. She noted the reduction was to personal services, but it could be taken out of any line item the Division of Libraries, Archives and Museums chose.

Representative Ortiz was opposed to the amendment. He stated that if the museum budget was cut beyond a certain point, revenues from admission fees (program receipts) would be lost, further reducing the budget. He believed there needed to be critical mass of funded positions to keep the museum open and generating revenue to offset as many operational costs as possible, while protecting the state's cultural heritage and artifacts.

Representative Grenn asked how many museums the amendment would impact.

Representative Wilson answered that the amendment impacted the museum in Juneau.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H DOE 27 FAILED (5/6).

[2:12:36 PM](#)

Representative Thompson MOVED to ADOPT Amendment H DOE 28 (copy on file):

Online with Libraries (OWL)
H DOE 28 - Reduction to Online with Libraries
Offered by Representative Thompson

This is a reduction to services and grants/benefits for the Online with Libraries program. This reduction will not impact the classroom, but will reduce the amount of grants available to public libraries providing internet service. Internet services have become cheaper and more accessible, and as the state looks to balance the budget, funding should be prioritized towards the core K-12 education services.

Co-Chair Foster OBJECTED.

Representative Thompson read the amendment description [see above]. He elaborated that the OWL program began in 2011 with federal funds provided through the American Recovery and Reinvestment Act (ARRA) of 2009 and administered through the Broadband Technology Opportunities Program of the U.S. Department of Commerce. In 2013 the state had funded the OWL project, which was renamed Online with Libraries Program. The program was an example of accepting federal money, but then losing the funds and having to pay for the program with state funds. He believed that in times of fiscal uncertainty the state needed to prioritize its resources and focus funding to programs related to the classroom. The state needed to encourage local communities to contribute to internet services. He furthered that local community contributions were grossly disproportionate to the subsidy cost. He clarified that the reduction would not

end the OWL program, it would only reduce the amount of internet services subsidized by the state.

Representative Ortiz spoke against the amendment. He detailed that a reduction in \$140,000 to services meant that DEED would need to cut maintenance on 60 of the 95 videoconference endpoints in public libraries statewide. As maintenance ended the endpoint would quickly go dark as software enhancements to the hardware halted. He furthered that staff would be unable to arrange for repairs on endpoints. He relayed the videoconference network would be reduced by 63 percent. According to the libraries receiving the OWL grant for internet, the loss of the funding would force them to cut internet completely. The reduction of \$60,000 to OWL grants from the current \$153,000 meant that 39 percent of public libraries receiving OWL subsidy would go dark; 10 of the 25 libraries would lose internet for the public and for the videoconference network. In many cases the libraries provided the only public internet to their communities and patrons would no longer have the ability to apply for the Permanent Fund Dividend (PFD), fishing licenses, or take advantage of other online government services.

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Representative Wilson spoke in favor of the amendment. She had a hard time believing many people would not use their phones for the services. She stated that the grant went to urban libraries as well - it was based on the percentage of people in communities. She added that most communities had provided the services long before 2011 when the federal funding had been received. She believed it may have been leftover federal stimulus money. She continued that the program had been funded completely with federal money, mostly to establish the infrastructure. She believed the intention had been for communities to implement a plan to pay for maintaining the services. She remarked that she would love to see documentation showing which libraries had issues and which could operate the services on their own. She agreed that several libraries may be more challenged; however, she believed the majority could come up with the funding. She concluded that information from DEED showing which libraries were having problems with funding would have been very helpful. She believed urban communities could make up the difference in their libraries.

Vice-Chair Gara was opposed to the amendment. He stated that for many years people had been trying to cut OWL, with some success at times. He believed the response - that Alaska should operate as one state not two - had been compelling. For example, a resident in Naknek could spend five minutes on their phone waiting for a website to download. He discussed that OWL helped students do research and there had been times when the program helped people take online courses. He stressed that the state's education system was unequal as it was. He referred to the merit scholarship program requiring students to take certain courses to be eligible for the scholarship. He explained that students may have the ability to access the courses with OWL.

Representative Guttenberg was opposed to the amendment. He believed in some ways the amendment went back to the intent language in an amendment he had offered related to the Regulatory Commission of Alaska (RCA). He stressed the high cost of broadband in Alaska and its limited availability. He shared that the Lower Kuskokwim district paid \$15,375,000, Southwest regions paid \$2,500,000, the Tanana City School paid \$450,000, St. Mary's School paid \$450,000, and the North Slope Borough paid \$3 million. He supported helping communities pay for the service.

Representative Pruitt spoke in support of the amendment. He stated the situation was a consequence of taking federal money; it happened over and over. He explained that when the state took federal money it became that the state could not live without it and ended up having to foot the bill. He added that the OWL program was a small cost compared to other examples. He referred to testimony indicating that many communities would not have broadband. However, he thought the amendment related to a software update to 60 endpoints, which did not sound like it would mean the end of broadband for most of the state. He noted that he would be strongly supportive if \$200,000 could provide broadband to the entire state; however, that was not the case. He continued that the state had decided to jump into the OWL program, which it now was responsible for maintaining. He wondered if the state should keep maintaining the program. He reiterated that federal money was never free.

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Representative Thompson provided wrap up on the amendment. He emphasized the amendment did not impact schools. He explained that the goal was to free up money in order to have more money to keep in schools. He referred to a list of the 25 communities with OWL assistance. He stressed there should be more local participation in the costs. He believed there should be more fees charged for the service (e.g. a fee should be paid for the use of videoconference equipment). He believed the legislature had been working over the past couple of years to increase local participation to add funding to the program. He reiterated that the amendment did not impact schools and would keep the money in the classroom.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H DOE 28 FAILED (4/7).

[2:22:45 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 29 (copy on file):

H DOE 29 - OWL 5 percent Reduction
Offered by Representative Wilson

This amendment reduces Online with Libraries component by 5 percent (\$33,090). These funds are given to libraries throughout Alaska and leaves \$628,710 to be utilized for this program

Co-Chair Foster OBJECTED.

Representative Wilson that the amendment would implement a 5 percent reduction to the OWL program. She clarified that the program had been started in order to get equipment into the state's public libraries. However, the program had become about maintaining service versus what the grant had been initially intended for. She believed the situation

would be perpetuated into the future unless the legislature implemented a step-down approach. She referred to the amendment description [see above].

Representative Ortiz stated that his previous comments related to OWL stood. He spoke to two letters in support of OWL. The first was from the rural community of Hollis. The letter addressed how people attended disability and social security hearings, and other with the technology. He explained the OWL program gave people living in remote areas access to those type of things. Additionally, classes were offered for early childhood certification, marine safety, health administration, and other. He concluded the service was critical for communities like Hollis.

Vice-Chair Gara stressed that the funding had not been increasing. He emphasized that it had been cut if anything.

Representative Wilson provided wrap up on the amendment. She spoke to duplication of services in communities. She stated it cost millions of dollars for E-rate services to some communities. She did not know why the state was not utilizing the University or a K-12 program for the services. She explained that the OWL program applied to public libraries, while schools were having to contribute substantial amounts. She believed combining efforts would lower costs. She summarized that the amendment would take 5 percent or \$33,000 from the program.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

Representative Kawasaki was absent from the vote.

The MOTION to adopt Amendment H DOE 29 FAILED (4/6).

[2:26:15 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DOE 30 (copy on file):

WWAMI Medical Education
H DOE 30 - Eliminate funding for WWAMI
Offered by Representative Wilson

This amendment deletes the funding of the contract with the University of Washington, School of Medicine for WWAMI (Washington, Wyoming, Alaska, Montana and Idaho) from the Higher Education Fund. This is not the intended use of the Higher Education Fund and funding the contract with these funds could endanger the Governor's Performance Scholarships. Therefore, a reduction of \$3,070,800 is made to the Services line to eliminate the funding for this program.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Wilson explained that the state was using higher education funds totaling \$3,070,800 for the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) program. She detailed that the program was a contract with the University of Washington. She referred to numerous discussions about use of the Higher Education Fund - she believed the legislature had removed the funding when it came to pension. She stressed that the fund was not meant to be used for the program. She elaborated that the fund had been put aside in order for eighth graders and high school students to take stronger courses and prepare for college. She stated that the WWAMI program was for students in medical school. She did not support using the funding put aside to help high school students for medical students or the pension program. She believed the real discussion should be about whether the state could continue to afford the program. She was interested in knowing where the funding was coming from and where the students were going. She did not support taking money out of the Higher Education Fund.

Representative Ortiz agreed with the prior speaker about the use of the Higher Education Fund for Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS), which would potentially impact the long-term solvency of the fund. However, he stressed that WWAMI funding did not jeopardize or impact the fund's long-term solvency. He discussed the current physician shortage in Alaska. He detailed that the prior summer the Mat-Su area had lost seven primary care physicians to retirement and it

had not been able to replace them. The region was having great difficulty trying to fill in with nurse practitioners and physician assistants. He highlighted that the WWAMI program had a return rate to practice in Alaska of 80 percent. He furthered that WWAMI graduates chose to practice in Alaska's critical physician shortage areas, as the majority of WWAMI students entered primary care specialists. He elaborated that the program was cost-effective. He mentioned the \$4,062 per capita cost for medical education in Alaska compared to North Dakota at \$20,000.

Representative Wilson stated that the amendment had nothing to do with whether the program was good or bad, but about whether or not using the Higher Education Fund was the appropriate fund source. She reasoned that anytime money was taken from a fund it would have an impact. She did not support utilizing the fund for something that was not intended. She stated they may as well take the funds from the Power Cost Equalization Fund or any other fund. She did not know why general funds had not been utilized. She relayed she had offered the amendment to trigger a conversation about the funding and program. She believed the impact could be very negative if the program continued to grow. She continued that children were increasingly more ready to go to college, take hard courses, and stay in Alaska to do it. She stressed that the only place to use the scholarship program funded by higher education fund was in Alaska.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Tilton, Wilson

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

The MOTION to adopt Amendment H DOE 30 FAILED (3/8).

[2:31:52 PM](#)

Co-Chair Seaton noted the committee would address Amendment L H SAP 23, which had been held over from a previous meeting. The amendment was located in the language amendment packet on page 5.

Representative Pruitt MOVED to ADOPT Amendment L H SAP 23 (copy on file):

L H SAP 23 - Transfer all funds from ISP and AKLNG funds to UGF.
Offered by Representative Pruitt
30GH1855U.15

This amendment transfers the unexpended and unobligated balance of the In-State Pipeline Fund and the Alaska Natural Gas Pipeline Fund to the general fund.

Note: The amendment has an effective date of July 1, 2017. May want include a specific lapse date of June 30, 2017.

Co-Chair Foster OBJECTED.

Representative Pruitt MOVED to AMEND Amendment L H SAP 23 (copy on file) with Amendment 30-GH1855\U.23 (Wallace, 3/8/17) (copy on file):

Page 70, following line 2:

Insert new subsections to read:

"(l) The sum of \$21,249,400 is appropriated from the in-state natural gas pipeline fund (AS 31.25.100) to the Alaska higher education investment fund (AS 37.14.750).

(m) The sum of \$78,144,600 is appropriated from the Alaska liquefied natural gas project fund (AS 31.25.110) to the Alaska higher education investment fund (AS 37.14.750."

Vice-Chair Gara OBJECTED for discussion.

Co-Chair Seaton clarified that the amendment 30-GH1855\U.23 to Amendment L H SAP 23 would insert a new subsection. He read from the amendment description [see above].

Vice-Chair Gara WITHDREW his OBJECTION to the amendment to Amendment L H SAP 23. There being NO further OBJECTION, Amendment 30-GH1855\U.23 to Amendment L H SAP 23 was ADOPTED.

Representative Pruitt reviewed the amended amendment. He explained that the amendment reflected a continuation of the discussion on how the legislature wanted to handle the [proposed AKLNG] instate gasline. He believed the legislature should be responsible for making the decision on how to go forward with the project. He stated that "with this money out there" it had put the legislature in the position where it did not have the control it should have. The intent of the legislature had been to go forward with a specific project; however, that project had morphed into something else. He continued that the legislature had been consigned to sitting on the sideline without really having the ability to participate in the discussion. He noted that at times the legislature had sought to participate in the discussion by adding a couple of members to the board and other. He believed the legislature needed to ensure that any future expenditures were not easy for Alaska Gasline Development Corporation (AGDC) to receive. He believed AGDC should be required to come back to the legislature for it to concur with the direction of the project.

Representative Pruitt continued that he believed AKLNG should be a capital project - it was an infrastructure discussion. He emphasized the project should be competing for funds with other infrastructure projects. He was not confident the funding would cover the initial Federal Energy Regulatory Commission (FERC) licensing. He noted he was not trying to stop the project. He stated that the FERC licensing would be value-in-hand. He believed it was appropriate to consider the project annually to determine how far along the project was in the process and whether the legislature thought the project should continue. He wanted to ensure that funding for the project did not continue without the approval of the legislature. He believed it was important to move the funds to the Higher Education Investment Fund. He explained that when the legislature had invested the money into AGDC, the idea had been to set the money aside to invest in the state's future. He reasoned that if it could not be invested in the state's future in that capacity, the state should continue to invest it in its future in another way - to provide for scholarships for students. He asked members for their support of the fund change.

The OBJECTION was MAINTAINED.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Tilton, Wilson

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

The MOTION to adopt Amendment L H SAP 23 as amended FAILED
(3/8).

[2:39:13 PM](#)

AT EASE

[2:54:01 PM](#)

RECONVENED

Representative Wilson MOVED to ADOPT Amendment H DEC 1
(copy on file):

Administration
Office of the Commissioner
H DEC 1 - Eliminate Special Assistant position
Offered by Representative Wilson

This amendment deletes the Special Assistant to the
Commissioner and funding from the FY 18 budget
request. Although this position is partially funded
with Federal funds, general funds are deleted for the
total cost of the position as the federal funds can be
utilized for the 5 remaining positions.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see
above].

Co-Chair Foster spoke against the amendment. He responded
that the Department of Environmental Conservation (DEC) had
one special assistant who operated as the conduit between
the department and the legislature. He furthered that the
commissioner's office had been cut over 25 percent since FY
15 and the elimination of the position would be detrimental
to the legislature's ability to effectively and quickly
communicate with the department.

Representative Grenn asked about the amount of federal
funding referenced by the amendment sponsor.

House Finance Committee

25

03/08/17 1:30 P.M.

Co-Chair Seaton noted the sponsor could address the question during wrap up on the amendment.

Vice-Chair Gara remarked that typically when there were federal funds they matched a salary. He asked if the amendment sponsor was saying the federal funds for the upper staff were not already receiving their maximum match. If so, he wondered how they would use additional matching funds.

Representative Wilson answered it was not general fund match; it was general fund. She did not include how much it was, but there were positions funded by general funds left within the five remaining positions in order for federal funding to be utilized in their salaries. She reasoned that if the cost to fund the position was paid personally by legislators it would be \$29,400 per person. She believed the position did good work, but she believed the duties could be absorbed by the department.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson, Pruitt

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

The MOTION to adopt Amendment H DEC 1 FAILED (4/7).

[2:57:36 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DEC 4 (copy on file):

Environmental Health
Food Safety and Sanitation
Unrestricted general funds with Oil Hazard Prevention fund
Offered by Representative Wilson

This amendment makes a funding source change replacing general fund with available funds in the Oil and Hazardous Substance Release Prevention and Response Fund. As noted in the Department of Revenue's Fall Revenue Sources book, in 2016, the Legislature altered

the motor fuel tax to include refined fuel surcharge of \$0.0095 per gallon on non-aviation fuel as well as a certain non-motor fuels such as home heating oil. The new surcharge raised \$6.5 million in FY 16, its first year in effect and is projected to raise \$7.6 million in FY 17 and \$7.7 million in FY 18.

Co-Chair Foster OBJECTED.

Representative Wilson explained the amendment. The amendment would move \$587,000 from the General Fund to the Oil Hazard Prevention Fund. She furthered that the fund continuously made money because the state charged a \$0.0095 [per gallon] surcharge on refined fuels, which was deposited into the Oil and Hazardous Substance Release Prevention and Response Fund. She noted that the amendment was unrelated to the new motor fuel tax fund that was included in other legislation. The new surcharge raised \$6.5 million in FY 16, its first year in effect and is projected to raise \$7.6 million in FY 17 and \$7.7 million in FY 18.

Co-Chair Foster spoke in opposition to the amendment. He countered that the funds from the Oil and Hazardous Substance Release Prevention and Response Fund were designated to work related to response and prevention. He referred to the surcharge mentioned in the amendment and clarified that it was not excess revenue - it was necessary to sustain the fund over the long-term and the fund was projected to be depleted by FY 25. He believed it was important to preserve the fund for its designated use.

Representative Wilson surmised that the state was continuously putting money into the fund and the only way the account was depleted was when a person could not be accountable for a spill. She continued that the state would clean up the spill, sue the party, and collect the money. Alternatively, if a person was responsible for a spill they received a bill from DEC. She explained that the fund was never meant to be utilized and not replenished. The fund was replenished in two ways - by offenders and through the surcharge. She did not see how the fund would ever be depleted by FY 25.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Pruitt, Thompson

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

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

3:01:04 PM

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

Laboratory Services

H DEC 6 - Reduction in personal services for positions deleted by the Department (continued)

Offered by Representative Wilson

The Department deleted two positions in the FY 18 budget request without taking a funding reduction in the Personal Services line item for the positions deleted. The FY 2017 budgeted cost for these positions was \$158,857. This amendment deletes the FY 17 budgeted position costs that were not deleted by the Department.

Co-Chair Foster OBJECTED.

Representative Wilson read from the amendment description [see above].

Co-Chair Foster spoke to his objection. He detailed that the positions had been deleted due to undesignated general fund (UGF) reductions made in FY 17. He explained that reducing the funding again in FY 18 would result in more positions being deleted by the department, which would impact the division's ability to operate effectively.

Representative Wilson replied that the money had not been deleted. She furthered that if the money had been deleted the budget book for FY 17 would have listed the PCN numbers and zero funding. She explained that the funding had been listed next to the PCNs.

Co-Chair Foster 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 to adopt Amendment H DEC 6 FAILED (4/7).

[3:03:02 PM](#)

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

H DEC 7 - Fund source change replacing general funds with the Oil and Hazardous Prevention fund.
Offered by Representative Wilson

This amendment makes a funding source change replacing general funds with available funds in the Oil and Hazardous Substance Release Prevention and Response Fund. As noted in the Department of Revenue's Fall Revenue Sources book, in 2016, the Legislature altered the motor fuel tax to include refined fuel surcharge of \$0.0095 per gallon on non-aviation fuel as well as a certain non-motor fuels such as home heating oil. The new surcharge raised \$6.5 million in FY 16, its first year in effect and is projected to raise \$7.6 million in FY 17 and \$7.7 million in FY 18.

Co-Chair Foster OBJECTED.

Representative Wilson read from the amendment description [see above]. She stated it was a good time to utilize the funds because the fund continued to replenish as people purchased the associated fuels.

Co-Chair Foster spoke to his objection. He explained that the funds from the Oil and Hazardous Substance Release Prevention and Response Fund were designated to work related to response and prevention. The amendment would put undue pressure on an already strained fund. He believed it was important to preserve the fund for its designated use.

Representative Wilson replied that the fund had been strained in the past, but it was no longer strained in the same fashion. She stated it was recurring at a level that

was more than sufficient to take on the role considered in the amendment.

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, Gara, Seaton, Foster

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

[3:05:20 PM](#)

Representative Pruitt MOVED to ADOPT Amendment H DEC 8 (copy on file):

H DEC 8 - Eliminate CPVEC funds for Shellfish Biotoxin and Growing Water Testing Program
Offered by Representative Pruitt

Since 2009 CPVEC funds have been used to pay a portion of shellfish biotoxin and water testing. This year the Governor's budget request pays the entire cost from the fund. This is a questionable use of passenger vessel taxes, but also an indirect expenditure to the department that needs to look to increased fees to pay the costs related to lab testing.

Co-Chair Foster OBJECTED.

Representative Pruitt addressed the amendment and explained that the state was involved in animal testing. He detailed that shellfish biotoxins were injected in female mice to determine how long it would take for them to die from paralytic shellfish poisoning. He detailed that the program used cruise ship funding, which he believed was questionable. He did not believe the work was directly related to cruise ships. Additionally, he believed the issue represented a good example of the indirect expenditures discussion. He questioned whether some industries should have to pay for something that another industry benefitted from for free (paid for by the state). He suggested there should be consideration of having the industry participate in ensuring there were not issues with

the biotoxins potentially in the shellfish. He believed the issue pertained to a key piece of a fee-for-service discussion the committee had already had.

Co-Chair Foster spoke to his objection. The department did not believe the commercial shellfish industry could bear the additional cost and fees to cover the funding without negatively impacting a budding industry's ability to do business. He noted that the industry already paid fees in food safety for permitted growing operations and harvesters. He detailed that all sampling and shipping costs to the environmental health lab were paid by the industry as well. The amendment would effectively halt a growing industry. He relayed that the subcommittee had received a memorandum from the department stating that it saw no negative ramifications from use of the Commercial Passenger Vessel Environmental Compliance Fund. He added that during testimony the committee had been told that the last thing the state wanted was for someone in a market outside of Alaska to get sick because of shellfish sent out from Alaska, which could harm the industry.

Representative Wilson asked who was making them [the industry] do this. She asked if DEC was making the industry do something that was a high enough cost that it could result in putting the industry out of business. She noted there was a fish processor in North Pole who had to do everything at his own cost; there had been no state subsidies to help the individual. She asked if any subsidies were provided by the state to industries that were forced to do the testing.

[3:10:36 PM](#)

Representative Grenn asked if the amendment included the full amount of the FY 18 request.

Representative Pruitt stated that it was easy for a person to believe that "funds aren't being used, until you're sued." He remarked that based on the way the state spent the money there were 2 million people [cruise ship passengers] with the ability to sue the state annually. He noted that the amendment would not take away the entire proposed funding amount. He believed it was a gamble to use the funds for shellfish biotoxin and water testing. He clarified that he was not asking for the state to become

the world importers of poisonous shellfish. He was asking for the legislature to be cognizant that there was an expectation from any industry there would be a cost of doing business that they would need to cover. For example, a small business owner providing certain services had to pay for insurance; a business with employees had to pay for workers' compensation; and other. He emphasized that if part of doing business for a company included testing shellfish, it should be included in the company's business model and factored into the cost of the loan. He noted that there was a loan program in Alaska that enabled companies to not pay interest for seven years to give them time for their business to mature. He wondered why the state was covering the costs. He thought that it may have been a pet project by certain legislators who had gotten the funding in the past. He wanted to get back to ensuring that government could provide the services if the fees were covered by the people utilizing the services.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H DEC 8 FAILED (5/6).

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

Drinking Water

H DEC 9 - Reductions in personal services for positions deleted by the Department

Offered by Representative Wilson

The Department deleted an Environmental Technician position in the FY 18 budget request without taking a funding reduction in the Personal Services line for the position deleted. The FY 2017 budgeted cost for this position was \$71,302. This amendment deletes the FY 17 budgeted position costs that were not deleted by the Department.

Co-Chair Foster OBJECTED.

[3:14:49 PM](#)

Representative Wilson read the amendment description [see above]. She added that if the desire was to maintain personal services positions, the same amount could be taken from travel services, commodities, leases, grants, or miscellaneous.

Co-Chair Foster spoke to his objection. He shared that he had been told by DEC and the Legislative Finance Division that the funding had already been deleted for the positions. He reasoned that reducing funding again in FY 18 would result in more positions being deleted by the department, which would impact the ability of the department's drinking water component to operate effectively.

Representative Wilson emphasized that the funding was still there, which was the reason she proposed to remove it.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H DEC 9 FAILED (4/7).

[3:16:35 PM](#)

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

Solid Waste Management

H DEC 10 - Deletes two positions and associated personal services costs

Offered by Representative Wilson

This amendment deletes two of twelve Environmental Program Specialist positions from the FY 18 budget request which will require the Department to redistribute the workload of these positions to the remaining staff resources.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Foster spoke to his objection. He stated that the amendment would put undue strain on an already lean program. There were currently only 18 positions servicing landfills and regulating pesticides for the entire state. He continued that further restrictions to the agency would likely result in an inability to meet its statutory obligations.

Vice-Chair Gara believed the amendments were like "wish amendments." He furthered it was like saying "I wish with fewer people we could do the same amount of work..."

Representative Wilson disputed the statements and requested to stay on topic of the amendment.

Vice-Chair Gara stated that the amendment would cut positions in the hope that other staff could make up the work. He believed that with no evidence, it was a wish. He remarked that the committee had been voting on two types of amendments. One type included cases where funding had been deleted for positions and there was an attempt to delete the funding a second time.

Representative Wilson countered the depictions of the amendment.

Vice-Chair Gara reiterated his belief that the current amendment represented a wish (with no evidence) that with fewer staff the same amount of work could be done. He did not support the amendment.

Representative Thompson spoke in support of the amendment. He discussed that in the past he had been in business for 35 years and he recalled lean times in the 1980s where he learned how to work more efficiently with less personnel. He stressed it was important for the state to learn to do jobs more efficiently and with less staff due to a lack of funding. He stressed it was important to cut back and that people needed to learn to work harder and be more efficient. He concluded that it was necessary to find a way to reduce the state's budget.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H DEC 10 FAILED (4/7).

[3:19:42 PM](#)

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

H DEC 11 - Fund source change replacing general funds with the Oil Hazardous and Prevention fund
Offered by Representative Wilson

This amendment makes a funding source change replacing general funds with available funds in the Oil and Hazardous Substance Release Prevention and Response Fund. As noted in the Department of Revenue's Fall Revenue Sources book, in 2016, the Legislature altered the motor fuel tax to include refined fuel surcharge of \$0.0095 per gallon on non-aviation fuel as well as a certain non-motor fuels such as home heating oil. The new surcharge raised \$6.5 million in FY 16, its first year in effect and is projected to raise \$7.6 million in FY 17 and \$7.7 million in FY 18.

Co-Chair Foster OBJECTED for the purpose of discussion.

Representative Wilson explained that the amendment would replace \$704,400 in general funds with funds from the Oil and Hazardous Substance Release Prevention and Response Fund. She stated that if the fund was completely at zero in 2025, the issue needed to be brought forward to the finance committee. She furthered that the new tax had been passed in order to keep the fund healthy and with the hope the funds would not need to be spent as costs were recouped from parties responsible for spills.

Co-Chair Foster spoke against the amendment. He cited the same argument he had spoken to in previous amendments

pertaining to the Oil and Hazardous Substance Release Prevention and Response Fund. He spoke to the fund's solvency through FY 25. He agreed it was something the legislature needed to address to determine if adjustments needed to be made. Ultimately using the funds for the Solid Waste Management Fund went against the fund's designated purpose of oil spill prevention and response.

Representative Wilson provided wrap up. She stated it was a good example of why there were not designated funds. She stated the constitution did not allow it, so they were general funds. She surmised if the funds were put in one location the legislature would not have to discuss which place to take them from.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H DEC 11 FAILED (4/7).

[3:22:23 PM](#)

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

Water

Water Quality

Offered by Representative Wilson

This amendment deletes 1 of 10 Program Managers, 3 of 36 Program Specialists and 1 of 10 Engineers and associated personal service cost of \$690,000 from the Personal Services line of the FY 18 budget request.

Co-Chair Foster OBJECTED.

Representative Wilson clarified that she had taken her amendment drafting process very seriously. She underscored there was nothing about a wish list. She wished the state could afford each and every state worker, but unfortunately that was not the case. She explained she had worked to

propose taking a small amount of funding from various areas in order to prevent eliminating an entire section of any department. She read the amendment description [see above]. She understood the amendment was asking state workers to do more with less. She wished the state had all the money in the world, but that was not the case. She noted the legislature could address the issue again the following year if there were adverse impacts from the cuts. She emphasized the importance of being smarter with the money the state had.

Co-Chair Foster spoke against the amendment. He stressed that the division had seen a reduction of 40 percent and 25 positions over the past three years. He believed the department had taken a substantial hit already and was operating very lean. He continued that additional staff loss would impact the state's ability to maintain primacy of its waste water discharge permitting.

Representative Wilson responded that the state had taken primacy of wastewater from the federal government, which was not cheap. She asked why the change had occurred. She expounded that the state had taken federal funding, which had eventually been pulled back. Consequently, the state was left paying for the service with general funds. She remarked that it was not always smarter to take on responsibilities that the federal government wanted the state to do. She believed sometimes it was necessary to stand up for the state's residents by making its own programs.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson, Pruitt

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

The MOTION to adopt Amendment H DEC 13 FAILED (4/7).

[3:25:33 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DEC 14 (copy on file):

H DEC 14 - Fund source change replacing general funds with Oil and Hazardous Prevention Fund
Offered by Representative Wilson

This amendment makes a funding source change replacing general fund with available funds in the Oil and Hazardous Substance Release Prevention and Response Fund. As noted in the Department of Revenue's Fall Revenue Sources book, in 2016, the Legislature altered the motor fuel tax to include refined fuel surcharge of \$0.0095 per gallon on non-aviation fuel as well as a certain non-motor fuels such as home heating oil. The new surcharge raised \$6.5 million in FY 16, its first year in effect and is projected to raise \$7.6 million in FY 17 and \$7.7 million in FY 18.

Co-Chair Foster OBJECTED.

Representative Wilson explained that the amendment would replace \$2,482,500 in general funds with funding from the Oil and Hazardous Prevention Fund. She stated that although people may think the Oil and Hazardous Prevention Fund was dedicated funding, it was still General Fund money.

Co-Chair Foster spoke to his objection. He agreed the funds could be used anywhere; however, he believed the prudent thing to do was to use oil spill response funds for their designated purpose. He recognized there had been times when exceptions had been made, but he believed it was a policy call that had to be made.

Vice-Chair Gara remarked that the speaker next to him had come up with a way to save money, which he had always supported. He stated that the former [House] Majority had taken over primacy and had known it would cost the state more money. He had opposed the move. He suggested that perhaps the legislature could revisit the issue as a way to save money.

Representative Wilson provided wrap up. She stated she would have agreed with the co-chair about touching the fund when talking about per barrel of oil taxed in the pipeline. She continued that the tax was adding pennies to each barrel, which used to go into the fund. She stated that the likelihood of a spill would most likely come from the pipeline. She discussed that the legislature had then made

the decision to include other fuels in the tax. She stated there was no difference if there was a motor fuel tax or a tax on heating fuel and what it should be utilized for. She stated if something major happened, funds would come from the General Fund. When there was a substantial amount of money merely sitting in the [Oil and Hazardous Substance Release Prevention and Response] fund, it made sense to use a portion.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Pruitt, Thompson

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

The MOTION to adopt Amendment H DEC 14 FAILED (4/7).

[3:28:50 PM](#)

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

Commercial Fisheries

Southeast Region Fisheries Management H DFG 13 - Funding reductions in overtime pay, travel, and services.

Offered by Representative Wilson

This allocation has an FY 18 budget request of \$121,192 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25 percent of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$30,298 is made from allocation.

The Department deleted three positions that were partially funded with general funds, however made no reduction in funding for the positions deleted. This amendment reduces the Personal Services line of the FY 18 budget request in this allocation by \$75,091, the

general fund portion of the positions deleted by the Department.

FY 2016 actual expenditures in the Travel line item were \$129,100 and the FY 18 budget request for this line item is \$187,600 resulting in an increase of \$46,900 over FY 16 actual expenditures. This amendment makes a reduction of \$46,900 to this allocation to align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the Services line item for Other Services were \$704,000 and the FY 18 budget request for this line item is \$952,100 resulting in an increase of \$248,100 over FY 16 actual expenditures. This amendment makes a reduction of \$248,100 to this allocation to align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the Services line item for Equipment/Machinery were \$288,800 and the FY 18 budget request for this line item is \$350,200 resulting in an increase of \$61,400 over FY 16 actual expenditures. This amendment makes a reduction of \$61,400 to this allocation to align the FY 18 budget request with FY 16 actual expenditures.

Representative Ortiz OBJECTED.

Representative Wilson read the amendment description [see above]. She elaborated that the PCNs were 11-1251, of which \$63,603 was general funds; 11-1738, of which \$10,949 was general funds; and 11-5078. She stated other non-general fund funding had been removed.

Representative Ortiz spoke to his objection. He relayed that his comments would apply to the current and following five or six amendments. He communicated that the department's funding had been reduced by 36 percent since FY 15. He stressed that the department could no longer do surveys, stream analysis, and data collection needed in order to allow fishermen to fish at the maximum sustainable yield, which meant there were foregone fish opportunities taking place in the fishing industry. He stressed that fishermen were allowed to catch less fish, which meant less money for their families and less to the state in landing

taxes because of the reductions that had taken place. He reminded the committee that DFG had the reputation of doing one of the best jobs in the world at managing fish resources. He emphasized it was being threatened by level of reductions in the past several years. He read from prepared remarks:

The amendment specifically addressed the premium pay issue. Premium pay was in employees' contracts and covered field work under extended and hazardous conditions. Some of the work they do is truly dangerous and their unions work to ensure that they are compensated appropriately. The Alaska Department of Fish and Game has tragically lost employees over the years.

Representative Ortiz emphasized that the amendments would add to the burden DFG was already experiencing. He reiterated that the burden had been transferred to lost opportunities to the state's fishermen, which hurt the state's overall economy. He did not support the amendment.

Representative Wilson suggested that the state should look at its fee structure. She stated "maybe they're not upholding their portion" or perhaps the fees they were paying were not going "to what they are actually being able to do." She remarked that once everything went into the General Fund it was difficult to determine who was paying their way and who was not. She believed going back to 2016 did not seem to be asking that much.

Representative Ortiz 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 to adopt Amendment H DFG 13 FAILED (4/7).

[3:34:48 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DFG 14 (copy on file):

Central Region Fisheries Management
H DFG 14 - Funding reduction for overtime pay to encourage reduced overtime, services, and commodities.
Offered by Representative Wilson

This allocation has an FY 18 budget request of \$95,827 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25 percent of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$23,957 is being taken in this allocation.

The Department deleted eight positions that were partially funded with general funds, however made no reduction in funding for the positions deleted. This amendment reduces the Personal Services line of the FY 18 budget request in this allocation by \$115,510, the general fund portion of the positions deleted by the Department.

FY 2016 actual expenditures in the Services line item for Equipment/Machinery were \$255,700 and the FY 18 budget request for this line item is \$355,700 resulting in an increase of \$100,000 over FY 16 actual expenditures. This amendment makes a reduction of \$100,000 in this allocation to align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the Services line item for Other Services were \$375,400 and the FY 18 budget request for this line item is \$1,150,400 resulting in an increase of \$775,000 over FY 16 actual expenditures. This amendment makes a reduction of \$775,000 in this allocation to align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the Services line item for Equipment Fleet were \$88,600 and the FY 18 budget request for this line item is \$110,500 resulting in an increase of \$21,900 over FY 16 actual expenditures. This amendment makes a reduction of \$21,900 in this

allocation to align the FY 18 budget request with FY 16 actual expenditures.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above]. She noted it also allowed for an opportunity to make up the 25 percent in the event of vacancies. She communicated that other types of funds had been removed.

Representative Ortiz spoke against the amendment. He stated that the reductions would result in reduced in-season harvest stock composition data that guides in-season management for Prince William Sound. The department would be forced to manage more conservatively and fewer fish would be harvested.

Representative Thompson supported the amendment. He commented that the amendment aligned numbers with the lower FY 16 numbers. He stressed there was a huge increase underway. He emphasized that the legislature was supposed to be trying to figure out how to reduce the budget; however, the committee was not currently achieving a reduced budget. He thought the budget had been added to like crazy since FY 16. He believed the increases were a mistake that was not supported by the public.

Co-Chair Seaton asked members to keep in mind mandatory furlough days (unpaid leave) when asking employees to take on other duties. Additionally, vacancy factors indicated unfunded positions; therefore, there was no one sitting in the position to take on the workload because there was no funding to fill them. He believed it was important to keep in mind when looking at the budget books to determine something to delete. He strongly suggested that members individually check with each agency to determine the implications moving forward.

Representative Wilson underscored that she had not proposed to remove any PCNs or people. She stated it had already been done. She was not asking people to take on more duties. She noted that much could be learned by reading about an agency's mission, accomplishments, and challenges. She added that if she had wanted to make a blanket 10 percent cut she would have proposed it. She reiterated that the amendment did not propose to eliminate any positions.

The amendment merely removed the remaining portions because the other funding had been removed previously. She noted it would remove 25 percent of the overtime.

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, Foster, Seaton

The MOTION to adopt Amendment H DFG 14 FAILED (4/7).

[3:41:05 PM](#)

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

AYK Region Fisheries Management
H DFG 15 - Funding reduction for overtime pay; delete funding for positions Department deleted
Offered by Representative Wilson

This allocation has an FY 18 budget request of \$109,062 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25% of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$27,266 is being taken in this allocation.

The Department deleted six positions that were partially funded with general funds, however made no reduction in funding for the positions deleted. This amendment reduces the Personal Services line of the FY 18 budget request in this allocation by \$121,269, the general fund portion of the positions deleted by the Department.

FY 2016 actual expenditures in the Services line item for Other Services were \$446,100 and the FY 18 budget request for this line item is \$854,900 resulting in an

increase of \$408,800 over FY 16 actual expenditures. This amendment makes a reduction of \$408,800 in this allocation to align the FY 18 budget request with FY 16 actual expenditures. A reduction of \$25,000 is also made to Services line item for State Equipment Fleet costs.

The FY 18 budget request of \$279,400 in the Travel line is reduced by \$100,000 by this amendment.

Co-Chair Foster OBJECTED.

Representative Wilson read portions of the amendment description [see above]. She referred to the budget book and noted that the enormous costs were "done every year," but she observed that the actual costs were much lower. She did not know why inflated costs were used or why major differences appeared. She was certain that the following year the major costs would be listed and the actuals would hopefully be closer to FY 16 figures. Her goal with the amendment was to ensure it would happen.

Representative Ortiz addressed his opposition to the amendment. He detailed that the reduction would impact biometric support, eliminate contribution towards triannual crab trawl survey, discontinue Chinook salmon genetic sample collection programs and analysis, eliminate multiple positions associated with the Kuskokwim sockeye run assessment in multiple salmon tributary weirs (including all weirs funded by FWS), discontinue the Bethel test fishery program in favor of mainstream sonar resulting in two layoffs, and other. He believed the amendment was harmful to the industry. He agreed that reductions needed to be found, but greater harm to the economy was not prudent.

Representative Wilson provided wrap up. She stressed that when the positions had been deleted, the department should have communicated if the funds were still needed. She emphasized that the amendment did not delete positions - the positions had been deleted by the department. She stated the department should have specified that the funds were needed for travel, to fund remaining positions, or other. She reasoned that the excess \$121,000 was most likely being utilized for some of the services listed by Representative Ortiz. Her point was that the department

needed to specify where the funds were being used. She wanted to have a better understanding of where the money was going and how it was being spent.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Kawasaki, Ortiz, Gara, Seaton, Foster

Representative Guttenberg was absent from the vote.

The MOTION to adopt Amendment H DFG 15 FAILED (5/5).

[3:45:49 PM](#)

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

Westward Region Fisheries Management

H DFG 16 - Funding reduction in overtime pay to encourage reduced overtime; align budget to FY 16 expenditures.

Offered by Representative Wilson

This allocation has an FY 18 budget request of \$159,085 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25% of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$39,771 is made from this allocation.

The Department deleted two positions that were partially funded with general funds, however made no reduction in funding for the positions deleted. This amendment reduces the Personal Services line of the FY 18 budget request from this allocation by \$100,862, the general fund portion of the positions deleted by the Department.

FY 2016 actual expenditures in the Travel line item were \$169,600 and the FY 18 budget request for this line item is \$271,900 resulting in an increase of \$102,300 over FY 16 actual expenditures. This amendment makes a reduction of \$102,300 from this allocation to align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the Services line item were \$2,353,900 and the FY 18 budget request for this line item is \$3,167,300 resulting in an increase of \$813,400 over FY 16 actual expenditures. This amendment makes a reduction of \$813,400 from this allocation to align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the Commodities line item were \$618,900 and the FY 18 budget request for this line item is \$864,400 resulting in an increase of \$245,500 over FY 16 actual expenditures. This amendment makes a reduction of \$245,500 from this allocation to align the FY 18 budget request with FY 16 actual expenditures.

Co-Chair Foster OBJECTED.

Representative Wilson read from portions of the amendment description [see above]. She added that the amounts combined totaled a \$1.3 million decrease.

Representative Ortiz spoke to his objection to the amendment. He detailed that the reductions would result in the elimination of funding for regional finfish support staff and publications, more conservative management of herring fisheries, and the elimination of aerial surveys and vessel support. He furthered that small areas would not open. Funding would be cut for supply and contract money in the Kodiak Island limnology lab and sample processing time would increase, which could impact hatchery stock plans and other. He concluded the amendment would mean additional reductions on top of a 36 percent reduction, making it increasingly more difficult for the department to do its work.

Representative Thompson remarked [facetiously] that apparently the state failed to do all of those things

[listed by Representative Ortiz] in FY 16 because it lacked the funding. He reasoned that the work had been done in FY 16 [with lower funding] and he believed the department should have the ability to do them at present as well.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H DFG 16 FAILED (4/7).

[3:49:03 PM](#)

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

Commercial Fisheries
Statewide Fisheries Management
H DFG 17 - Funding reduction in overtime pay, travel, and services.
Offered by Representative Wilson

This allocation has an FY 18 budget request of \$32,395 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25 percent of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$8,099 is made from this allocation.

The Department deleted six positions that were funded with general funds, however made no reduction in funding for the positions deleted. This amendment reduces the Personal Services line of the FY 18 budget request in this allocation by \$396,718, the general cost of the positions deleted by the Department.

FY 2016 actual expenditures in the Travel line item were \$235,700 and the FY 18 budget request for this

line item is \$312,100 resulting in an increase of \$76,400 over FY 16 actual expenditures. This amendment makes a reduction of \$76,400 from this allocation to align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the Services line item were \$4,676,900 and the FY 18 budget request for this line item is \$6,347,500 resulting in an increase of \$1,670,600 over FY 16 actual expenditures. This amendment makes a reduction of \$1,670,600 from this allocation to align the FY 18 budget request with FY 16 actual expenditures.

Co-Chair Foster OBJECTED.

Co-Chair Seaton advised that if the arguments for the amendments were the same Representative Wilson could reference her previous remarks.

Representative Wilson noted the amounts were different. She read from portions of the amendment description [see above]. The amendment totaled \$2,151,800. She remarked that the work had been done in FY 16; therefore, she did not understand why it could not be done in FY 18.

Representative Ortiz was opposed to the amendment. He detailed that the amendment would result in the deletion of seven positions and would reduce travel, the number of printed regulation books, a division fund, support for salmon assessment in statewide reporting, and aquatic permit review. Additionally, it would eliminate programs for stock identification of sockeye salmon harvest in Bristol Bay, Kodiak, and Cook Inlet.

Vice-Chair Gara stated that the amendment deleted positions that had already been cut; therefore, it represented a double deletion. He suggested that the amendment sponsor speak to the Legislative Finance Division during a break to determine which amendments would result in a double deletion.

[3:51:59 PM](#)

Representative Wilson provided wrap up. She relayed that she had gone through the Legislative Finance Division. She

had found that "most of the money, except the General Fund money that wasn't deleted, went back after yesterday's discussion." She reasoned the state must have been much smarter with its money in FY 16 because she had not heard there were numerous things the state could not do in 2016 - things that it could suddenly not do in FY 18.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H DFG 17 FAILED (4/7).

[3:52:58 PM](#)

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

Sport Fisheries
H DFG 18 - Funding reduction in overtime pay, travel, and services.
Offered by Representative Wilson

This allocation has an FY 18 budget request of \$75,668 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25% of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$18,917 is made from the Personal Services line.

FY 2016 actual expenditures in the Travel line item were \$229,600 and the FY 18 Governor's budget request for this line item is \$326,700 resulting in an increase of \$97,100 over FY 16 actual expenditures. This amendment makes a reduction of \$100,000 from this allocation to align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the Services line item were \$10,768,400 and the FY 18 budget request for this line item is \$13,549,300 resulting in an increase of \$2,780,900 over FY 16 actual expenditures. This amendment makes a reduction of \$1,343,312 from this allocation to align the FY 18 budget request with FY 16 actual expenditures.

Vice-Chair Gara OBJECTED.

Representative Wilson explained that the amendment pertained to a FY 18 budget request of \$55,014 for premium pay - a reduction of 25 percent (a reduction of \$13,754). The total positions in the department had been 220 in FY 16, 221 in the FY 17 management plan, and 227 in the FY 18 budget request. There had also been an increase of \$1,101,600 in the personal services line between the FY 18 management plan and the FY 18 request. The amendment would eliminate six positions in the general funds of \$1,184,866 from the personal services line of the FY 18 budget request. She believed the budget should at least revert back to figures in FY 17.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

Representative Grenn was absent from the vote.

The MOTION to adopt Amendment H DFG 18 FAILED (4/6).

[3:54:53 PM](#)

AT EASE

[3:55:08 PM](#)

RECONVENED

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

Wildlife Conservation

H DFG 19 Reduced funding for extra pay to encourage reduced overtime and eliminates six PFT positions.

Offered by Representative Wilson

This allocation has an FY 18 budget request of \$55,014 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25% of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$13,754 is made from the Personal Service line of this allocation.

Total positions in the Department were 220 in FY 16, 221 in the FY 17 Management Plan and 227 in the FY 18 budget request. There was also an increase of \$1,101,600 in the Personal Services line between the FY 17 Management Plan and the FY 18 request. This amendment deletes 6 positions and general funds of \$1,184,866 from the Personal Services line of the FY 18 budget request for this allocation.

Co-Chair Foster OBJECTED.

Representative Wilson read from the amendment description [see above]. She requested an "at ease" to review the amendment. She believed it was the same amendment she had just spoken to.

[3:55:38 PM](#)

AT EASE

[3:55:49 PM](#)

RECONVENED

Representative Wilson WITHDREW Amendment H DFG 19.

[3:56:02 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DFG 21 (copy on file):

Statewide Support Services
Commissioner's Office
H DFG 21 Removes Special Assistant position and align
FY 18 Services request with FY16 expenditures.

Offered by Representative Wilson

This amendment deletes a Special Assistant to the Commissioner position and will require the Department to redistribute the work load to remaining staff.

FY 2016 actual expenditures in the Services line item for Other Services were \$4,200 and the FY 18 budget request for this line item is \$227,100 resulting in an increase of \$222,000 over FY 16 actual expenditures. This amendment makes a reduction of \$37,800 to the Services line in this allocation and deletes all unrestricted general funds.

Co-Chair Foster OBJECTED.

Representative Wilson explained that the amendment would remove the special assistant position within the Department of Fish and Game (DFG), which was currently funded with interagency receipts of \$172,800.

Representative Ortiz spoke in opposition to the amendment. He detailed that DFG had two special assistants to the commissioner - one served as the legislative liaison and worked on the department budget and the other worked on food security and subsistence on the Yukon and Kuskokwim Rivers and acted as a liaison to the federal subsistence board. In recent years the commissioner's office had lost an assistant commissioner, a public information officer, a secretary I, and an administrative assistant II. He furthered that when the deputy commissioner position had become vacant, the department had shifted the legislative liaison and budget roles to the new legislative liaison/special assistant to the commissioner. He concluded that the department valued both positions.

Representative Wilson stated that everyone was valuable, but sometimes it was not possible to afford everyone.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Wilson, Grenn

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

Representative Pruitt and Representative Tilton were absent from the vote.

The MOTION to adopt Amendment H DFG 21 FAILED (3/6).

[3:57:54 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DFG 22 (copy on file):

Administrative Services

H DFG 22 - Reduce funding for deleted positions and reduce the Commodities line to the FY16 level

Offered by Representative Wilson

Several position were deleted in the FY 18 budget request with no deletion in funding. This amendment makes a reduction of \$63,398 to the Personal Services line for the general fund portion of the positions deleted by the Department with no reduction in funding.

FY 2016 actual expenditures in the Commodities line were \$94,500 and the FY 18 budget request for this line item is \$217,200 resulting in an increase of \$122,700 over FY 16 actual expenditures. This amendment makes a reduction of \$122,700 to the Commodities line in this allocation.

Co-Chair Foster OBJECTED.

Representative Wilson read from the amendment description [see above].

Representative Ortiz spoke in objection to the amendment. He detailed that funding associated with deleted PCNs was part of the FY 17 General Fund reduction. The Division of Administrative Services did not lapse general funds, but rather excess interagency and federal receipt authority furthered position deletions from the division. An amendment had been previously adopted, which eliminated \$182,600 GF from the division.

Vice-Chair Gara stated that the amendment had a problem consistent with a problem in other previously proposed amendments. He detailed that the funding had been cut,

positions were not funded, and the amendment would double the cut. The result would mean another equal number of employees would lose their jobs. He believed that the explanation the positions were still funded was inaccurate.

Representative Thompson discussed that unallocated cuts had been put into the FY 16 budget. He detailed that in FY 17 the positions had gone away, but they had been funded. He stated that the positions were still funded in the FY 18 budget. He thought the issue was confusing, but believed the amendment sponsor was correct.

4:00:30 PM

Representative Wilson provided wrap up on the amendment. She reasoned that if money had not been allocated to the positions the FY 17 budget would show zero next to the positions. Additionally, the non-UGF funding for the positions had been removed, which was indicated in the budget. She emphasized that no funds had been removed - it was the reason other funds or federal funds were not shown. She had reviewed the items and stressed that the funds had not previously been removed.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson

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

Representative Pruitt was absent from the vote.

The MOTION to adopt Amendment H DFG 22 FAILED (3/7).

4:01:54 PM

Representative Wilson MOVED to ADOPT Amendment H DFG 26 (copy on file):

Habitat

H DFG 26 - Reduce funding for overtime pay to encourage reduced overtime; align services with FY16 expenditures

Offered by Representative Wilson

This allocation has an FY 18 budget request of \$127,456 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25 percent of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$31,864 is made from the Personal Services line in this allocation.

FY 2016 actual expenditures in the Services line for Other Services were \$37,300 and the FY 18 budget request for this line item is \$423,900 resulting in an increase of \$418,464 over FY 16 actual expenditures. This amendment makes a reduction of \$105,000 from this allocation in the Service line.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above]. She stressed that with the amendment the item would still receive an increase exceeding \$300,000 from FY 16.

Representative Ortiz reminded the amendment sponsor that all premium pay was related to field work. He continued that the division did not lapse general funds, but saw funding authority. The reduction would result in position deletions.

Representative Wilson countered that the division would still receive an increase of \$300,000, which was a much larger sum than \$31,864. She was certain the allocation would have the ability to compensate for the difference easily.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Thompson

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

Representative Pruitt was absent from the vote.

The MOTION to adopt Amendment H DFG 26 FAILED (3/7).

4:04:07 PM

Representative Wilson MOVED to ADOPT Amendment H GOV 1(copy on file):

Commissions/Special Offices
Human Rights Commission
H GOV 1 - Personal Services Reduction Offered by
Representative Wilson

This amendment deletes two of eight Human Rights Field Rep III positions in the FY 18 budget request from this allocation and will require the Department to redistribute the workload to remaining staff and operate in a more efficient manner.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Seaton spoke in opposition to the amendment. He explained that the reduction would severely hinder the ability of the Human Rights Commission to meet its statutory mandate to prevent and eliminate discrimination in employment, in credit and financing practices, and in places of public accommodation in the sale, lease, and rental of real property and in practices by the state or its political subdivisions because of race, religion, color, national origin, sex, age, physical or mental disability, marital status and change in marital status, pregnancy, and other. The elimination of two human rights field representatives would result in a significant increase in unmanageable caseloads. Each investigator currently closed about 60 cases per year, which could result in reduced federal funding from the Equal Employment Opportunity Commission, which contributed about 10 percent of the commission's budget.

Representative Wilson provided wrap up. She remarked it was five cases per month for each field representative. She reasoned that deleting two of the positions meant caseloads

would be ten per month, which she did not believe would over stress the commission.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Thompson, Tilton

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

Representative Pruitt was absent from the vote.

The MOTION to adopt Amendment H GOV 1 FAILED (3/7).

[4:06:43 PM](#)

Representative Wilson MOVED to ADOPT Amendment H GOV 2 (copy on file):

Executive Operations
Executive Office
H GOV 2 - Personal Services Reduction
Offered by Representative Wilson

This amendment reduces the overall costs of the Executive Office in the Office of the Governor in anticipation of the office operating in a more efficient manner. There are a significant number of management level positions costing the state in excess of \$200,000 per position. As has been required by all other state agencies, this office should seek efficiencies in operations by reducing personal service costs, therefore this amendment make a reduction of \$500,000 to the Personal Services line of the FY 18 budget request.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Seaton spoke in opposition to the amendment. He stated that the executive office budget had been reduced by the current administration from \$12,988,000 UGF in 2015 to \$11,303,000 UGF in the FY 18 request - a reduction of 13

percent. He furthered that full time positions had been reduced from 71 to 60 during the same time period. He relayed that any further reduction would significantly hinder the governor from performing his executive responsibilities. He added that the governor had already implemented furloughs and a salary freeze for executive office personnel staff.

Representative Wilson stated that the Governor's Office appeared to be the luckiest department thus far with a reduction of 13 percent. She remarked she had been hearing about reductions of 30 percent or higher for most of the agencies.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson

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

Representative Pruitt and Co-Chair Foster were absent from the vote.

The MOTION to adopt Amendment H GOV 2 FAILED (3/6).

[4:08:51 PM](#)

Representative Wilson MOVED to ADOPT Amendment H GOV 4 (copy on file):

Lieutenant Governor
H GOV 4 - Funding Reduction
Offered by Representative Wilson

The FY 18 budget request for this allocation includes a deletion of one position, however, no reduction in funding was taken. This amendment eliminates the funding associated with the position.

Representative Grenn OBJECTED.

Representative Wilson read the amendment description [see above]. The amendment would eliminate \$88,500.

Co-Chair Seaton spoke against the amendment. He stated that the position in the lieutenant governor's office was eliminated to reduce the component's vacancy factor from 10 percent to 2 percent. The amendment would mean the deletion of another position, which would seriously hamper the operations of the office.

Representative Wilson replied that she was amazed the committee could not cut \$88,000 from a \$4.2 billion budget.

Representative Grenn MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Grenn, Thompson, Tilton, Wilson

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

Representative Pruitt was absent from the vote.

The MOTION to adopt Amendment H GOV 4 FAILED (4/6).

[4:10:38 PM](#)

Representative Wilson MOVED to ADOPT Amendment H GOV 5 (copy on file):

Office of Management and Budget
H GOV 5 - Funding Reduction
Offered by Representative Wilson

A position was deleted by the Office of Management and Budget (OMB) in the FY 18 budget request. The FY 17 budgeted cost of that position was \$138,893. In lieu of deleting the funding for the position, OMB transferred \$87,000 to the services line item and retained \$51,893 in personal services. The amendment reduces the Services line in the FY 18 budget request item by \$87,000 and the Personal Services line by \$51,893 for a total reduction to this allocation of \$138,893, the cost of the position deleted.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Seaton spoke against the amendment. He detailed that the amendment would significantly increase the Office of Management and Budget's (OMB) vacancy factor requiring essential positions be kept vacant, and would eliminate contractual services funding to implement and independent verification validation process required to ensure the success of shared services. He furthered that OMB had already made significant reductions in the budget and had reduced full-time positions from 17 (at the beginning of the current administration) to a proposed level of 15 for FY 18.

Vice-Chair Gara opposed the amendment. He referred to an earlier statement that there could not be an \$80,000 or \$100,000 cut to the proposed budget. He underscored that in the current proposed budget, agency operations had been cut by over \$60 million from the prior year.

Representative Wilson stated that the money had gone to different areas, but there continued to be a \$4.2 billion budget no matter what had been done thus far. She concluded that the position had been deleted and she thought the funding should have also been deleted.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson

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

Representative Pruitt was absent from the vote.

The MOTION to adopt Amendment H GOV 5 FAILED (3/7).

[4:13:39 PM](#)

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

Elections

H GOV 7 - Reduce FY 18 budget request for election funding in a non-election year.

Offered by Representative Wilson

The FY 18 budget request in this allocation includes \$1,847,000 for costs associated with conducting the statewide primary and general elections as well as REAA and CRSA elections for fiscal years ending June 30, 2018 and June 30, 2019. It is anticipated these funds will not be spent in FY 18, as there is no primary or general election, however will carryover and be included with an FY 19 budget request for an additional \$1.8 million. This would result in a total of \$3.6 million being available for future elections. This amendment deletes the \$1.8 requested in this allocation and requires that funds be requested in the FY 19 budget for FY 19 elections.

Co-Chair Foster OBJECTED.

Representative Wilson explained that the legislature funded the Division of Elections for two years at a time. She read the amendment description [see above]. She stated that basically the legislature was going to make the division come back to ask for the money so it could review where the money had previously been spent.

Co-Chair Seaton spoke in opposition to the amendment. He explained that beginning in FY 17 the cost of holding elections every two years was divided in half to reduce the volatility in the final authorized budget of the Office of the Governor while allowing for sufficient funding to conduct elections. He noted that Section 17 of the governor's operating budget bill would appropriate money for a two-year period; therefore, money not spent in FY 18 (expected to be nearly all of the FY 18 appropriation) would be available in FY 19. The funds would combine with \$1.8 [million] appropriated next year for FY 19 and FY 20. If the amendment was adopted, the cost shift to the next year and the full election cost of \$3.6 million would appear in next year's budget as an additional cost. He added that Regional Educational Attendance Area (REAA) elections still occurred in off-years.

Representative Grenn asked what the allocation requests had been in previous non-election years.

Representative Kawasaki noted that REAA elections and some Coastal Resource Service Areas (CRSA) elections were held

in off-years; therefore, the funds would be necessary in the coming year.

Representative Wilson provided wrap up. She agreed that the amendment would leave funding in the budget for one year instead of two. It would mean the Division of Elections would have to come back to the legislature to explain the need for the funding request for the given year. She remarked that instead of forward funding education the legislature was forward funding elections. The amendment represented a savings for the current year, but not an overall savings in the future until the legislature heard from the division the following year. She did not understand why the legislature would be taking money from savings to forward fund the cost when it was not necessary.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson

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

Representative Pruitt and Vice-Chair Gara were absent from the vote.

The MOTION to adopt Amendment H GOV 7 FAILED (3/6).

[4:18:23 PM](#)

AT EASE

[4:34:48 PM](#)

RECONVENED

Co-Chair Seaton indicated the committee would address amendments for the Department of Health and Social Services (DHSS).

[4:35:10 PM](#)

Representative Tilton MOVED to ADOPT Amendment H HSS 5 (copy on file):

Alaska Pioneer Homes

Alaska Pioneer Homes Management H HSS 5 - Decrease to
Alaska Pioneer Home Management travel and services

Offered by Representative Tilton

This decrease is 18Gov - 16Actual InflAdj (3.5 percent)

Vice-Chair Gara OBJECTED.

Representative Tilton explained the amendment related to Alaska Pioneer Home management. She relayed that the actuals in FY 16 had been \$24.1 [thousand] and the governor's request had been \$52.4 [thousand] in travel. Actuals for services had been \$65.2 [thousand] with a request of \$199.6 [thousand]. Actuals for commodities had been \$7.4 [thousand] with a request of \$23.1 [thousand]. She stated that the increment had not been impacted the previous year.

[4:36:36 PM](#)

AT EASE

[4:36:50 PM](#)

RECONVENED

Representative Ortiz spoke in opposition to the amendment. He had heard real concerns over the past few years from the director of the Juneau Pioneer Home about reductions that had taken place. He detailed the Juneau Pioneer Home would have to reduce its number of beds if additional cuts were received. He noted that there was already a waiting list to get into the home. He spoke to the importance and value of Alaska's seniors - he wanted to ensure Alaska continued to be a place for them to live. He concluded that further reductions to the Pioneer Homes would be detrimental.

Vice-Chair Gara spoke against the amendment. He stated that the Pioneer Home had already taken over \$1 million in cuts since FY 15. He detailed that the homes were able to serve fewer people, yet the residents were much more expensive because of their high level of need (e.g. due to Alzheimer's, dementia, and other major medical problems). Part of the amendment would delete funds owed to the Department of Administration for leasing costs, information technology, risk management, and other. He noted it would mean a cut to nursing services or other services at the Pioneer Homes. He continued that the Pioneer Home had done a very good job managing its costs as well as possible. He

reiterated that the Pioneer Home had already been cut significantly.

Representative Tilton relayed that she had checked with the legislative analyst. She stated there had not been a reduction in the line in the previous year. She had significant faith in the state's Pioneer Homes and wanted to protect the state's seniors. She stated the amendment was not in "that line," but in their management. She believed if small cuts were made across agencies it would be easier than having to do something like close a Pioneer Home.

Vice-Chair Gara MAINTAINED his OBJECTION.

Representative Tilton provided wrap up.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 5 FAILED (4/7).

[4:40:31 PM](#)

Representative Tilton MOVED to ADOPT Amendment H HSS 7 (copy on file):

Pioneer Homes
H HSS 7 - Decrease to commodities
Offered by Representative Tilton

This decrease is 18Gov - 16Actual Infl Adj (3.5 percent)

Vice-Chair Gara OBJECTED.

Representative Tilton explained the amendment related to the commodities line of the Alaska Pioneer Home budget. She referred to an earlier discussion about whether actuals really represented actuals. She relayed that the actual in FY 15 was \$2,953,000 and \$2,766,000 in FY 16. She continued that in both years the actual spend had not been the authorized amount. The reduction in the amendment would

come from the General Fund in the amount of \$639,000. She was concerned that Pioneer Home residents were paying more for an increase that did not equal the amount actually spent.

Vice-Chair Gara opposed the amendment. He stated that he would join anyone who would like to help reduce the level 1 cost; however, he relayed that he had failed at building support for reducing the specific cost. He addressed the proposed \$639,000 reduction in commodities and relayed that the funds went largely to medical supplies for people with significant health problems. He believed that unless someone could identify medical supplies that were not needed, the cut was unsubstantiated. He listed various treatment services.

Representative Tilton responded that the commodities budget line also included landscaping and systems monitoring. She stressed that the amendment would not result in a reduction to medications. She was concerned that residents were being charged for money the state was not actually spending. She noted that the cost for residents was scheduled to increase.

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, Foster

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

[4:44:36 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 8 (copy on file):

Pioneer Homes

H HSS 8 - Funding reduction in Personal Services to align with FY17 Management Plan level.

Offered by Representative Wilson

FY 2016 actual expenditures in the Personal Services line item were \$47,835,600, the FY 17 Management Plan

level was \$48,922,000 and the FY 18 budget request is \$49,311,600. The increase between the FY 17 Management Plan and the FY 18 budget request is \$389,600. This amendment makes a reduction of \$389,600 to this Personal Services line and aligns the FY 18 budget request to FY 17 Management Plan level.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara spoke in opposition to the amendment. He found it impressive that the Pioneer Home had found close to \$1.5 million in budget reductions since FY 15. In reality the cost of healthcare went up for people who were being hired. He spoke to the \$389,000 the amendment would cut from personnel services and explained the money was used to pay for step increases for existing staff and for health insurance increases because the state had never gained control of its healthcare costs. He believed the cut would potentially mean laying off three or four nurses or other people.

Representative Wilson was trying to hold the line to FY 17. She did not believe it was asking much.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson, Pruitt

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

The MOTION to adopt Amendment H HSS 8 FAILED (4/7).

[4:46:58 PM](#)

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

Pioneer Homes

H HSS 9 - Funding reduction of four non-permanent position deleted by the Dept. but not defunded.

Offered by Representative Wilson

The Department deleted four non-permanent positions that had been vacant for more than one year in the FY 18 budget request, however, did not delete the personal services funding associated with the positions. This amendment reduces the FY 18 budget request in the Personal Services line by the amount of the FY17 budgeted costs of the four positions.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara explained that the Pioneer Homes had a vacancy factor of roughly 2 percent - vacant positions that were not funded. He detailed that a cut of \$166,000 could have associated matching funds the legislature was unaware of because it did not know what positions would be cut. He continued it could be a deletion of certified nurse aides or other employees. He reiterated there was no funding for deleted positions contrary to what the amendment suggested. The vacancy factor open positions were not funded. He noted that every once in a while an employee may leave and the agency could fill the position.

Representative Wilson agreed that the four positions no longer existed, which was the reason she was proposing to delete the associated funding.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 9 FAILED (4/7).

Representative Gara WITHDREW Amendment H HSS 14 (copy on file). He indicated he would not be offering the amendment in an attempt to keep costs down.

[4:50:19 PM](#)

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

Alcohol Safety Action Program (ASAP)
H HSS 16 - Delete three PFT positions and associated
costs.
Offered by Representative Wilson

Due to declining revenues and as a cost containment
measure, this amendment deletes three new positions
established by the Department in the FY 18 budget
request for this allocation. This results in a
reduction of \$221,197 from the Personal Services line
of the FY 18 budget request.

The FY 17 Management Plan budget in the Personal
Services line is \$2,488,700 and the FY 18 budget
request is \$2,599,200 which is an increase of \$110,500
over FY 16 actual expenditures. Therefore, a
reduction of \$110,105 in the Personal Services line is
made from this allocation to align the FY 18 budget
request with FY 16 actual expenditures.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description
[see above]. She clarified the \$221,197 in the amendment
description should read \$331,300 general funds.

Vice-Chair Gara spoke against the amendment. He clarified
that the funding source was interagency receipts from the
Court System to pay for the Alcohol Safety Action Program
(ASAP). He detailed that the program screened people with
substance abuse problems to determine the necessary
treatment. The goal was to keep people from becoming repeat
customers in the state's criminal justice system and to
save money. He explained that the amendment would delete
the people tasked with screening people to determine needed
treatment. He elaborated that a portion of the funding was
for step and health insurance increases. Without the
services there would be increased crime and fewer treatment
services.

Representative Wilson reported that the amendment pertained
to three new positions. She stated there were other things
happening in the criminal world in relation to SB 91

[omnibus crime legislation passed in 2016] or other legislation. She did not believe it was the time to increase personnel.

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 to adopt Amendment H HSS 16 FAILED (4/7).

4:53:26 PM

AT EASE

4:53:47 PM

RECONVENED

Representative Wilson MOVED to ADOPT Amendment H HSS 21 (copy on file):

Designated Evaluation and Treatment
H HSS 21 - Funding reduction to grants line item
Offered by Representative Wilson

Due to declining revenues, this amendment as a cost containment measure, reduces the FY 18 budget request for evaluation and treatment grants from \$3,794,800 to \$3,594,800.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara conveyed that the item was more important than the description of the amendment conveyed. He stressed there had already been a reduction of \$869,000 in the services since FY 15. He detailed that designated evaluation treatment services went to individuals with severe mental health problems who were in crisis. He continued that the individuals had to be moved to a part of the state where the services were being offered. He explained that the services were often court ordered. He

underscored that the services were provided to individuals who may otherwise be suicidal or end up on the street (which also cost the state money). He believed the department had been efficient and perhaps over efficient in cutting close to \$1 million. He wanted to know what would happen to the individuals if an additional cut occurred. Additionally, he thought the amendment would result in a supplemental budget request by the department because the mental health crisis services were statutorily required.

Representative Wilson imagined most of the individuals would have other coverage with Medicaid expansion coming into full force. She believed there should be more federal funding based on different waivers offered. She thought the state was still waiting for some of the waivers - they had not come the prior year, which was the reason for a supplemental cost. She concluded that more federal funds should be available.

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, Foster, Seaton

The MOTION to adopt Amendment H HSS 21 FAILED (4/7).

[4:56:43 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 22 (copy on file):

Alaska Psychiatric Institute
H HSS 22 - Aligning the FY 18 budget request with FY 17 Management plan
Offered by Representative Wilson

This amendment reduces the FY 18 budget request in the Personal Services line by \$776,400 to align the request with the FY 17 Management Plan level of funding which is \$26,766,400.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara spoke to his objection. He reported that funding for the Alaska Psychiatric Institute (API) had been cut since FY 15. He reported that the cuts had yielded poor results. He detailed that similar institutions in other states were able to treat people and transition them into housing, jobs, and services. Whereas, individuals at API were kept for a very short period of time, funding was not available to provide needed transitional services, and close to half of the individuals ended up back in API. He reiterated that the system was already underfunded. He wondered if the amendment sponsor had determined how much more it would cost the state if more individuals returned to API for treatment. He noted that currently there were no empty beds at API and it was not even providing the needed level of services.

Representative Guttenberg remarked that the funding source was GF mental health funds. He reasoned the amendment would mean denying a mental health funds increment. He was unclear if the funding was from Alaska Mental Health Trust Authority (AMHTA).

Representative Wilson responded that the funds were not from AMHTA. She stated that the fund source was the General Fund. She referred to a previous remark that API was not providing the needed care. She opined that the state needed to look at alternatives if it was not providing the needed level of care. She believed it was the worst thing the state could do. She stated it was not only about funding and there may be other issues going on, such as the cost of healthcare in Alaska compared to other places.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H HSS 22 FAILED (4/7).

Representative Wilson MOVED to ADOPT Amendment H HSS 24
(copy on file):

Alaska Mental Health Board and Advisory Board on
Alcohol and Drug Abuse
H HSS 24 - Delete one PFT position and associated
costs
Offered by Representative Wilson

This amendment deletes a Health and Social Services
Planner II position from the FY 18 budget request
requiring the Department to redistribute the workload
to the remaining staff.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see
above].

Vice-Chair Gara spoke against the amendment. He explained
that half of the position was funded with AMHTA money and
was an AMHTA priority. He relayed that taking general funds
out would result in the deletion of two positions. The
positions were responsible for reviewing grant applications
to help leverage additional federal funding, working on
Medicaid reform to save the state money, working on
policies to reverse the heroin and opioid abuse increase,
and working on education and planning to help reduce
adverse childhood experiences. He detailed that children
with adverse childhood experiences commit suicide in much
larger numbers, have higher rates of depression, end up in
mental health institutions at a high cost to the state, and
end up living with much more agony than they should. He saw
the amendment as costing the state money and as
disregarding a priority of the people hired at AMHTA.
Additionally, he believed it would delete two positions
instead of one.

Representative Grenn asked the amendment sponsor to address
the number of positions the two boards currently had.

Representative Wilson discussed that making cuts was not
easy. She explained that the state was not the only one
providing services to the public. She reasoned that some of
the services would have to be the responsibility of the
private sector.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H HSS 24 FAILED (5/6).

5:04:20 PM

Representative Wilson MOVED to ADOPT Amendment H HSS 26
(copy on file):

Behavioral Health
Suicide Prevention Council
H HSS 26 - Funding reduction in grants line
Offered by Representative Wilson

Due to declining revenues, this amendment is a cost
containment measure that reduces the \$461,700 grants
line funding in the FY 18 budget request by \$100,000.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see
above].

Vice-Chair Gara spoke in opposition to the amendment. He
reported that the department had cut roughly \$190 million
in state funding since FY 15. He detailed it had cut
roughly \$30 million in the current year. He stressed that
the amendment did not represent a wise cut on top of the
cuts that had already taken place. He relayed that Alaska
ranked first in the nation in suicide per capita. The state
had a Suicide Prevention Council working to prevent suicide
get the state out of first place. He specified that suicide
was the number one cause of death for youth between the
ages of 16 and 24. The funds went to DEED to provide
school-based education and services to help reduce the
number of suicides.

Representative Wilson explained that the funds represented
grants through DEED to the state's school districts, which
was counted as another part of the BSA. She stated that by

decreasing the funds there would not be as many grants, but it did not mean the council could not fulfill its mission. She believed it could. She wondered why government was providing this service when it could be provided by nonprofits. She reasoned there were other nonprofits dealing with the same subject. She questioned whether the state was ensuring the districts had money to go forward with the services once the grants were provided. She wondered whether the grants were going to the same school districts all of the time. She did not believe the service was a function of government; it was a service she believed should be provided by the private sector.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson

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

The MOTION to adopt Amendment H HSS 26 FAILED (2/9).

Representative Wilson MOVED to ADOPT Amendment H HSS 28 (copy on file):

Residential Child Care

H HSS 28 - Delete one Accounting Tech PFT position and associated costs

Offered by Representative Wilson

Due to declining revenues, this amendment as a cost containment measure, deletes an Accounting Technician position in the Residential Child Care grant program from the FY 18 budget request requiring the Department to use existing accounting resources in another allocation to provide the accounting services for this program.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara spoke to his objection. He had previously mentioned that DEED had already received \$190 million in

cuts. He detailed that the amendment would require the department to find some other employee to do the work. He elaborated that employees worked with children who have significant problems and require institutional care. The department worked to try to locate the appropriate facility for the child, with the child to ensure the facility was as appropriate as possible, and with the facility. The department had been drastically reduced. He reasoned that if the department was asked to absorb the work it would be forced to use an employee already doing important work in children's services, senior services, disability services, or drug and alcohol treatment services. He believed the amendment would result in the deletion of half the staff doing the work. He thought more children would end up on the street or without needed treatment.

Representative Wilson stressed that the budget was currently \$4.2 billion in general funds. She doubted that \$83,000 went to two people, which she surmised was low. She stressed that every sector was having to do more with less. The amendment was asking government to do the same. She detailed that the private sector had been forced to make a shift because it had nowhere else to get the money from. She agreed it made it hard getting over the hurdle. She reasoned that if everyone gave a little it prevented the need for one entity to give a large amount. She concluded that at some point the decisions needed to be made.

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, Foster, Seaton

The MOTION to adopt Amendment H HSS 28 FAILED (4/7).

[5:10:59 PM](#)

Representative Wilson WITHDREW Amendment H HSS 31 (copy on file).

Representative Wilson MOVED to ADOPT Amendment H HSS 35 (copy on file):

Medical Assistance Administration
H HSS 35 - Delete one PFT position and associated costs
Offered by Representative Wilson

The Department deleted a full time vacant Project Analyst position in this allocation, however no funding was deleted. This amendment deletes the funding for the position from the FY 18 budget request based on the FY 17 budgeted cost of the position.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara testified in opposition to the amendment. He relayed that when the funding had been reduced the position funding had been deleted. The amendment would add an additional \$126,000 in decreases; however, it was really about \$250,000 in decreases because the positions were matched with federal funds. He surmised two positions would probably be lost. He detailed that the positions were responsible for processing claims for people the state owed Medicaid payments to. He had heard numerous complaints from the legislature that the claims were not being processed in time and that it caused a hardship on medical services providers. He stressed that deleting two positions responsible for processing Medicaid claims would slow down claims processing. He underscored that the amendment did not merely implement efficiencies, but harmful cuts. The department was serving more people with less funds than in FY 15 (approximately \$200 million less).

Representative Thompson noted that the position had been deleted by the department, yet the money was still included in the budget. He emphasized that the money would be available from July 1, 2017 through June 30, 2018, but no one was working in the position because it had been deleted. He did not understand how the amendment meant a doubling up on costs.

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,
Foster

The MOTION to adopt Amendment H HSS 35 FAILED (4/7).

[5:14:44 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 37
(copy on file):

Rate Review

H HSS 37 - Delete one Audit and Review Analyst III
position

Offered by Representative Wilson

This amendment deletes one Audit and Review Analyst
III position and the associated personal services cost
from the Personal Services line of the FY 18 budget
request in this allocation. This will require the
Department to redistribute the workload to remaining
staff and to operate in a more efficient manner.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see
above].

Representative Wilson MOVED to AMEND Amendment H HSS 37.
She explained the amendment should include a 1 and not a
zero under permanent full-time category. She explained she
was proposing to delete the position.

Vice-Chair Gara OBJECTED for discussion. He asked where the
change was occurring.

Representative Wilson explained that under the permanent
full-time category the number of positions was currently
listed as zero. The amendment narrative proposed deleting
one analyst position; therefore, the permanent full-time
category should show the number 1 instead of a zero. The
position had not been previously deleted.

Co-Chair Seaton directed members to the location of the
change on the document.

Vice-Chair Gara WITHDREW his OBJECTION to Amend Amendment H HSS 37. There being NO further OBJECTION, the amendment to Amendment H HSS 37 was ADOPTED.

Vice-Chair Gara spoke to his objection to Amendment H HSS 37 as amended. He did not support the amendment because he believed it hurt people and was wrong. He believed the sponsor should have amended the number of positions the amendment would eliminate to two because by deleting \$139,000 in state funding, it meant the state would also lose \$139,000 in matching federal funds. He believed it would require the deletion of two positions. He addressed that the positions were partially responsible for working on SB 74 reform - to try to reduce medical costs in the state and save Medicaid money. He explained that the amendment would hamper those efforts. The individuals were also responsible for doing assessment work on rate setting for Medicaid payments. He stated that if the legislature wanted the state to do an inferior job on determining how to pay providers, the amendment would do so. He reiterated that the department was doing more work with less money.

Representative Wilson clarified that the funding was not General Fund match money. She explained that GF match went towards federal funding and when the state cut GF match, a certain percent of the federal funds were not received. The amendment pertained to general funds - additional funding the legislature had determined it needed to give the department over any match that may be required for federal dollars.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 37 as amended FAILED (5/6).

[5:19:33 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 38 (copy on file):

Juvenile Justice
McLaughlin Youth Center
H HSS 38 - Delete ten PFT positions and associated costs.
Offered by Representative Wilson

Due to declining revenues, this amendment as a cost containment measure, deletes the three Juvenile Justice Officers transferred by the Department from Nome to this center (\$489,300), six additional Juvenile Justice Officers and one Mental Health Clinician (\$825,862) for a total reduction of \$1,315,162 from the FY 18 budget request in this allocation.

Vice-Chair Gara OBJECTED.

Representative Wilson explained that the amendment pertained to the McLaughlin Youth Center. She referred to charts shown to the committee showing a decline in the juvenile justice system; the population had gone from 6,800 to 5,048 and referrals had gone from 3,881 to 2,850, and "juvenile" from 2,674 to 1,914. She reasoned that with the decline in numbers the cost should also go down. She read the amendment description [see above].

Vice-Chair Gara spoke to his objection. He communicated that McLaughlin was currently 2 percent over capacity. He agreed there had been a decline in youth in juvenile justice facilities; however, the amendment pertained to McLaughlin, which was on the verge of possibly needing to open an additional unit. Thus far, the department had proposed to eliminate 18 positions by closing the Nome Youth Facility; it was keeping 3 positions to take care of youth moving from Nome to other areas. The amendment would cause a decrease of 25 positions. He did not see a justification for reducing staff at a facility who were tasked with working with youth to prevent reoffenders and to transition them to success. He had not heard how services at McLaughlin would improve by terminating numerous positions in a facility that was above capacity.

Representative Wilson stated that the department "decides where they go" and there were many facilities with very low numbers. She did not know why the state would not be evening up the numbers. She wanted to ensure "those being

transferred to Nome - it's included in this number, it's not in addition to those positions." She continued that the state was seeing a decline. She believed the fact that one facility was overloaded while others were not was indicative of a case management problem. She spoke to ensure numbers were as evenly distributed as possible, which had been discussed during the conversation about where Nome youth would be sent (e.g. Mclaughlin, Fairbanks, or other) and about needed services. She discussed a graph presented by DHSS showing a downturn; therefore, she believed services should match that downturn.

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, Foster, Seaton

The MOTION to adopt Amendment H HSS 38 FAILED (4/7).

[5:24:16 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 40 (copy on file):

H HSS 40 - Eliminate three positions transferred from the Nome Youth Center to the McLaughlin Youth Center
Offered by Representative Wilson

The amendment denies the transfer of full three full time position from the Nome Youth Facility to the McLaughlin Youth Center resulting from the closure of the Nome facility. The Nome Youth Facility is being closed, no longer requires the three positions, therefore the positions should be deleted. If McLaughlin requires additional funding to fulfill its function, a separate increment should be submitted by the Department.

Vice-Chair Gara OBJECTED.

Representative Wilson relayed the amendment would eliminate three positions transferred from the Nome Youth Center to the Mclaughlin Youth Center.

Vice-Chair Gara spoke to his opposition to the amendment. He discussed the goal to keep children in a youth facility near their home. He did not support the concept of transferring kids far away from their homes. He continued that there had been 21 positions at the Nome Youth Facility and the department was already eliminating 18 of them, but keeping three to take care of the youth. The amendment would eliminate any staff for the youth being transferred from the facility. He continued that the department was trying to find efficiencies. Deleting 18 positions was difficult, but leaving no staff left for the youth being sent 1,000 miles away from their homes did not seem logical.

Representative Wilson remarked that they did not know where the youth would go. She argued that where the youths were sent should be based on the services they need. She did not believe youths should automatically be sent to any specific facility. She believed the most important thing was to ensure the youths were receiving what they needed. She continued that it may not be the facility closest to home, but she hoped the facility would get the youths back on track more quickly to avoid getting in trouble again in the future. She hoped they would be able to go back home, finish school, and move forward.

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, Foster, Seaton

The MOTION to adopt Amendment H HSS 40 FAILED (3/8).

Representative Foster WITHDREW Amendments H HSS 41 and H HSS 43 (copy on file). He detailed that the committee had passed a contingency language amendment specifying that the Nome Youth Facility would remain open if it was less expensive to keep it open as opposed to closing it and moving youth all around the state.

Representative Tilton WITHDREW Amendment H HSS 45 (copy on file).

Co-Chair Foster WITHDREW Amendments H HSS 46, H HSS 47, and H HSS 48 (copy on file). He noted the amendments were withdrawn for the reason he had just spoken to.

Representative Tilton WITHDREW Amendment H HSS 50 (copy on file).

[5:28:44 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 53 (copy on file):

Juvenile Justice
Probation Services
H HSS 53 - Delete 14 PFT positions and associated costs. Offered by Representative Wilson

Juvenile Justice Population trends have decreased by 10% from FY 15 to FY 16. As a result of the decreased population, this amendment deletes the positions and funding for 12 of the 84 Juvenile Probation Officers and 2 of the 15 Social Services Associates and the associated personal service costs from the FY 18 budget request.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara spoke to his objection. He agreed that the juvenile justice population had been decreasing, but it had leveled out. Five youth in Nome had been expected, but the number had increased to eight. Additionally, five had been expected in Kenai and there were eight. He explained that initially people thought youths could be transferred to Mclaughlin in Anchorage; however, a new wing would have to be opened at Mclaughlin if that happened. He explained the positions the amendment would delete were responsible for working with youth and to provide safer neighborhoods for youth who come out of the juvenile justice system. The individuals were probation officers who worked with law enforcement and youths released from facilities to ensure there a job, education, or no-drug use plan was maintained. The goal was to ensure youths did not end up back in the

criminal justice system. There was no evidence there were way too many people in the division to do the work. Additionally, there was no evidence that by deleting probation officers, the community would be kept as safe. He emphasized the community would be less safe.

Representative Wilson stressed that people should be thrilled the number of youths [in the juvenile justice system] were decreasing. She clarified she had not stated the numbers were disappearing [down to zero]. She agreed it would be great if the numbers were going down to zero. She reiterated that as the numbers decreased so would the workload. The amendment reflected a decrease in the workload associated with a decline in the number of youths in the system.

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, Foster, Seaton

The MOTION to adopt Amendment H HSS 53 FAILED (4/7).

[5:32:52 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 55 (copy on file):

H HSS 55 - Delete one PFT position and associated cost.

Offered by Representative Wilson

The Department closed the Ketchikan Regional Youth Facility and transferred an Office Assistant position to Probation Services. Essentially this is a new position in this allocation. As a result of declining state revenues and as a cost containment measure, this amendment deletes the position and the FY 17 budgeted cost of the position from the FY 18 budget request.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara spoke to his objection. He stated the amendment contained a cost savings that had already occurred because the Ketchikan Youth Facility had been closed. He noted it was not a great cost savings. He detailed that the state would not pay for the facility, employees, or to keep the youths near their homes. He continued that the position was needed because the youth were no longer in Ketchikan; the youths had to be transported back to Ketchikan for court appearances. It was not free to close a youth facility, move a child 500 miles from their home, and think they could do it all with no staff.

Representative Wilson asked when office assistants begin transporting juveniles from one area to another. She explained that the department wanted to move the position in Ketchikan somewhere else (due to the closure of the facility) because there had probably been someone in the position. She was pretty certain the position was not responsible for transporting youth. She believed the position was working in an office doing paperwork.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 56 FAILED (5/6).

[5:36:24 PM](#)

Representative Foster WITHDREW Amendment H HSS 57 (copy on file). He explained that the committee had already adopted contingency language related to the Nome Youth Facility.

Representative Wilson MOVED to ADOPT Amendment H HSS 67 (copy on file):

Public Assistance
Public Assistance Administration

H HSS 67 Delete 2 PFT positions and associated costs.
Funding reductions in Services and Commodities.
Offered by Representative Wilson

This amendment deletes two positions transferred to this allocation from Energy Assistance Program administrative personnel and reduces funding for a position the Department deleted with no reduction in funds. This amendment also reduces the services line item to align the FY 18 budget request with FY 16 actual expenditures for information technology (increased from \$13,200 to \$307,000) and reduces the commodities line to align the FY 18 budget request for business supplies to FY 16 actual expenditures (increased from \$47,200 to \$153,300). The total reduction to this allocation is \$642,900.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara spoke to his objection. He addressed that the only low income heating assistance provided was fully federally funded - the Low Income Home Energy Assistance Program (LIHEAP). Until the previous year there had also been a supplemental state energy assistance policy that helped people the federal program did not. The amendment would eliminate positions responsible for administering LIHEAP. Additionally, while the amendment proposed to delete two positions, it would mean the loss of 50 percent matching funds (twice as much). He believed it would mean the loss of four employees instead of two. He reiterated that the program was fully federally funded for people needing help, especially in rural areas where the cost of heating a home was sometimes over \$1,000 per month. He did not believe deleting the positions was wise. He stated there was no evidence that the program could be fairly administered by deleting the employees. He highlighted that the information technology portion of the amendment pertained to a chargeback the department had to pay back to the Department of Administration. He reasoned if the item was cut, the department would have to cut something else inside the department. He concluded that the department was about as lean as it had ever been. He believed it meant the

department would need to choose between children, seniors, disabled people, and people with alcoholism problems.

Representative Wilson explained that the two positions were being transferred and were no longer administering LIHEAP. Additionally, the funds were not interagency receipts. She did not know why the DHSS was paying anything to the Department of Administration.

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, Foster, Seaton

The MOTION to adopt Amendment H HSS 67 FAILED (4/7).

[5:41:07 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 70 (copy on file):

Fraud Investigation
H HSS 70 - Personal Services reduction and removal of General Funds.
Offered by Representative Wilson

This amendment removes all general funds in the FY 18 budget request for this allocation and reduces the request in the Personal Services line item from \$1,542,400 to \$1,518,400.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara spoke to his objection. He underscored that the department had reduced its budget by \$30 million in the current year. He explained that the amendment would lose money for the state. He spoke to the efforts to bolster up the fraud unit to detect people engaging in public benefits fraud. He continued that the testimony in every hearing he had been in had been that a fraud investigator could be

added and it would save the state money. He believed deleting the funding would result in a decreased ability to detect fraud and for the state to recover overpaid monies. He believed it would inadvertently increase the budget deficit.

Representative Pruitt asked the amendment sponsor if the general funds were required for a federal fund match. He wanted to ensure they would not be jeopardizing any of the federal funding.

Representative Wilson reported that the money was not matching funding - the amendment pertained only to General Fund dollars. She continued that the funds had been added in - as other money had come in the funds had been taken out and the amount was down to \$24,000. There was still \$1,518,400 remaining in the allocation. She believed the funds would provide sufficient investigators to continue the work.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H HSS 70 FAILED (5/6).

[5:44:38 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 72 (copy on file):

Quality Control

H HSS 72 - Remove General Funds and reduce funding to Personal Services and Travel

Offered by Representative Wilson

This amendment removes all unrestricted general funds (fund source 1004) in the FY 18 budget request for this allocation and reduces the budget request in the Personal Services line item from \$2,318,700 to the FY 17 Management Plan level of \$2,301,100, a reduction of \$17,600. A reduction of \$22,000 is also made from the Travel line item to more closely align the FY 18

budget request of \$209,300 to FY 16 actual expenditures of \$158,000.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara spoke to his objection. He defended the department in its efforts to increase efficiencies. He detailed that between the 2017 and 2018 budgets, travel had already been reduced by 13 percent (\$846,000). He added that travel costs had decreased by 18 percent from FY 15 to the current year. The staff impacted by the amendment were responsible for overseeing and ensuring benefit determinations were done correctly (so benefits were not inappropriately given or denied). He noted that often benefits included food stamps for families with children. He spoke to the importance of getting the determinations done right. Additionally, the staff referred cases to the fraud department in order for the state to recover money that had been overpaid. He stressed that much of the work was federally mandated. For example, federal law required field service visits from main hubs to smaller offices. He underscored that it was not possible to tell the federal government the state would accept food stamp money, but not follow the associated requirements. He emphasized that the funds could not be cut.

Representative Wilson stressed she had based the amendment on FY 16 actuals. She did not believe the amendment would cut a position - the entire amendment was \$39,600. She supported spreading cuts in small amounts in order to avoid closing up numerous programs.

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, Foster, Seaton

The MOTION to adopt Amendment H HSS 72 FAILED (4/7).

[5:48:28 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 73
(copy on file):

Work Services

H HSS 73 - Funding reductions for Personal Services
and Travel to more closely align with FY16
expenditures

Offered by Representative Wilson

FY 2016 actual expenditures in the Travel line item
were \$6,900 and the FY 18 Governor's budget request
for this line item is \$94,400 resulting in an increase
of \$87,500 over FY 16 actual expenditures. Therefore,
a reduction of \$70,000 is made in the Travel line item
from the FY 18 budget request to more closely align
this line item with FY 16 actual travel expenditures.

The Department deleted two positions in the FY 18
budget request that had been vacant for over a year,
however there was no reduction in funds for the
positions deleted. This amendment makes a reduction
of \$41,516 in the Personal Services line item for the
positions deleted.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see
above].

Vice-Chair Gara spoke to his objection. He explained that
the funds for the previously deleted positions had already
been deleted. The remaining position was half federally
funded and was responsible for helping individuals get
things like food stamps in order to feed their families and
return to work. He had consulted with the department and
had learned that if the cut came to fruition the department
would have to cut something else. He relayed it was not a
luxury position and the cut represented a cut to another
part of the department because the work would have to be
done.

Representative Wilson replied that the department needed to
specify if it was utilizing the funds somewhere else. She
reasoned that if the budget books did not show a zero next
to the deleted positions, there was still money attached.

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, Foster

The MOTION to adopt Amendment H HSS 73 FAILED (4/7).

[5:51:36 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 75 (copy on file):

Public Health

Nursing

H HSS 75 - Reduce funding in the personal services line (including overtime pay), and the travel and commodities lines

Offered by Representative Wilson

This allocation has an FY 18 budget request of \$67,276 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25% of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$16,819 to the Personal Service line item is made by this portion of the amendment.

FY 2016 actual expenditures in the Personal Services line item were \$19,398,200 and the FY 18 budget request for this line item is \$19,490,300 resulting in an increase of \$92,100 over FY 16 expenditures. This portion of the amendment reduces the FY 18 budget request for the Personal Services line item by an additional \$92,100 to more closely align the FY 18 budget request with FY 16 actual expenditures resulting in a total reduction to the Personal Service line item of \$108,919.

FY 2016 actual expenditures in the Travel line item for in-state employee travel were \$789,800 and the FY 18 budget request for this line item is \$865,400 resulting in an increase of \$97,800 over FY 16 expenditures. This amendment reduces the FY 18 budget request for in-state employee travel by \$100,000 to more closely align the FY 18 budget request with FY 16 actual expenditures. The amendment also deletes the FY 18 budget request of \$31,200 in the Travel line item for moving costs associated with hard to fill positions resulting in a total reduction of \$131,200 to the Travel line item.

This amendment makes reductions to the Commodities line item of \$100,000 in the business category and \$100,000 in the scientific and medical category for a total reduction of \$200,000 to the Commodities line.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara spoke to his objection. He discussed that the department had done its best to minimize the amount that people were damaged. He noted that people had been damaged due to budget cuts. He stressed that the amendment would do worse damage. He spoke to the nursing function at the department and relayed it had already lost 39 positions. He stated there were a number of problems with the amendment. First, cutting overtime meant the department would be required to hire staff. He stressed, it was not possible to cut the number of hours provided by the department to provide the service. He underscored that overtime was cheaper than hiring a new employee. He continued that due to prior budget cuts the department had already closed a public health center in Nome, which meant it was now necessary to pay for travel. He reasoned that cutting was not always free. He detailed that the cut of roughly \$500,000 would result in fewer nurses working with children with undetected hearing problems, especially in communities without health facilities (providers were often traveling nurses). He underscored that the nurses helped families incredibly. He elaborated that if a hearing problem continued to go undetected a child was likely to do much worse in school and in life. He stressed the

importance of detecting the problem early on in an individual's life. Additionally, the nurses did "well baby" exams, which was a good thing especially for communities without health centers. He detailed that the nurses provided immunizations to prevent people from getting sick or worsening, helped to provide nutrition for young mothers, and worked with children and families with no other health options. He stated it was a policy call and reiterated that 39 positions in the section had already been lost and the budget had been cut by over 12.5 percent since FY 15. He believed the department had done its best to locate cuts; \$30 million had already been cut. He opined that the department was already faced with doing damage control. He did not want to create more damage.

Representative Ortiz reported that the public health clinic had been closed in Wrangell. He noted that Wrangell did not have road access to other health clinics. He believed the amendment would be a step in the wrong direction.

Representative Wilson was trying to take the budget back to FY 16 levels.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson, Pruitt

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

The MOTION to adopt Amendment H HSS 75 FAILED (4/7).

[5:57:43 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 76 (copy on file):

Women, Children and Family Health
H HSS 76 - Delete three PFT positions and associated funding; Services and Grants reduction
Offered by Representative Wilson

This amendment deletes one of seven Health Program Managers, one of seven Public Health Specialists and one of six Research Analyst positions and the

associated personal service costs. As a result, three positions are deleted and a reduction of \$302,500 is made to the Personal Services line item.

FY 2016 actual expenditures in the other services category of the Services line item were \$1,805,600 and the FY 18 budget request for this line item is \$3,281,300 resulting in an increase of \$1,475,700 over FY 16 expenditures. This amendment reduces the FY 18 budget request in the Services line item by \$1,000,000 to more closely align the FY 18 budget request with FY 16 actual expenditures.

FY 2016 actual expenditures in the benefit category of the Grants line item were \$11,600 and the FY 18 budget request for this line item is \$171,700 resulting in an increase of \$160,100 over FY 16 expenditures. This amendment reduces the FY 18 budget request in the Services line item by \$75,000 to more closely align the FY 18 budget request with FY 16 actual expenditures.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara spoke to his objection. He relayed that the Women, Children and Family Health section had been cut since FY 15. He believed that the three positions the amendment would cut would likely be five people because it involved federal matching funds. He surmised that taking away the \$302,000 would eliminate approximately \$200,000 to \$250,000 in federal funds. He detailed that the employees were responsible for health screening for mothers and children, and opioid addiction work and education. He did not support cutting funds for the state's opioid taskforce, which the amendment would inadvertently do. The second paragraph in the amendment dealt with fixed costs the department had to pay for leases, risk management, human resources, information technology paid to the Department of Administration. He believed that cutting the funds would mean requiring the department to make cuts to other programs for kids, seniors, or disabled people. The grants were largely federally funded; if the grants were replaced with state funds it meant the cuts would have to go to

another part of the department. He stressed that the amendment was not free and would require cuts to other parts of a department that served among the most fragile people in the state.

Representative Wilson indicated that the funds in the amendment were not interagency receipts. She was not sure how the department was giving \$3.2 million to the Department of Administration. She believed there should be some type of agreement "to be able to do that." She agreed that \$115,000 of the amendment was matching funds, the \$302,500 was not. She continued that \$1,261,700 was General Fund funding.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 76 FAILED (4/7).

[6:02:50 PM](#)

AT EASE

[6:11:11 PM](#)

RECONVENED

Representative Wilson MOVED to ADOPT Amendment H HSS 78 (copy on file):

Public Health Administrative Services H HSS 78 -
Delete one PFT position and associated costs.
Offered by Representative Wilson

This amendment deletes an Administrative Assistant position from the FY 18 budget request, makes a reduction to the Personal Services line item of \$98,634 and requires the Department to redistribute the workload to existing staff.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara discussed that the Division of Public Health had already lost 63 staff; there were 13 people remaining in the Administrative Services Division. He noted the amendment specified it would delete one position; however, the positions were 50 percent federal match. He surmised amendment would likely result in the loss of 2, 2.5, or 3 positions. He explained the positions were support staff for public health nurses and were responsible for arranging travel, medical supplies, and other. He reiterated the department's budget had already been reduced and he did not believe it could afford an additional cut.

Representative Wilson provided closing remarks. She believed UGF match matched federal funding. She reasoned that if the department was not listing the item under UGF match, it should be doing so in the future. The amendment pertained to UGF only.

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 to adopt Amendment H HSS 78 FAILED (4/7).

[6:14:50 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 81 (copy on file):

Epidemiology
H HSS 81 - Delete 3PFT positions and associated funding. Funding reduction to grants line items.
Offered by Representative Wilson

This allocation has an FY 18 budget request of \$44,944 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25% of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be

reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, the Personal Services line is reduced by \$11,236.

This amendment also makes a reduction from the Personal Services line item by deleting 3 positions and the associated personal service costs of \$436,500.

This amendment deletes, one of seven Epidemiologist's, one of five Health Program Managers and one of five Administrative Assistants.

FY 16 actual expenditures in the grants line item for Sub-Recipient pass through grants were \$1,010,300 and the FY 18 budget request for this line item is \$1,171,000 resulting in an increase of \$160,700 over FY 16 expenditures, therefore a reduction of \$200,000 is made from the Grants line.

Vice-Chair Gara OBJECTED.

Representative Wilson read from the amendment description [see above].

Vice-Chair Gara spoke to his objection. He had spoken with the department and corrected that the amendment applied to federal grants, not General Fund grants. He stated that the budget code 1004 was merely General Fund and did not indicate whether federal match funding would be lost. He stated the epidemiology section was roughly 81 percent federally funded. He stated it was difficult to tell how much federal money would be lost when state funding was cut. He underscored that state funding for the epidemiology section had been cut by 50 percent since 2015 (approximately \$13 million). The department was tasked with monitoring and informing the public about health epidemics and health trends. He concluded it was unknown how much federal funding and positions the state would lose as a result of the cut.

Representative Wilson provided wrap up on her amendment. She corrected that the code 1004 was UGF, not match money. She noted that the code 1003 was General Fund match.

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, Foster,
Seaton

The MOTION to adopt Amendment H HSS 81 FAILED (4/7).

[6:18:39 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 84
(copy on file):

Emergency Medical Services Grants H HSS 84 - Emergency
Medical Services Grants
Offered by Representative Wilson

This amendment deletes all funding for statewide
hospital and healthcare preparedness and for the
operations of the seven EMS regions. Although this is
a good program, it is not the responsibility of the
state to fund these programs but the users that
benefit.

Vice-Chair Gara OBJECTED.

Representative Wilson commented that she believed the
committee would be having real conversations about some of
the appropriations. She had brought forward some of the
amendments because she believed a conversation was needed.
The current amendment pertained to emergency medical
services grants helping various groups to train for
emergencies. She believed the work was a good thing;
however, she believed at some point the committee would
need to discuss whether or not the expenses were the
responsibility of state government versus municipalities or
service area groups. She observed a discussion did not
appear to be occurring; therefore, she WITHDREW the
amendment.

[6:19:54 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 85
(copy on file):

State Medical Examiner

H HSS 85 - Funding reduction in extra pay to encourage reduced overtime; service reduction

Offered by Representative Wilson

This allocation has an FY 18 budget request of \$62,766 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25 percent of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner.

FY 2016 actual expenditures in the services line item for deliver services were \$282,900 and the FY 18 budget request for this line item is \$333,800 resulting in an increase of \$50,900 over FY 16 expenditures, therefore a reduction of \$50,000 is made to this line item to more closely align the FY 18 budget request with FY 16 actual expenditures.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara spoke to his objection. He understood that it was frustrating to file an amendment and not be successful. However, he underscored there should be no implication that the other committee members had not done their work. He had worked hours with the department on the items. He explained that the medical examiner was a statutory position responsible for investigating cause of death. He spoke to the reason for overtime - it was not possible to time when a person died. The position investigated homicides and the cause of death. He emphasized it was not possible to cut overtime unless additional staff were hired, but the cheaper option was overtime pay. The reason the section had not been cut in a major way was because the number of bodies the examiner had to investigate was the number of bodies they had to investigate.

Representative Wilson provided wrap up. She did not intend to come across as implying that other committee members had not done their work. She was frustrated by the lack of committee conversation related to her amendments. She reasoned that offering amendments was the only way the discussions could occur in the full finance committee. She was leaving over \$57,066 in the budget for overtime. She noted she did not know how \$62,766 had been determined as the magic number. She stressed it was important to be concerned about seeing increases of \$50,000 to \$200,000 every two years to one line item. She reasoned it was how the state had ended up in the current financial deficit. She remarked that unfortunately in good financial times it was less common to look as closely at the budget. She concluded that the amendment was only \$65,700 in total.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H HSS 85 FAILED (4/7).

[6:25:41 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 86 (copy on file):

Public Health Laboratories

H HSS 86 - Funding reduction in Personal Services, Services and Commodities.

Offered by Representative Wilson

This allocation has an FY 18 budget request of \$62,766 for premium pay in the Personal Services line item. This amendment reduces premium pay by 25% of the amount budgeted in anticipation of reduced overtime. Declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach to working hours and that state services be provided in a more effective and efficient manner. Therefore, a reduction of \$15,692 is being taken in this allocation.

FY 2016 actual expenditures in the services line item for telecommunications were \$12,000 and the FY 18 budget request for this line item is \$164,500 resulting in an increase of \$152,500 over FY 16 expenditures, therefore a reduction of \$100,000 is made to this line.

FY 2016 actual expenditures in the commodities line item for scientific and medical supplies were \$878,300 and the FY 18 budget request for this line item is \$1,100,000 resulting in an increase of \$221,700 over FY 16 expenditures, therefore a reduction of \$200,000 is made to this line item.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara spoke to his objection. He discussed that public health labs did not have substantial control over services they provided to smaller medical facilities. The larger medical facilities (e.g. Providence and Alaska Regional) had their own labs. The smaller health facilities relied on the public health labs for lab work. The item had been flat funded over the years because the population and individuals using medical services had increased. He reasoned that until the state could come up with a different way to get money to smaller medical facilities so they could run their own labs, the costs would have to be paid; it was part of the healthcare delivery process. It was one of the economies of scale problems facing Alaskans.

Representative Wilson stated she was merely trying to revert budget numbers back to FY 16 levels.

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, Foster, Seaton

The MOTION to adopt Amendment H HSS 86 FAILED (4/7).

6:29:17 PM

Representative Wilson WITHDREW Amendment H HSS 87 (copy on file).

Representative Wilson MOVED to ADOPT Amendment H HSS 92 (copy on file):

Departmental Support Services
Public Affairs
H HSS 92 - Delete 2 PFT positions and associated costs.
Offered by Representative Wilson

This amendment deletes one of three Information Officer positions and two of six Publication Specialist positions for a total reduction of \$300,000 in the Personal Services line item from the FY 18 budget request.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above]. She noted the amendment pertained to UGF [fund code] 1004.

Co-Chair Seaton asked if the amendment would delete two or three positions.

Representative Wilson answered that the amendment was intended to delete three positions. She MOVED to AMEND Amendment H HSS 92 to reflect the deletion of three positions instead of two. There being NO OBJECTION, it was so ordered.

Representative Grenn asked for clarification on the location of the change.

Co-Chair Seaton replied the amendment description read "this amendment deletes one of three Information Officer positions and two of six Publication Specialist positions," which was a total of three positions. The amendment to the amendment changed the number of positions from two to three under the "PFT" column.

Representative Grenn surmised the change also needed to be reflected in the introduction to the amendment description.

Co-Chair Seaton replied in the affirmative.

Representative Wilson agreed.

Vice-Chair Gara opposed the amendment. He believed the number of lost positions should be listed as six because regardless of the funding code used, the positions were partially funded by federal money (approximately 50 percent federal match). He reasoned that \$300,000 turned out to be \$600,000 roughly. He explained the individuals worked in rural communities to get information out on education to address things like the opioid epidemic. Additionally, the individuals worked with the Division of Public Health to get information out. He furthered that the individuals got the information out if there was a tuberculosis outbreak or other. He continued that it was especially important to work with rural communities to get the information out on what they needed to do to protect themselves. He stressed that the individuals worked to educate people, especially in smaller communities, to try to combat dangerous health problems.

Representative Ortiz pointed out that there was consistently a justification for the proposed reductions that read "declining state revenues dictate that expenditures be reduced by taking a fiscally conservative approach." He opined that the language implied the state had not been taking a fiscally conservative approach. He underscored that from FY 15 to FY 18 there had been a reduction of \$190 million to the DHSS budget. He furthered there had been a reduction to the department of \$30 million from FY 17 to FY 18. He believed a fiscally conservative approach had been taken.

[6:33:24 PM](#)

Representative Wilson replied that the phrase was not included in the amendment, but she did believe in the phrase. She stressed that the state had been overspending. She countered that just because spending had been reduced, it did not mean the state was not overspending. She did not know whether it was a department issue or a Legislative Finance Division issue if the correct code was not being

used for GF match. She elaborated that the purpose of the codes was to indicate whether funds were matching or whether the legislature had decided to add UGF to enhance a program. She stressed there was a significant distinction between the two. The amendment pertained to 1004, which related to GF. She stated there was a problem in the coding/budgeting if matching funds were impacted under the 1004 code. She remarked that the amendment pertained to public affairs, which she believed needed to be reduced more than other areas.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H HSS 92 as amended FAILED (4/7).

[6:35:23 PM](#)

Representative Wilson WITHDREW Amendment H HSS 93 (copy on file):

Representative Tilton MOVED to ADOPT Amendment H HSS 94 (copy on file):

H HSS 94 - Delete the \$25 million wordage allowing transfers across appropriations
Offered by Representative Tilton

DELETE the following language found on Page 15, lines 27-29 (30-GH1855U):

"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."

Vice-Chair Gara OBJECTED.

Representative Tilton explained that the amendment would delete the \$25 million language allowing transfers across all appropriation lines. She detailed that in 2004 there had been intent language added to the budget that allowed the transfer of up to \$50 million between all appropriations. The intent language had been added as a temporary measure to allow the department to better manage the disaster of the MMIS [Medicaid Management Information System] and its impact on private sector partners. She continued that private sector partners had been owed money and the system had been rejecting their invoices. She remarked that a number partners had been owed thousands of dollars and some had closed as a result. The language had been added to allow the department to send money to private partners to help keep the businesses operating. She believed temporary had become standard and that somewhere along the way the language had been reduced to \$25 million and had become standard. She likened it to a temporary income tax by the federal government and stated that things became standard after a while. She explained that at a relatively recent House Finance Committee meeting a request had been made to determine how the transfer had been used. She relayed the committee had been told it was not something that was really used. She asked to remove the language from the budget.

Vice-Chair Gara spoke to his objection. He believed everyone who had served on the House Finance Committee had supported the language [the amendment sought to remove] in the past. He stressed the department's large size. He continued that DHSS could not predict exactly how many people would need public benefits and each of the services it provided. Additionally, DHSS could not predict where it would have a budget shortfall. He explained that the department did not try to spend every single penny in a given allocation; if there was funding remaining the department may need to use the funding in another area if, for example, there were more people on adult public assistance than anticipated. The legislature had specified that \$50 million was too much leeway. He furthered that the prior House Finance Committee chair from Fairbanks [Representative Steve Thompson] and others on the committee had also specified they did not want DHSS transferring the money between Medicaid and non-Medicaid parts of the department; they did not want DHSS to use Medicaid funds to pay for public benefits or vice versa. He stated that the

legislature could change its policy, but he believed the language was rational. He concluded that the language would prevent DHSS from having to come back to LB&A for an RPL during the interim or with a supplemental request.

6:39:30 PM

Representative Pruitt appreciated the amendment. He stated that \$25 million was a substantial amount of money. He did not like it when the legislature started talking about millions of dollars like it was \$50. He did not have a problem with the department going through the RPL process with LB&A. He recalled that when he had been on the LB&A committee, funding had only been denied twice - one time was related to a federal program; in the end the funding had gone through. He believed it was worth having a conversation with the "appropriators" if the needed funding was "off that far." He supported the amendment.

Representative Kawasaki agreed that \$25 million was a large number, but when considering the totality of the DHSS budget, Medicaid services represented 1 percent (2 percent of the non-Medicaid budget). He used the typical household budget as an example and noted that many budgets slipped between the 2 percent. He did not believe it was irrational to have the department dictate the funds without requiring it to come back to LB&A every time.

6:41:29 PM

Representative Wilson spoke in favor of the amendment. She had supported including the language in the past, but she it was important to be more careful with funds. She underscored that the only check and balance was the requirement for the department to return to the legislature for additional funds if it exceeded its allocated amount. She reasoned that when the legislature was considering things like an income tax or a reduction to the Permanent Fund Dividend, it was necessary to watch where every dollar went. She reasoned that the legislature had implemented the necessary provisions if the department needed the extra money. She stated that \$25 million may not seem like a substantial amount when talking about \$1 billion; however, \$25 million was significant to Alaskans. She believed the legislature should definitely be able to tell Alaskans where the money was going.

Co-Chair Seaton opposed the amendment. He remarked there was the other option of having departments come back with supplemental requests. He would prefer not to see supplemental requests. The language enabled the department to use funds from one part of its allocation to another, which decreased the probability of a supplemental request.

[6:43:02 PM](#)

Representative Tilton provided wrap up on the amendment. She stated that no other department had the language, including DEED. She stressed the language had been included as temporary assistance and had been added with the intent of ensuring the private sector did not have to shut its doors. She remarked that Vice-Chair Gara had spoken about the substantial \$30 million cut to the department. She emphasized that \$25 million is a major amount of money. She stated it was within the legislature's power to scrutinize and know where the funds were spent. She referred to a prior conversation during the subcommittee process about moving a \$3.7 million request. The subcommittee had asked the department for detail on how the appropriated money had been moved around. She stressed the committed had been told it was not something the department really used. She stated the department had not used the method for the \$3.7 million and had indicated it would not move the funds without coming to the legislature first. Under that line of reasoning, she wondered why the department would move \$25 million.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 94 FAILED (5/6).

[6:45:30 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 99 (copy on file):

Information Technology Services
House Finance Committee 107 03/08/17 1:30 P.M.

H HSS 99 - Delete 5 PFT positions and associated funding. Reduce travel and service funding.
Offered by Representative Wilson

This amendment deletes 2 of 26 Analyst Programmer positions, 1 of 8 Data Processing Technicians and 2 of 19 Micro//Network Technicians for a total deletion of 5 positions and \$500,000 from the FY 18 budget request in the Personal Services line item.

FY 16 actual expenditures in the Travel line item for In-State Employee travel were \$27,900 and the FY 18 budget request for this line item is \$49,700 resulting in an increase of \$21,800 over FY 16 expenditures. This amendment reduces the FY 18 budget request by \$20,000 to more closely align the FY 18 budget request with FY 16 actual expenditures.

FY 16 actual expenditures in the Services line item for Information Technology were \$1,202,700 and the FY 18 budget request for this line item is \$1,328,600 resulting in an increase of \$126,000 over FY 16 expenditures. This amendment reduces the FY 18 budget request by \$126,000 to align the FY 18 budget request with FY 16 actual expenditures.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above]. She clarified that the amendment made suggestions because she had not removed PCNs; it would enable the department to select other positions instead.

Vice-Chair Gara spoke to his objection. He stressed the department's large size. The department had worked to find places to cut travel and had cut almost \$1 million in the current year. He stressed that every part of a department was not the same. The five positions identified had federal matching funds and the amendment would likely mean the deletion of more than five positions. He underscored the importance of speaking to people about how the cut would impact the department instead of merely looking at a budget book. He relayed that the systems impacted by the proposed cuts were tasked with paying providers (e.g. for Medicaid). He stressed that deleting the positions would most likely slow down the payment to Medicaid healthcare providers. The

systems also helped determine benefit eligibility. Additionally, the systems helped identify fraudulent applications and was responsible for covering and tracking the daily payments given to foster parents (enabling the state to determine how to leverage more federal match foster care money). The travel was important because there were not IT specialists in every community. For example, the past weekend there had been a server outage in Ketchikan and an IT specialist had to travel to Ketchikan to get the server running again. The \$126,000 for services went to things like replacement computers, monitors, cables, servers, and other. He concluded the department had tried to find its \$30 million in cuts and he did not believe it could be replicated in the future. He did not believe the department could absorb the additional cut proposed in the amendment.

[6:49:41 PM](#)

Representative Wilson provided wrap up on the amendment. She remarked that she continued to hear about the impact to the department, but very little about the impact to Alaskans if some of the choices were not made. She remarked the state may have been trading off computers much more often because it had the money. She stated sometimes things had to last longer when there was little money. She underscored that things changed when money gets tight. She reiterated that it was not merely the impact on the department, but the impact to Alaska residents if the budget was maintained at the proposed level.

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, Foster

The MOTION to adopt Amendment H HSS 99 FAILED (4/7).

[6:51:21 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 102 (copy on file):

Human Services Community Matching Grant
H HSS 102 - Funding reduction to the Grants line item.
Offered by Representative Wilson

This amendment reduces the FY 18 budget request in the Grants line item by \$387,000 to a funding level of \$1,000,000 for Sub-Recipient pass-through grants to municipalities who contract with various non-profit sub-grantees for human services.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Kawasaki stated that sometimes the item was overlooked because it only impacted Anchorage, Mat-Su, and Fairbanks. He explained that the purpose of the human services matching grants had been to pass off grants to municipalities in order for municipalities to help themselves with the social services network. It had been determined the method was more efficient than having the state try to do the same thing. He furthered that several years earlier the total grants to the three municipalities had been almost \$4 million, but the funding had been reduced to \$1.4 million. The cut would further reduce the amount to \$1 million. He spoke to the return on investment; each of the communities was responsible for coming up with a 30 percent local match. Many of the different groups obtaining funding through the grant system had been very successful. For example, the Fairbanks Food Bank was reporting a higher number of people requesting food baskets in the current year. He referred to the Interior Community Health Center that specifically helped individuals who could not afford a regular physician. The center looked out for the indigent in particular and had a sliding fee scale. The Interior Aids Association operated a methadone clinic and Big Brothers Big Sisters helped kids primarily in single parent families. The agencies were desperately working in communities and improving the social service network at a time when the state had been faltering. He concluded that cuts to the granting agencies would further harm the social service network.

Vice-Chair Gara spoke to his objection. He agreed with comments made by Representative Kawasaki and noted there

were also matching grants, which would be impacted by the next amendment seeking to cut matching grants for other areas of the state. He stressed the legislature could not keep moving the goal posts. He recalled that in the past the argument had been that if the state ran shelters for abused women, a homeless shelter, or an Alzheimer's resource center it would be very expensive. Instead, the state had decided that work could be done more efficiently and less expensively. The amendment's proposed cut to human services matching grants would be a cut to Beans Café, AWAKE, Covenant House, the Disease Resource Center, Clare House, the Food Bank for Alaska, and other. The Mat-Su had been added to the program when former Senator Lyda Green had been in the legislature. He stated the money had not gone up, but Mat-Su had been added and the money was split three ways. He stressed that the services were crucial and were provided at significantly lower costs than the state could offer. He believed the amendment would increase costs because the state would end up paying for the individuals when they ended up on the street.

[6:55:41 PM](#)

Representative Wilson provided wrap up on the amendment. She stated it came down to what fell under the state's responsibility. She believed all of the nonprofits mentioned were great organizations. She elaborated that nonprofits came into a community to meet a need and the community in turn donates time, money, or services to keep the nonprofit going. She stated Alaska was the number one for the most nonprofits per capita. She questioned whether that was good or bad. She believed there were great nonprofits and there were others that were pumped up with state or federal funding. She underscored that communities would have to step up into areas that were not the state's responsibility to fund. She explained it was a stepdown approach that did not take all of the funds away. The Fairbanks North Star Borough matched some of the state funds; the community was meeting the need at a local level as well. She was afraid it would reach the time when an "all or nothing" approach would be necessary.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 102 FAILED (4/7).

[6:57:46 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 103
(copy on file):

Community Initiative Matching Grants (non-statutory
grants)

H HSS 103 - Reduce the FY 18 budget for grants as
these grants are not statutorily mandated.
Offered by Representative Wilson

This amendment reduces the FY 18 budget request in the
Grants line item by \$361,700 to a funding level of
\$500,000 for Sub-Recipient pass-through grants. These
grants provide human services to communities
throughout the state that are ineligible for Human
Services Community Matching Grant funds. This is not
mandated by statute.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see
above].

Representative Guttenberg objected to the amendment. He
stated that the matching grants were not statutorily
mandated and over the years it had been determined that
turning the work over to nonprofits was less expensive than
providing the service by the state. At the end of the day,
many of the services were the least expensive way the state
could deal with them. He reasoned it was not possible to
walk away; the expenses happened to residents. He stressed
it would be necessary to pay for the expenses some way -
via the state, hospitals, families, and other. He detailed
that the grants were the most efficient way to handle
situations that were more expensive in every other way. He
continued that the state had been cutting back on the
grants over the years and nonprofits were doing more with
less, sometimes in crisis mode. He continued that

nonprofits were not lucrative places to work - managements were always stressed on delivering their services.

Vice-Chair Gara believed the amendment was wrong and it violated his moral compass. He believed a person should have some compassion for people who had nothing. He stressed that places like the Rasmuson Foundation did not fund operating costs, but only one-time capital costs. He listed places that would be cut statewide including the Independent Learning Center in Homer for disabled individuals, the Nome emergency shelter, Alaska Legal Services for victims of domestic violence, the Brother Francis Shelter in Kodiak, the Bethel shelter, the Palmer Senior Center, a SAIL center in Southeast. It was not the vision he had for the state.

[7:01:20 PM](#)

Representative Wilson provided wrap up on the amendment. She disputed the statement that a person had no compassion because they believed in a step down approach. She referred to churches and other nonprofits that did not take any state or federal funding. She wondered what happened before Alaska had become a state and before it had money. She reasoned that friends, neighbors, and churches had taken care of each other. She continued that in the past every once in a while a nonprofit popped up to take care of specific needs. She imagined the food banks may have fallen in that category. She stressed that people had survived before the state had become involved. She believed it was hard to discontinue giving money after allocating the money in the past. She agreed that it was difficult to fundraise, which was the reason she proposed the stepdown approach.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Pruitt, Thompson

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

The MOTION to adopt Amendment H HSS 103 FAILED (4/7).

[7:03:35 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 104
(copy on file):

Medicaid Services

Adult Preventative Dental Medicaid Services

H HSS 104 - Funding reduction of the FY 18 budget
request for unrestricted general fund match.

Offered by Representative Wilson

This amendment reduces the FY 18 unrestricted general
fund match request of \$2,882,600 by \$1,400,000,
roughly 50 percent. In these times of fiscal
restraint, this is currently an extra service over and
beyond the initial Medicaid program.

Vice-Chair Gara OBJECTED.

Representative Wilson explained that she had offered the
amendment in order to initiate a committee conversation;
however, she believed since the item was in statute it
would be better for a bill to be submitted the amendment
and WITHDREW it.

[7:04:22 PM](#)

Representative Wilson MOVED to ADOPT Amendment H HSS 105
(copy on file):

Health Care Medicaid Services

H HSS 105 - Eliminates all unrestricted General Funds
and reduces general match funding.

Offered by Representative Wilson

The FY 18 budget request in the Grants line item for
Benefits increased by \$12,408,500 from the FY 17
Management Plan level of funding. This amendment
eliminates all unrestricted general funds (fund source
1004) in this allocation and reduces general match by
\$2,594,500 for a total reduction to this this
allocation of \$12,408,500, the amount of the increase.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see
above]. She MOVED to AMEND the amendment by adding 1003

General Fund match of \$2,594,500. The amendment would only pertain to the \$9.814 million in GF.

Co-Chair Seaton asked for clarification.

Representative Wilson explained that the negative \$2,594,500 would be taken away; no General Fund match would be taken with the amendment. There being NO OBJECTION, it was so ordered.

Vice-Chair Gara spoke to his objection to Amendment H HSS 105. He believed more information was required. He explained that the amendment was related to Medicaid services and those services received matching [federal] funds at 50 percent or 90 percent for Medicaid expansion.

Co-Chair Seaton asked for clarification on the amendment Vice-Chair Gara was discussing.

Vice-Chair Gara stated he was speaking to Amendment H HSS 105. He was not sure it was possible to claim federal funding would not be lost when it would actually be lost. He surmised that based on the amendment language the money seemed to be Medicaid funds. First, the state had a statutory obligation to pay the funds. Second, they were paid based on the number of people who were sick and on the cost of medical care. The department did its best to anticipate what the costs would be over the coming year; it was known that every year the department was either under or over by a bit. He did not think it could be said that the 50 to 90 percent federal match would not be lost. He believed spending the state money was required to receive the federal match. He did not understand the amendment. He believed it seemed like a cut to mandatory Medicaid services.

[7:08:32 PM](#)

Representative Ortiz asked if they were speaking to the decrement of \$9.814 million and the other monies would go away.

Representative Wilson clarified that the amendment would reduce the \$9.814 million. She noted that if the match money were removed, federal funds would be lost, which was not her intent. She stated that the federal fund authority

increase was \$10.7 million; therefore, more than what the state had in GF used to supplement the program.

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 to adopt Amendment H HSS 105 as amended FAILED (4/7).

7:10:15 PM

Representative Tilton MOVED to ADOPT Amendment H HSS 106 (copy on file):

Health Care Medicaid Services

H HSS 106 - Limitation on Medicaid funding for abortions

Offered by Representatives: Tilton, Wilson

No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for Health and Social Services may be expended only for mandatory services required under Title XIX of the Social Security Act and for optional services offered by the state under the state plan for medical assistance that has been approved by the United States Department of Health and Human Services.

Vice-Chair Gara OBJECTED.

Representative Tilton explained the amendment that would limit Medicaid funding on abortions. The amendment would add conditional language to the Medicaid Services appropriation that no money appropriated within the appropriation may be expended for an abortion that was not a mandatory service required under AS 47.07.030(a). The money appropriated for DHSS may be expended only for mandatory services under Title 19 of the Social Security Act and for optional services offered by the state under

the state plan for the Medicaid assistance approved by the U.S. Department of Health and Human Services.

Vice-Chair Gara stressed the amendment was unenforceable. He detailed that the Alaska Supreme Court had held that if services were going to be provided for people who want to continue towards pregnancy, it was unlawful to choose to withhold services who decide they are not going to continue towards pregnancy. He cited situations where an abortion was needed to protect the life or health of the mother. He stated the language could be inserted in the budget, but it was unenforceable. He understood the views of people who opposed the concept of abortion. He shared that he was pro-choice, but noted that was irrelevant in the given situation. He reiterated that the language was unenforceable. He concluded that the courts would strike the concept down and had done so in the past.

Representative Grenn was hopeful the amendment sponsor could expand on the mandatory services listed in statute and Title 19 of the Social Security Act. He asked for more details.

Representative Wilson supported the amendment. She stated there was already intent language included in the budget that was unenforceable. She reasoned it was about the message the legislature wanted to send. She stated that someone could take it to court if they chose to do so. She continued that "pretty much all" intent language was unenforceable. She concluded the amendment represented intent language to communicate the legislature's stance on a particular issue. She believed it was clear that using funding for abortions was an improper use of the funds.

Representative Tilton provided wrap up on the amendment. She stated that the language had been in the budget throughout the years. She stressed the importance of the language.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 106 FAILED (5/6).

7:15:35 PM

Representative Guttenberg MOVED to ADOPT Amendment H HSS 107 (copy on file):

Senior and Disabilities Medicaid Services
H HSS 107 - Increase Funds to Maintain the FY17 Number
of Hours per day for Day Habilitation Services
Offered by Representative Guttenberg

This amendment restores \$2.6 million in UGF in order to allow the Department of Health and Social Services to provide the level of day habilitation services in FY18 that were provided in FY17 (i.e., 15 hours/week in FY17 vs a proposed 8 hours/week in FY18).

Representative Wilson OBJECTED.

Representative Guttenberg explained that the amendment sought to restore \$2.6 million to enable the department to maintain its current level of day rehabilitation services of 15 hours per week versus 8 hours per week. He shared that over the years he had worked with many individuals utilizing the services. He detailed that the individuals just wanted to work and have a job. He continued that when the individuals got out of the house it also freed their families. He surmised that even though it may not be statutorily required or fiscally conservative enough for some people, it made everything more productive in society. He elaborated that it provided meaning in people's lives and their families were also able to work and be out of the house. He WITHDREW the amendment.

7:17:18 PM

Representative Wilson MOVED to ADOPT Amendment H HSS 108 (copy on file):

Senior and Disabilities Medicaid Services
H HSS 108 - Funding reduction for grants.
Offered by Representative Wilson

This amendment deletes all unrestricted general funds (code 1004) in the FY 18 budget request. Actual FY 16

federal receipts were \$236,565,300 and the FY 18 budget request for federal receipt authority is \$297,193,100, an increase of \$60,627,800. This increase can replace the general fund request in this allocation.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Vice-Chair Gara explained his objection. He and the department saw the amendment as a straight cut to Medicaid. He did not believe it was reasonable to say there was no match. He relayed that the match was either around 50 or 90 percent under Medicaid expansion. He stressed the state had to pay the Medicaid bills coming in. He stressed that the greatest thing the legislature could ever do would be to gain control over medical costs in the state. However, he reasoned that if control over medical costs was not achieved, the legislature could not pretend to cut money it would have to pay. He believed the amendment would lead to a supplemental request the following year. The department had made its best guess of how many people would qualify for Medicaid in FY 18 and was working very hard to reduce Medicaid costs. He specified that DHSS had reduced Medicaid costs by \$114 million since 2015, in part due to Medicaid expansion and waivers. He did not expect the "miracles" to recur. He concluded that paying the funds was a statutory requirement.

Representative Wilson provided wrap up on the amendment. She stated it was not about a miracle, but about accounting. She stated the 1003 code was GF match. She stressed that the code in the particular amendment was 1004. She relayed that there were additional federal funds allocated to the item - \$60 million over FY 16. She remarked that the increase could be due to a waiver or other things related to the passage of SB 74 the previous year [Medicaid reform legislation]. She stressed that the amendment would not cut the spending amount, but it proposed cutting the type of funds with an addition already in the budget. She requested to Co-Chair Seaton that the right codes made it into the budget books in the future.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

The MOTION to adopt Amendment H HSS 108 FAILED (4/7).

Co-Chair Seaton noted that Representative George Rauscher was present in the audience. He relayed the committee would be taking up amendments to HB 115 the following week related to the Permanent Fund. The committee would not be taking up amendments on Sections 10, 11, and 12.

Co-Chair Seaton RECESSED the meeting until 9:30 a.m. the following day.

^RECESSED

[7:23:50 PM](#)