

HOUSE FINANCE COMMITTEE
March 9, 2017
1:35 p.m.

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CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:36 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.

#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: ALL REMAINING

[1:36:55 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DPS 3 (copy on file):

Fire and Life Safety
H DPS 3 - Personal Services Reduction
Offered by Representative Wilson

Two positions were deleted by the Department and a general fund reduction of \$120,000 was taken. The full FY 17 budgeted cost of the positions is \$237,733. This amendment deletes \$117,733 from the FY 18 budget request in the Personal Services line for the funds retained by the Department associated with positions deleted.

Representative Kawasaki OBJECTED.

Representative Wilson MOVED to AMEND the amendment to change the General Fund (GF) code to 1005 GF program receipts instead of GF.

Vice-Chair Gara OBJECTED. He asked for detail on the program receipts.

Representative Wilson explained that what had not been cut from the agencies was GF program receipts. During discussion on Amendment H DPS 3 she wanted to ensure they were addressing the correct fund source and amount. She would discuss Vice-Chair Gara's question during discussion on the full amendment.

Vice-Chair Gara WITHDREW his OBJECTION to the Amendment to Amendment H DPS 3. There being NO further OBJECTION, it was so ordered.

[1:38:12 PM](#)

Representative Wilson stated that two positions had been deleted by the department, but GF program receipts of \$117,733 had not been removed. The amendment would delete the funding.

Representative Kawasaki spoke in opposition to the amendment. He agreed that the funding pertained to 50 percent program receipts and 50 percent undesignated general funds (UGF). The agency had received millions of dollars in cuts since 2014. He detailed that the department had deleted the full UGF portion of the two positions and the amendment would further remove UGF not associated with the positions.

Representative Wilson clarified that the department removed \$120,000 GF for the two positions, but GF program receipts of \$117,700 had remained. She reasoned that the department could have utilized the remaining funds for another position and had taken it as UGF; however, the department had not elected to do so. She believed an increase had been maintained even after the deletion of the two positions.

Representative Kawasaki 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 H DPS 3 as amended FAILED (4/7).

[1:40:34 PM](#)

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

Alaska State Troopers
Alaska Bureau of Highway Patrol
H DPS 6 - Personal Services Reduction
Offered by Representative Wilson

PCN 12-1979 was deleted by the Department, however, the funding for this position was not. This amendment reduces the FY 18 budget request in this allocation by the amount budgeted for the position in FY 17.

Representative Kawasaki OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Kawasaki spoke to his objection. He underscored that the department had suffered severe cuts, albeit not as severe as some other agencies. He specified that in 2013 the total agency budget GF had been \$179 million; the current request was down to \$156 million. He stated that Colonel Jim Cockrell [Director, Division of Alaska State Troopers, Department of Public Safety] had testified about worrying the department would lose an officer due to budget cuts. The department did not have backup officers within rural and urban communities. As municipalities were shrinking their budgets to accommodate for less economic activity, it meant local police forces were also starting to make cuts (Anchorage was the exception). All the cuts were hurting the performance of public safety across the state. He reminded committee members that a few years back there were over 328 officers; under the proposed budget there were 296, which was a huge decrease. He added that there were also vacancies within the agency.

Representative Kawasaki continued that it was difficult to hire law enforcement nationwide for many reasons. He noted

they were trying to address the issues in the budget and legislatively. The amendment would remove \$57 million UGF in FY 19 in CIP [capital improvement project] receipts from the Alaska Bureau of Highway Patrol. He expounded that in the FY 17 unallocated reductions there had been over \$605,000 reduced from the state trooper detachment that had deleted one captain and four support positions. One of the positions had been the Anchorage criminal justice technician and another had been a Fairbanks office assistant who had been responsible for ensuring reports were completed. He stressed that the funding had been deleted in the FY 17 management plan and the amendment was a further deletion of support for the Bureau of Highway Patrol.

Vice-Chair Gara asked the amendment sponsor if she had spoken to the department about the issue. He stated a position had been deleted in highway patrol and the funding had been deleted. He had spoken to the Legislative Finance Division (LFD) and believed the PCN [position control number] may have been incorrect. He stressed that the amendment would mean the loss of another highway patrol officer.

Representative Wilson provided wrap up. She answered she had spoken to the department. She stated that the funding had not been taken out. The amendment had been changed to GF because the \$57,000 had been underneath the Alaska transportation management fund code (1249), which did not currently exist because legislation had not been passed. She clarified that her amendment would not remove the PCN, the PCN that had been removed by the department was correct. She reiterated that the money had been left in and had merely been coded differently.

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Representative Kawasaki 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 DPS 6 FAILED (4/7).

1:46:12 PM

Representative Ortiz WITHDREW Amendment H DPS 9 (copy on file).

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

Prisoner Transportation
H DPS 11 - Prisoner Transportation Savings
Offered by Representative Wilson

This amendment reduces the Services line in the FY 18 budget request by \$258,000 to align expenditures with the FY 17 Management Plan level. This amendment reduces the amount paid to the Alaska Wildlife Troopers Aircraft Section for the use of the Public Safety aircraft to transport prisoners. The FY 17 Management Plan has a budget of \$345,000 for these services and the FY 18 budget request is \$603,000. The Department's FY 18 budget request includes a reduction in travel in anticipation of fewer transports. These reductions are anticipated to occur as a result of the implementation of criminal justice reform efforts under SB 91 and increased use of video conferencing between correctional facilities and courts for arraignments and routine hearings. Therefore, if fewer transports are anticipated, there should be a reduction in charges to the Wildlife Troopers Aircraft Section for prisoner transports.

Vice-Chair Gara OBJECTED.

Representative Wilson explained the amendment related to prisoner transportation savings. She read the amendment description [see above].

Representative Kawasaki was opposed to the amendment. He shared that DPS had indicated during testimony it had already cut \$500,000 from the travel line allocation in the FY 18 budget in anticipation of fewer transports. The additional \$258,000 reduction would hamper the efforts of the prisoner transport line. He agreed there would be increased use of videoconferencing between correctional facilities, but the amendment would not leave sufficient funds to properly administer justice. He continued that the amendment would result in individuals in remote areas that

would have to wait in a costly community jail setting before arraignment. He spoke to the importance of ensuring that SB 91 [justice reform legislation passed the previous year] worked properly and that the administration of justice was done equally throughout the state.

Representative Wilson provided wrap up. She stated that SB 91 had not existed in FY 17 and the management plan had only required \$345,000 to do the work. She reasoned that the department had given no indication during the budget subcommittee process that it would not be able to do the work with the funding. She noted that many of the budgeted amounts were much higher for FY 18. She continued that FY 17 was high compared to FY 15. She believed the department was giving itself significant padding. She remarked on the removal of \$500,000 from a budgeted amount and believed it was money the department never anticipated using. It was hard to understand why the numbers were made so high in the budgeted portion and the actuals were much lower.

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 DPS 11 FAILED (5/6).

[1:50:37 PM](#)

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

Statewide Drug and Alcohol Enforcement Unit

H DPS 16 - Eliminate General Match for Federal Forfeiture of Seized Assets
Offered by Representative Wilson

This amendment eliminates state funds used as general match for federal forfeitures of seized assets.

Representative Kawasaki OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Kawasaki spoke in objection to the amendment. The amendment pertained to a GF match used for the personal services line, specifically for the Statewide Drug and Alcohol Enforcement Unit, which was administered through a federal justice assistance grant awarded by the Department of Justice several years back. There was no specific formula required for the match, but the match represented necessary GF funding to fully fund all positions that were not currently funded through the grant.

Representative Wilson explained that in the past when the state could not make its case pertaining to forfeitures, the federal government took over. She believed that was wrong. She did not support utilizing the federal government to go after Alaskans because the state was lacking state law to back up what they were trying to do or the evidence they need. She did not support state funding for the federal government to seize assets of individuals who may be guilty, but of individuals who may also be innocent.

Representative Kawasaki 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 DPS 16 FAILED (4/7).

[1:53:04 PM](#)

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

Alaska State Trooper Detachments
H DPS 19 - Reduce Funding for Relocation Offered by Representative Wilson

This amendment deletes the FY 18 Budget request of \$725,000 in the Travel line item for Alaska State Trooper moving costs. These costs include shipping household goods, per diem, airfare and temporary lodging costs for transfers of commissioned officers, new recruits and their families. With declining revenues, the state should eliminate expenses of this

nature that do not pose a threat to public safety and the protection of its citizens.

Representative Kawasaki OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Kawasaki spoke to his objection. He relayed the amendment would completely remove relocation expenses for troopers and wildlife troopers. The department had stopped paying for employees they hired who lived out of state, which cost approximately \$200,000 in FY 16; the benefit was no longer offered. The department was obligated under existing collective bargaining agreements to pay moving costs, especially when troopers located in one area of the state were forced to relocate themselves and their families to other areas. He believed passing the amendment would be unwise and was outside the scope of the current collective bargaining agreement between the state and PSEA [Public Safety Employees Association].

Representative Wilson provided wrap up on the amendment. She spoke to what she had heard in committee. She stressed that the state trained many individuals to be troopers and they did not stay. The committee had been told that many of the troopers left for employment with the Municipality of Anchorage. She did not support that there was no agreement a trooper would remain in state employment for a designated timeframe when the costs were paid. She discussed investing the money and then losing the employees; she would be more supportive if the employees were required to stay for one or two years. She wanted to ensure the state was recouping something for the cost it was putting in. She stressed that when money was tight it was necessary to consider why the money was still being spent in a particular area, why it had been spent there in the first place, and if there was another option. She was concerned the state was spending substantial money on training and was not receiving the benefit because individuals were leaving the job they had been trained for.

Representative Kawasaki 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 DPS 19 FAILED (4/7).

[1:56:41 PM](#)

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

Alaska Bureau of Investigation
H DPS 21 - Personal Services Reduction
Offered by Representative Wilson

The Department deleted a State Trooper position in the FY 17 amended budget in the Alaska State Trooper Detachment allocation and added it back in the FY 18 Governor's budget request in this allocation. This amendment deletes the position and associated funds from the FY 18 Budget request.

Representative Kawasaki OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Kawasaki spoke to his objection. He explained that the increment pertained to a straight transfer from the Alaska State Trooper detachment to the Alaska Bureau of Investigation. The position and funding had never been deleted and added back in. He relayed that the amendment would cut an existing trooper. The department had been cut from a high of \$179 million several years back to \$163 million. He stressed the importance of the department, especially during the current opioid epidemic, SB 91, and public safety threats statewide. He did not support additional cuts to the department.

Representative Wilson thought SB 91 was supposed to make things better, not worse. She stated that whether the position was transferred or deleted, it was a new position that she believed should be deleted.

Representative Kawasaki MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

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

[1:59:04 PM](#)

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

Alaska Wildlife Troopers
H DPS 22 - Personal Services Reduction
Offered by Representative Wilson

The Department deleted PCN's 12-3166 and 12-3041 and general funds totaling \$245,800 associated with the positions. The FY 17 budgeted costs of the two positions total \$335,922, therefore this amendment deletes an additional \$90,122 from the FY 18 Governor's budget request which represents the remaining funds retained by the Department for the positions deleted.

Representative Kawasaki OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Kawasaki spoke to his objection. The department had eliminated over 68 permanent positions and 14 temporary positions. The department had moved the Stimson base of operations from Dutch Harbor to Kodiak at a savings of about \$500,000. Trooper posts had been closed in Talkeetna and Yakutat. Additionally, the department had eliminated helicopter services that were frequently used by wildlife troopers and that should be doing search and rescue in Interior Alaska. He continued that overtime, patrol sea days, and patrol flights had all been reduced by \$200,000. He spoke about making tactical cuts during a time when crime rates were up. He believed the amendment was unwise.

Representative Wilson provided wrap up on the amendment. She stated she had not cut the positions. She relayed that the positions had been deleted and had associated costs that should be trued up. The department had removed

\$245,800, but it had not removed other funds. She believed it should have been a new request. The amendment proposed to remove \$90,122.

Representative Kawasaki MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Pruitt

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

Representative Thompson was absent from the vote.

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

[2:01:41 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DPS 23:

Alaska State Troopers
Alaska Wildlife Troopers
H DPS 23 - Reduce Relocation Funding
Offered by Representative Wilson

This amendment eliminates the FY 18 Budget request of \$255,000 for Alaska State Trooper moving costs in this allocation. These costs include relocation assignments for State Troopers, shipping household goods, per diem, airfare and temporary lodging costs for transfers of commissioned officers, new recruits and their families. With declining revenues, the state should eliminate expenses of this nature that do not pose a threat to public safety and the protection of its citizens.

Representative Kawasaki OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Kawasaki spoke to his objection. He stated the amendment was similar to a previous amendment regarding the Alaska State Troopers. He detailed that Alaska Wildlife Troopers were often required to move to different locations; it was not like being a police officer in Fairbanks where they were not required to move locations.

The amendment would cut the entire amount available for relocation costs that were obligated under state policy and the collective bargaining agreements between PSEA and the state.

Representative Wilson reasoned that Department of Transportation and Public Facilities (DOT) and Department of Corrections (DOC) workers moved from one place to another. She elaborated that in many different state departments where a person may have to relocate for a job. She remarked that the state did not pay any of those moving fees. She believed those individuals probably needed the funds even more than individuals with a job. She questioned why one group would have moving expenses paid and another group would not. She speculated that if the issue was contractual, perhaps one group had better negotiators than others. She continued that the state moved individuals from out-of-state with no guarantee the individuals would stay despite training and other expenses paid by the state. She highlighted that for many jobs a time commitment was required. The state wanted to ensure people stayed in their jobs for a certain timeframe. She believed the issue needed to be addressed. She elaborated that the state's training was so good than individuals were able to leave for other jobs in and out-of-state that they would not have previously been eligible for. She did not want to continue training for individuals who were leaving.

Representative Kawasaki MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Pruitt, Tilton

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

Representative Thompson was absent from the vote.

The MOTION to adopt Amendment H DPS 23 FAILED (3/7).

[2:05:21 PM](#)

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

Village Public Safety Officer Program
H DPS 28 - Grant Funding Reduction

Offered by Representative Wilson

This amendment reduces the amount provided to grantees of the Village Public Safety Officer (VPSO) program based on the inability of the grantees to hire an average of ten VPSO's. The Department stated that the average cost of an existing VPSO is \$183,596. VPSO turnover substantially exceeds the number of VPSOs hired and using ten as an average number of VPSOs that cannot be hired is a conservative number. There are currently 53 filled positions of the 78 budgeted VPSO positions that grant awards are based on. A chart is attached depicting the turnover of VPSO's and the number of VPSO's hired by fiscal year.

Representative Kawasaki OBJECTED.

Representative Wilson explained the amendment that would remove funding for ten Village Public Safety Officer (VPSO) positions that were vacant. The amendment totaled \$1,836,000.

Representative Kawasaki spoke to his objection. He relayed that several years back the state had been providing over \$14.4 million for the VPSO program. He detailed that VPSOs were an integral part of the public safety network, especially in places off the road system. He continued that VPSOs were located in high-crime areas. He stated that crime rates per 500 people in Anchorage were approximately 23; the crime rate per 500 people was 125 in Ambler, 95 in Emmonak, and 190 in Northway. The officers provide an important public service in lieu of the fact that the state did not have enough troopers and could not afford them in every village. The current and subsequent amendment pertained to the same thing - the VPSO program went through 13 granting agencies across the state that delivered the services to public safety when troopers were unable to do so. He stressed that the cut would result in a reduction of VPSO services. The positions were vacant, but it was the intent to fill the positions.

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Representative Pruitt shared that the information had been brought to him by a member of the DPS subcommittee. He noted he had a similar amendment. He detailed that the vacant positions tended to be a challenge in multiple

years. The state had been consistently giving funding to a program that was not able to fill its positions. The concern was that money was not being utilized for what it was intended. He believed it was an appropriate discussion to have. He explained the goal was not to destroy the VPSO program, but to ensure money to continue the existing program remained. The amendment aimed to ensure the legislature was not over appropriating funds for something that was not being utilized.

Co-Chair Seaton voiced opposition to the amendment. He referenced a memo from the Department of Public Safety dated March 3, 2017 addressed to Representative Kawasaki (copy on file) and read from the last paragraph: "appropriating the funding does not guarantee that the positions will be filled, but not appropriating the funding guarantees the positions do not exist to be filled."

Representative Wilson provided wrap up. She truly believed DPS was doing all it could to fill the positions. She believed in the greatness and necessity of the VPSO program. However, the state was losing more than it was able to hire. She stressed there were 26 unfilled positions. The amendment would delete 10 of the 26 vacant positions. She underscored that the program would still have available positions to fill. She agreed there had been \$14.4 million in the program to start; however, she emphasized that the state had been unable to fill all the positions since the program's inception. She stated that the program funding reflected that the state could not fill the positions and it did not receive any money back. She underscored that the money went to nonprofits and had been spent on things other than officers. She believed that if the positions were not filled the money should go back to the state. She underscored that funding should not be kept [by nonprofits] or utilized on something it was not intended for. The committee had heard there were administration charges of up to 41 percent. She questioned who charged administrative fees that high. She remarked that municipalities were not allowed to do so.

Representative Wilson continued that the amendment would merely get rid of something that did not exist. She observed that based on the department's graphs it would be lucky to keep the currently filled 52 positions and add 15 more, which the amendment would allow. She speculated that based on testimony, it would not happen. She reiterated

that the amendment was not against the program; it was based on information provided in committee. She probably would not have offered the amendment if the appropriated funds were returned to the state when they were not used. She recalled the committee had been told that about \$183,596 went towards each VPSO position. She underscored that the amendment was conservative. She reminded committee members that the discussion had taken place more than once. She did not know any other way to force the nonprofits to give the money back if they were unable to hire the vacant positions.

Representative Kawasaki 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 H DPS 28 FAILED (4/7).

[2:13:08 PM](#)

Representative Pruitt WITHDREW Amendment H DPS 29 (copy on file).

Representative Pruitt MOVED to ADOPT Amendment H DPS 30 (copy on file):

Village Public Safety Officer Program
H DPS 30 - VPSO grants.
Offered by Representative Pruitt

It is the intent of the legislature that the monies appropriated are for the sole purpose of hiring, training and supporting Village Public Safety Officers (VPSO). Unexpended monies should be returned to the general fund.

Representative Kawasaki OBJECTED for discussion.

Representative Pruitt explained that the intent was to ensure the money appropriated by the legislature went to the sole purpose of hiring, training, and supporting VPSOs. Any extra money would be returned to the GF. He wanted to ensure the money was being used as intended.

Representative Kawasaki discussed his objection. He stated that funding for the program had decreased over the past four years. The grant portion had remained stable and the support component, which included the troopers overseeing the particular positions had dropped from \$3.3 million to about \$1.5 million. He agreed that there should be some structure around the VPSO program language. He believed the language was probably appropriate. He WITHDREW his OBJECTION.

Vice-Chair Gara OBJECTED for discussion. He was amenable to the amendment with the addition of a couple of words. He stated that sometimes it was necessary to build housing in a community that would house a VPSO. At present, the amendment would not allow funds to be used to build the basic infrastructure needed to get a VPSO in a village. He MOVED to AMEND Amendment H DPS 30 by inserting the words "current or future" after the word "supporting" on line 2 of the amendment.

Representative Wilson OBJECTED.

Co-Chair Seaton restated the proposed amendment to Amendment H DPS 30 for clarity.

Representative Wilson requested further explanation.

Vice-Chair Gara explained that to attract VPSOs there needed to be a place for them to live. The proposed language would make it clear that supporting could mean housing support for a current or future VPSO. He surmised the state would never get past the problem if housing was not available.

Representative Wilson stated that in committee [the committee had been told] the money was not supposed to be used for housing. She furthered when committee members had been shocked to learn the money had been used on things besides salaries, the department had brought up that going forward the money would be used to pay VPSOs. She stated that adding the proposed language would make it financially difficult to hire someone if the money was spent on building housing first. She surmised that it would mean the department would be unable to fill the position at least during that specific year. She thought it was counterproductive. She understood the goal, but she believed it took away from the program's purpose. She

believed the budget already contained a separate VPSO housing allocation. She wanted to ask the department.

2:19:33 PM

AT EASE

2:25:01 PM

RECONVENED

Representative Pruitt discussed that one of the concerns brought up in the budget subcommittee was facilitating the actual service and ensuring the funding would be used on the people [VPSO officers]. The conversation related to the amendment to the amendment pertained to other components including the support through housing in some capacity. In the past Alaska Housing Finance Corporation (AHFC) and some Native corporations had participated. The department had highlighted that if there was surplus funding it could request to use the funds on repair of housing. The question was whether "current or future" returned to the conversation about ensuring the funds were utilized for employing the individuals (including hire and training). His proposed amendment was not to try to reform or get into an overall discussion about the program; it was to ensure the money was used for hiring people and getting VPSOs out there. If the intent was to add beyond the hiring of people he would oppose it; however, the language seemed innocuous if it was merely to show that the legislature supported VPSOs hired currently or in the future. He believed the intent was to expand beyond the hire of the VPSO and into broader services, which had been a concern discussed in subcommittee, if so he would oppose it.

Representative Guttenberg generally liked the use of intent language when it was something he agreed with. However, he believed the legislature was starting to micromanage a program that was inherently difficult to administer. He believed the legislature was moving towards breaking something that was teetering on the edge.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion to amend Amendment H DPS 30.

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

OPPOSED: Pruitt, Thompson, Tilton, Wilson

The MOTION to amend Amendment H DPS 30 PASSED (7/4).

[2:30:13 PM](#)

Representative Wilson did not support the amended amendment. She thought it was insane to have to put intent language in to get money back that the entity had not spent on the intended purpose. She stated it was fairly easy to know that each of the entities had money to hire a certain number of VPSOs. She stated that the department had at least made it possible to potentially move a vacant position from one community to another if it could be filled. She stressed that it was about hiring the people. She continued that it had been opened up to more than that, which had been a big concern of the subcommittee on how to distinguish between hiring people and using the money for things besides hiring them. She stated that intent language did not even mean anything. She furthered that it was not about micromanaging. She surmised that perhaps an amendment to the overall budget was necessary that if a department did not use the money for its intended purpose, it was required to give it back. She believed that the legislature already expected that to happen. However, the amendment showed otherwise.

Representative Wilson elaborated that in the past it had been okay for the program to keep excess money, but it had not been putting it into housing. She found it disturbing that it was not known how much money had been kept by organizations that the state had allocated to try to take care of a public safety issue in remote areas. She contended that it was not about micromanaging, but about whether the money allocated went where it had been intended to go. She noted they had not been able to figure out the liability issue.

Co-Chair Seaton asked Representative Wilson to stick to the amendment.

Representative Wilson stated her comments were relevant to the amendment. She continued that the committee had just opened up liability by allowing buildings to be remodeled or refurbished before a VPSO had been hired in a community. She noted it was not state money and she did not believe the state would be under any liability because the money

came from grant funds. However, she was unsure. She continued it was still the state's money and the state would still have to give permission to grantees to utilize the funds on [housing] upgrades. She wondered what would happen if the money was spent on housing and the VPSO position remained vacant due to any number of reasons. She wondered if the state would have to continue to use the funding to put the housing in storage until the position could be filled. She underscored that the committee should be concerned about the issue because it had not been vetted. She did not want to create something they did not understand, when the goal of the original amendment was to return the money to the state if VPSOs were not hired.

Vice-Chair Gara stated he tried to work across party lines when he could, and he supported former Governor Sean Parnell's effort to get VPSOs into the 100 communities with no law enforcement. The program had not been working for a number of reasons - one of the reasons was the need for adequate housing to attract someone to a village. The amendment would enable the state to deal with that portion of the issue. He stated that if the money was not spent it would lapse back into the GF. He wanted people in the communities to have protection. He reasoned that if adequate housing was not provided, VPSOs would not move to the communities. He questioned whether legislators wanted public safety in communities with no public safety presence or if it wanted to leave a current program to continue to fail. He supported improving the program.

[2:35:24 PM](#)

Representative Pruitt asked members to support the amendment.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Kawasaki, Ortiz, Pruitt, Thompson, Gara, Grenn, Seaton

OPPOSED: Tilton, Wilson, Guttenberg, Foster

The MOTION to adopt Amendment H DPS 30 as amended PASSED (7/4). There being NO further OBJECTION, Amendment H DPS as amended was ADOPTED.

2:36:42 PM

Representative Wilson MOVED to ADOPT Amendment H DPS 33
(copy on file):

Statewide Support
Commissioner's Office
H DPS 33 - Delete Special Assistant
Offered by Representative Wilson

Delete Special Assistant to the Commissioner.
Legislators might have to wait longer for a response
but this position is not needed for the Department to
meet their mission.

Representative Kawasaki OBJECTED.

Representative Wilson explained that the amendment would
delete a special assistant position, consistent with
previous departments addressed.

Representative Kawasaki responded that the department had
already seen a decrease in special assistants since the FY
16 budget. Further reductions would impact the legislative
liaison position, labor relations employees, and all the
answers to questions the committee had asked the
department.

Representative Guttenberg asked members to imagine having
no one to ask a question [in the department].

Representative Wilson provided wrap up. She agreed it would
be nice to have committee questions answered. She had not
received answers to her earlier question. She underscored
the \$4.2 billion budget and believed at some point it would
be significantly reduced. She did not believe the position
pertained to public safety issues impacting residents.

Representative Kawasaki 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 DPS 33 FAILED (4/7).

[2:39:07 PM](#)

Representative Kawasaki MOVED to ADOPT Amendment H DPS 34 (copy on file):

H DPS 34 - Reverse Criminal Investigation Unit Transfer to Public Safety

Linked to H DOR 5 - Reverse Criminal Investigation Unit Transfer to Public Safety ATrln 338324
Offered by Representative Kawasaki

The Legislative Finance Division (LFD) reports the Department of Revenue (DOR) requested a transfer of its Criminal Investigation Unit (CIU), which includes 9 Permanent Full Time positions across 4 divisions, to the Department of Public Safety (DPS) Commissioner's Office. The Office of Management and Budget reports the DPS Commissioner's Office would oversee the CIU's enforcement of DOR's criminal laws and regulations and provide law enforcement support.

LFD and DOR state this request was made with the intention of commissioning CIU investigators in order to carry firearms. The CIU handles Permanent Fund Dividend Fraud, Child Support Fraud and Tax Fraud and employees carry limited special commissions that enable them to assist DPS with enforcement of these types of cases. Upon transfer to DPS, the CIU employees would continue to carry out these duties as semi-commissioned peace officers with the authority to carry firearms.

This request for position transfer, and the associated inter-agency receipt authority, reflects a major change in policy implemented through the budget process.

Representative Wilson OBJECTED.

Representative Kawasaki MOVED to AMEND the amendment to include Amendments HDPS 34, 35, 36, 37, 38, and H DOR 5, 8, 9, and 10 (copy on file). He explained the amendments were all correlated to the same interagency receipt. There being NO OBJECTION, it was so ordered.

Representative Kawasaki explained the amendments pertained to a discussion in DPS that had occurred on the side. He detailed there were nine people who would be armed within the Department of Revenue (DOR); it had been a DOR request that the individuals be semi-commissioned officers within DPS. He elaborated that it was appropriate to house those members. He furthered that while he disagreed with the policy to arm the individuals within DOR, it had not been his intent to not have the discussion in some other form or fashion. He believed the budget was not the appropriate venue under which to have the discussion about whether DOR officers should be armed. Therefore, he WITHDREW Amendments H DPS 34, 35, 36, 37, 38, and H DOR 5, 8, 9, and 10.

[2:40:56 PM](#)

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

Statewide Information Technology Services
H DPS 40 - Personal Services Reduction Offered by
Representative Wilson

The Department deleted two positions from this allocation in the FY 18 budget request, however deleted no funding. This amendment reduces the funding for this allocation by \$207,302, the FY 17 budgeted cost of the positions.

Vice-Chair Gara OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Kawasaki opposed the amendment. He detailed that because of many functions changing through SB 21 in DPS and the Department of Corrections, the money was used for personal services. The reduction of \$207,302 would reduce the overall ability within the Statewide Information Technology Services and would most likely result in deletions of employees.

Representative Wilson stressed that money associated with a deleted position should also be deleted. She believed it should be a separate discussion if the department needed to request additional funding for a different reason.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Tilton, Wilson

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

Representative Pruitt and Representative Guttenberg were absent from the vote.

The MOTION to adopt Amendment H DPS 40 FAILED (3/6).

[2:43:05 PM](#)

Representative Wilson referenced amendments withdrawn by Representative Kawasaki. She wondered if the intent was to speak about the transfer of armed employees from DOR into DPS. She wondered if it was a topic for the House Finance Committee or another standing committee. She remarked the issue had been discussed during the budget subcommittee. She believed it was a substantial policy change that she believed warranted discussion. She stated it was up to the co-chairs to determine the best place to have the discussion.

Co-Chair Seaton answered that one of the primary objectives of the subcommittee process in the current year was to have policy committees address the full value of the discussions. He relayed that the policy committees should be looking at the aspects from a budgetary and policy standpoint. Policy committees could be informed the discussion had taken place in subcommittee. He concluded that hopefully the policy committee was the proper venue for deciding the policy instead of deciding the policy through the budget.

Representative Wilson thought "they probably thought we were going to take care of it in this aspect" and she did not believe it was in the report. She wanted to make sure the issue was taken care of.

Co-Chair Seaton answered that he would ask the subcommittee chair to address the issue.

[2:45:23 PM](#)

Co-Chair Seaton relayed the committee would hear amendments pertaining to the Department of Revenue (DOR). He noted that Amendment H DOR 5 had been withdrawn.

Representative Thompson MOVED to ADOPT Amendment H DOR 6 and H DOR 7.

Representative Wilson OBJECTED for discussion.

Representative Thompson explained the amendments with prepared remarks:

Treasury believes there is room for greater savings by hiring additional investment officers in-house in the future. The administration also suggests that expanding in-house investment officers in their October 2015 report "A Sound Fiscal Future: Recommendations for a Sustainable Utilization and Management of Alaska's Financial Assets." At 12/31/16, \$13.8 billion of asset were managed internally by Treasury investment staff. Had external firms invested this money, the external management fees would have cost \$32.7 million. In 2016 the Alaska Retirement Management Board state investment officers began investing more equity investments directly, which reduced fees paid to external investment firms in the Lower 48 by \$4.5 million. Treasury believes that by adding two more investment staff, in the future there will be the capacity to save up to \$15 million annually in management fees. This amendment is the funding source (H DOR 7) for the amendment to treasury (H DOR 6) creating the two new state investment officer positions. The total cost is \$438,900 from retirement fund earnings. These positions do not cost the state more money. Without the positions the state will spend more money on external management fees. If the positions are not filled, the money will remain in the retirement funds.

Representative Thompson furthered that H DOR 7 funded the two positions from the retirement fund and H DOR 6 showed that the Treasury Division would receive interagency receipts in the same amount to pay for the positions.

[2:48:53 PM](#)

Representative Wilson WITHDREW her OBJECTION.

Co-Chair Seaton OBJECTED for discussion. He explained the same rationale had been used when two auditors had been added because it would make DOR more money. He supported the amendment and WITHDREW his OBJECTION.

Representative Kawasaki OBJECTED.

Representative Thompson provided wrap up. He stated that should Alaska adopt investment practices that increase asset earnings due to compound interest, a higher rate of earnings would result with more rapid growth and more available funds on an annual basis. Regarding the Alaska Retirement Management Board (ARMB), savings and management fees would keep more money in the retirement funds; therefore, growing the fund at a higher rate and ultimately reducing the state's unfunded liability. He encouraged members to vote in support of the amendments.

Representative Kawasaki MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendments H DOR 6 and H DOR 7 PASSED (8/3). There being NO further OBJECTION, Amendments H DOR 6 and H DOR 7 were ADOPTED.

[2:51:19 PM](#)

Co-Chair Seaton relayed that Amendments H DOR 8, H DOR 9, and HDOR 10 had previously been withdrawn. He announced the committee would move on to amendments pertaining to the Department of Transportation and Public Facilities (DOT).

Representative Wilson WITHDREW Amendment H DOT 4 (copy on file).

[2:51:51 PM](#)

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

Equal Employment and Civil Rights

H DOT 5 - Deletes two of eight Civil Rights and Compliance Positions and PS costs.
Offered by Representative Wilson

This amendment deletes two of eight Civil Rights and Compliance Specialists and the associated personal service costs. This reduction will require the Civil Rights office to redistribute the workload to the remaining positions. Other funding remaining in the allocation can fund the remaining positions.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Foster spoke to his objection. He shared that he had been the chair of the DOT budget subcommittee. He reported that the total UGF funding for the Civil Rights Office was \$253,000. The amendment sought to remove \$217,000 or 90 percent of the total UGF funds. He detailed that the \$253,000 went towards funding all eight positions; only 18 percent of each position was funded with UGF funds. Removing the funds would mean eliminating more than the two positions listed in the amendment. More importantly, federal law required DOT to maintain a civil rights office; failure to comply could result in DOT losing its eligibility to receive federal funds.

Representative Wilson provided wrap up. She supported letting the federal government pay the costs if it was going to require the state to have the office. She surmised it may be an unfunded mandate. She hoped DOT did not do the same thing Department of Health and Social Services (DHSS) had done the previous day - she stated if the fund code was supposed to be 1003 UGF match, it should be specified in the budget. She remarked that the code read 1004 GF instead, which meant it was not being utilized for a match. She stated that the amendment did not remove the office or matching funds. She did not believe it would impact any of the other funding for the office.

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 DOT 5 FAILED (4/7).

[2:54:53 PM](#)

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

Central Region Support Services
H DOT 8 - Delete three new positions and personal service costs.
Offered by Representative Wilson

As a result of declining state revenues and as cost containment measure, this amendment deletes a newly created Administrative Operations Manager position in the FY 18 budget request, a Program Coordinator position created in FY 17 and Information Officer III position. Other funds can be reallocated to fund the unrestricted general funds deleted from the Personal Services line in this allocation.

Co-Chair Foster OBJECTED.

Representative Wilson detailed that the amendment pertained to three new positions, but based on further investigation the positions were not funded with GF, but with the International Airport Revenue Fund and UA indirect cost recovery. Although the positions were new, they were funded by the agency utilizing them. She WITHDREW the amendment.

[2:55:29 PM](#)

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

Northern Region Support Services
H DOT 9 - Associated personal services cost and services line reduction.
Offered by Representative Wilson

The Department deleted a Procurement Specialist position in the FY 18 budget request without taking a reduction in funding for the position deleted. This FY 17 budgeted cost of the position was \$89,599. This

amendment makes a reduction from the Personal Services line for this amount. This amendment also makes a \$50,000 reduction from the Services line item for advertising and promotions where actual expenditures in FY 16 were zero and the FY 18 budget is \$87,900 leaving \$37,900 in this allocation.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Foster spoke to his objection. He spoke to the procurement officer position that had been funded by multiple sources, not only UGF. The amendment sought to remove \$89,000 by eliminating a position; however, there was only \$25,000 UGF for the position. He confirmed that the funding had not been deleted. The department had specified the funds had been used to reduce the vacancy factor to a more realistic level after compensating for premium pay. He addressed the second part of the amendment and relayed the actuals for FY 16 advertising and promotions were in the Northern Region planning component. The information office and publications specialist had been transferred into the Northern Region support services component when the components were consolidated into program developments. They brought with them the authority for the navigator contract, which was the advertising and promotions budget amount. The reduction would impact the region's ability to perform the necessary support functions that assist the region in delivering its core and direct services, which would result in delayed service.

Representative Wilson MOVED to AMEND the amendment for accuracy. The amendment would change personal services from \$89.6 to \$64.6 and would change the funding of code 1004 General Funds to -\$114,600.

Co-Chair Foster OBJECTED.

Representative Wilson clarified the amendment to Amendment H DOT 9 was to correct the numbers.

Co-Chair Foster MAINTAINED his OBJECTION to amend the amendment. He believed using the small amount of UGF to help bring down the vacancy factor was reasonable. The region had already taken numerous cuts. He stated that the

Central region was assuming more responsibilities. He did not want to reduce the budget increment any further than it had been.

A roll call vote was taken on the motion.

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

The MOTION to amend Amendment H DOT 9 PASSED (9/2).

Representative Wilson provided wrap up on the amended amendment. She explained that the amendment would still leave \$37,900 in advertising and promotions, which would allow website and email notification and notices in the paper.

Co-Chair Foster 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 H DOT 9 as amended FAILED (4/7).

[3:01:48 PM](#)

Representative Tilton MOVED to ADOPT Amendment H DOT 20 (copy on file):

Design, Engineering and Construction
Central Region Construction and CIP Support
H DOT 20 - Add Intent Language
Offered by Representative Tilton

It is the intent of the legislature that the paused project "Knik Goose Bay Road Reconstruction: Vine to Settler's Bay" be resumed utilizing federal funds as available.

Co-Chair Foster OBJECTED for discussion.

Representative Tilton explained that the amendment would add intent language specifying the legislature's intent

that the paused Knik Goose Bay Road Reconstruction, Vine to Settler's Bay project be resumed utilizing federal funding as available. She stressed that the Mat-Su was the fastest growing community in the state and the area had already been considered a safety corridor. The project was in the middle of two other projects that had funding and were moving forward. She had been told by DOT that the funds were available and were merely sitting there. She continued that the committee had been told there had been some bonds issued and the state was paying money on bonds for projects that were not moving forward. She stated it was a safety challenge; there had been 253 accidents with 56 injuries. She stressed that since the pause of the project there had been a fatality in July 2016, and three fatalities in January 2017. She emphasized that people in the Mat-Su had lost their lives because a project had been paused.

Representative Kawasaki discussed that there were projects across the state that had been paused in addition to the project under discussion, including [paused] projects in his district where people had died. He recognized that DOT had been cut and there was not sufficient money to cover all the public safety needs across the state. He asked whether unpausing the project would negatively impact other projects currently in the queue.

Co-Chair Foster WITHDREW his OBJECTION. He supported the amendment. He noted it was intent language asking the department to look for federal funding and to report back to the legislature the following year. He stated it was possible funds could be required in the future if the project moved forward, but it was a decision that could be made in the future. He concluded that if federal funds were located it would need to be taken into consideration in the future.

Representative Guttenberg OBJECTED.

Representative Pruitt appreciated the amendment and noted he had heard about the project from his constituents. He noted it was far from his district, but his constituents traveled on the road for various reasons. He spoke to his support. He believed the reason the road had paused had been wrong. He supported the amendment sponsor's efforts to fight for her constituents' safety. He stressed his support for the safety of the people in Mat-Su. He underscored the project should never have been paused in the first place.

Representative Guttenberg stated that most intent language was generic and broad, which he found appropriate. He was concerned the language was related to a specific road. He did not know enough about the issue and what would happen to other projects on the list.

[3:07:32 PM](#)

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

Representative Wilson discussed that a few years back the legislature had been considering major projects including the Juneau Access Road, a hydro project, and the Knik Goose Bay Road project. She recalled being asked by constituents if the legislature supported the project and whether it could leap over other DOT projects on the list. She stated that DOT had a matrix that included many factors such as safety. She supported putting the project back in - it had involved significant hard work including looking for federal funds. She did not know whether the federal funds were still available, but they had been in the past and no matching funds were required. She knew voting for the project would not put other projects on the back burner. The amendment merely specified if there was funding available, the project should no longer be paused; the funding should be utilized before it was lost. She surmised that if DOT had been able to use the funds for another project, it would have done so. Many [federal] funds were very specific in terms of what could or could not be done. She did not know why the state would pass up on the opportunity for jobs and to increase safety [that would come from restarting the project]. She did not know why the project had been paused.

Co-Chair Seaton clarified his understanding based on committee comments that the language did not intend to prioritize the project over other road projects; it also used federal funds and no state funds.

Representative Guttenberg WITHDREW his OBJECTION. There being NO further OBJECTION, H DOT 20 was ADOPTED.

[3:10:08 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DOT 23
(copy on file):

Highways, Aviation and Facilities
Central Region Facilities
H DOT 23 - Delete one full time position and align the
FY 18 budget request with FY 17 plan.
Offered by Representative Wilson

The FY 17 Management Plan budget in the Personal Services line item was \$2,939,500 and the FY 18 budget request for this line item is \$3,218,400 resulting in an increase of \$310,700 over the FY 17 Management Plan. Additionally, a permanent full-time position was added and one part position was reclassified to a permanent full time position. This amendment deletes the added position and makes a reduction of \$310,700 to this line item to align the FY 18 budget request with the FY 17 Management Plan.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Foster spoke to his objection. He detailed that Central region facilities assumed the responsibility for Court System facilities and work for the maintenance and operation for the Southcoast region (Aleutian district facilities). Reducing the funds would eliminate the department's ability to provide facility and maintenance for the Court System; the system did not have the capacity to absorb the function. The changing of the part-time position to full-time status in FY 18 increased the agency's efficient delivery of maintenance services.

Representative Wilson responded that she would have no problem maintaining the \$310,700 if the Court System was paying the bill; however, the money was not interagency receipts, which she believed it should be given the entities benefiting off the increase.

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

OPPOSED: Grenn, Guttenberg, Kawasaki, Ortiz, Seaton, Foster
Vice-Chair Gara was absent from the vote.

The MOTION to adopt Amendment H DOT 23 FAILED (4/6).

3:13:27 PM

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

Northern Region Highways and Aviation
H DOT 26 - Align FY 18 budget request for Personal
Services with FY 17 Management Plan
Offered by Representative Wilson

The FY 17 Management Plan budget in the Personal
Services line item was \$30,802,100 and the FY 18
budget request for this line item is \$31,034,400
resulting in an increase of \$232,300 over the FY 17
Management Plan. This amendment makes a reduction of
\$232,300 from this line item to align the FY 18 budget
request with the FY 17 Management Plan.

Representative Kawasaki OBJECTED.

Representative Wilson remarked that she was certain DOT
needed the money as much as other agencies utilizing
services with DOT. She read from the amendment description
[see above].

Co-Chair Foster spoke in opposition to the amendment. He
shared that the increase resulted from salary adjustments
due to collective bargaining agreement positions. The
reduction would result in an unallocated cut to the
component as the increase was for contractually required
costs.

Representative Wilson found it interesting that only the
specific division of the Northern Region Highways and
Aviation had a salary adjustment. She believed most of the
employees were in the same union. She thought the increases
would have been seen in more than just one allocation. She
opined that the contracts needed to be reopened if the
state was paying that much. She wanted to hold costs level
for at least a year.

Co-Chair Foster MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson

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

Representative Kawasaki was absent from the vote.

The MOTION to adopt Amendment H DOT 26 FAILED (4/6).

[3:15:40 PM](#)

Representative Ortiz MOVED to ADOPT Amendment H DOT 29
(copy on file):

Marine Highway System
Marine Vessel Operations
H DOT 29 Increase Service Level
Offered by Representative Ortiz

The Alaska Marine Highway System provides vital transportation for Alaskans and their businesses. The Marine Highway's operation capability must be preserved for the good of Alaska's economy and the benefit of Alaskan people and communities. The Alaska Marine Highway is currently working with stakeholders and an appointed steering committee to build a realistic long-term operations plan that will stabilize the marine highway into the future. For the good of our economy and communities, the State of Alaska must provide necessary funding for the marine highway until implementation of the new structure is completed in FY 2019.

The Alaska Marine Highway has been reduced by approximately 13 percent over the last 2 years, while other highways and aviation facilities have been reduced by only 5.5 percent. Coastal Alaskans are also the only Alaskans who directly contribute to the cost of their highway maintenance and operations.

Coastal Alaskans understand the need for reductions in state spending, but fundamentally deserve parity with other Alaskans and their transportation options.

The Alaska Marine Highway provides goods, transportation for people and vehicles, and jobs to Alaskan communities. For every dollar spent on the Alaska Marine Highway, at least two dollars are generated in the communities it serves. The marine highway also provides important transportation infrastructure to Alaskans, whether along the immediate coast or into the interior, where communities are linked to coastal communities along the marine highway service route. The Alaska Marine Highway System carried 100,547 vehicles in 2015. It is also relied upon to bring groceries, medications and other necessary goods to locations where barges do not often travel or do not travel at any time due to practicality.

Representative Wilson OBJECTED.

Representative Ortiz explained that the amendment would add slightly over \$2 million to the Alaska Marine Highway System (AMHS). He read the amendment description [see above]. He added that former co-chair Representative Thompson recalled the discussions around reductions to AMHS in the previous budgeting process and would backup the amounts he was discussing related to the inequity of cuts.

Representative Wilson asked what type of rate increase it would take to cover the \$1.7 million. She did not have the number of people, only the number of vehicles, which would be an addition of \$18. She surmised the \$18 may be roundtrip, if so it would be \$9 each way. She knew there had been some increases, but she surmised that many other areas [of the budget] had been cut more than 13 percent (up to 30 to 40 percent). She asked where the AMHS DGF funds came from. She did not believe it was program receipts.

Representative Pruitt did not support the amendment. He shared that people in his community who had never used AMHS wondered why they were paying for \$100 million to fund the system. He relayed that he had never offered an amendment to cut the system. However, he stressed that approving an increase was a big challenge. He stated there were many increases he should personally be requesting for his district, but he could not due to the current deficit. He believed AMHS would have to figure out how to do things differently. He elaborated that legislators needed to think about smart investments in capital in terms of roads that

were built to reduce inefficiencies. He spoke about a public private partnership or privatization of the system that would reduce cost and would enable the service to be provided without being a heavy burden. He referred to committee discussions about income tax and taking the Permanent Fund. He reasoned when spread across each Alaskan, the \$100 million cost was substantial. He would defend the system, but he needed to see there was an effort to change things. He stressed that merely adding money was not an effort to make change. He did not support merely increasing funding. He noted his comments also applied to another similar amendment. He was certain there were myriad other places that would ask for more money as well.

[3:22:07 PM](#)

Vice-Chair Gara appreciated the previous speaker's remarks about taking a statewide perspective. He believed individuals in Southeast Alaska needed to "swallow a pretty big pill" to put substantial transportation money into the Knik Arm Bridge over the years; over \$50 million for a bridge that never got built. He was happy he had voted against the project because he had seen it as a waste of money. He reasoned that the amendment was not really an "add" when AMHS had been hit as hard as it had been over many years. He believed it was a Band-Aide to deal with the damage.

[3:23:17 PM](#)

AT EASE

[3:32:15 PM](#)

RECONVENED

Co-Chair Foster voiced support for the amendment. He noted that he had chaired the DOT subcommittee. He pointed out Representative Stutes in the audience and relayed she had previously led a discussion on forward funding AMHS, which he believed there had been general bipartisan support for within the subcommittee. He detailed that in FY 15 and FY 16 port calls had been reduced by 27 percent in Kake, 15 percent in Hoonah, and 11 percent in Sitka and Angoon. He stated that hits had been taken over the years and he believed the amendment was aligned with efforts at the subcommittee level.

Representative Ortiz provided wrap up on the amendment and answered member questions. He reported that in 2015 there had been a tariff increase of 4.5 percent across the board; in November 2015 there had also been a 20 percent increase in commercial traffic tariffs. On January 1, 2016 there had been a 5 percent leveling tariff to fill service gaps. In 2016 there had been the first of five-annual variable leveling tariff increases had occurred - a 10 percent Bellingham [Washington] traffic premium tariff increase. In 2017 the Lityua tariff policy change had doubled the one-way fare to Metlakatla. Finally, on May 1, 2017, the second of five-annual variable leveling tariff increases would occur. He underscored that AMHS had tried to augment and increase their revenue through tariff increases.

Representative Ortiz responded to comments by Representative Pruitt and relayed that Anchorage residents were the second largest user group of AMHS. He detailed that 7,638 [Anchorage] individuals had used the ferry in 2014 compared to 2,479 individuals from Ketchikan. According to the McDowell Group survey on AMHS, 52 percent of the summer passengers who visit Anchorage traveled by way of the AMHS. He stated that the travelers contributed to the Anchorage economy.

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, Tilton, Wilson

Representative Thompson was absent from the vote.

The MOTION to adopt Amendment H DOT 29 PASSED (7/3).

[3:36:18 PM](#)

Representative Tilton MOVED to ADOPT Amendment H DOT 30 (copy on file):

Marine Highway System
Marine Vessel Operations
H DOT 30 - Add Intent Language regarding adjustments to children's fares on the Marine Highway system
Offered by Representative Tilton

It is the intent of the legislature that the Department of Transportation and Public Facilities, Alaska Marine Highway System revise the "Children's Discount Tariffs" from age 6-11 to age 0-11, and delete the "Underage Discount Tariffs" and "Youth Group Discount Tariffs" as soon as practical.

Explanation:

Review all 14 Indirect Expenditures listed in the Legislative Finance Division January 2017 Report to evaluate whether they meet the purpose and intent of the Legislature as defined throughout Section 19.65.050. Where not prohibited by Collective Bargaining agreements, or providing cost benefits to agencies of the State, restructure or delete the Indirect Expenditure as listed in the report on Alaska Marine Highway System.

Change the "Children's Discount Tariffs" from age 6-11 to age 0-11 Delete the "Underage Discount Tariffs"
Delete the "Youth Group Discount Tariffs"

Sec 19.65.050(a)(4) states the Legislature's purpose and intent for the Alaska Marine Highway System Fund and Budget is to exercise "efficient and prudent management of the system" that "will benefit the state's economy and foster economic development"

Sec 19.65.050(b)(1)-(4) states "the purpose of 19.65.050 thru 19.65.100 is to: enable the Alaska marine highway system to manage and operate in a manner that will enhance performance and accountability by allowing the system to account for and spend its generated revenue; provide the management tools necessary to efficiently operate the Alaska Marine Highway System;

By taking the recommended action to review the Indirect Expenditures and make the suggested changes to Tariffs, the Alaska Marine Highway System will continue to provide quality service under "efficient and prudent management (sec 19.65.050)" and meet the Legislatures Intent for the Alaska Highway System Fund and Budget by being accountable under Sec 19.65.050(b)(1)-(4)

Co-Chair Foster OBJECTED for discussion.

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

Co-Chair Foster explained that the subcommittee agreed the legislature needed to look at indirect expenditures as new sources of revenue. Indirect expenditures were discounts and fee waivers that had gotten out of control over the years in some situations, but that was not known until a review was done. He supported revisiting the information and having something come back to the legislature that it could address in the following year. He WITHDREW his OBJECTION.

Representative Ortiz OBJECTED. He stated there were two purposes to the AMHS - to augment the economy to help business and encourage tourism traffic and to provide essential services to outlying communities that would never have the volume to pay for the actual service. He stressed that the system provided an essential transportation link to communities like Juneau from places like Hoonah. For example, pregnant women needed AMHS to come into larger communities for checkups. Due to recent reductions the system had seen significantly reduced service; the ability to have needed service was going away. He stated that the specific intent language did not say study, but specified that "Underage Discount Tariffs" and "Youth Group Discount Tariffs" should be deleted as soon as practical.

Representative Ortiz spoke about how AMHS worked directly with school systems. He emphasized that in the current week over 300 students had ridden on AMHS to visit Juneau to participate in the Region 5 tournament. He was certain the schools had taken advantage of the youth group discount tariff option, which saved school districts money. He stated that while it may appear to be tailoring towards a particular group of travelers visiting in the summer, in reality, the youth group discount tariffs had much more of an impact on school districts and on AMHS users in Southeast. He was opposed to the language.

[3:41:18 PM](#)

Representative Wilson stressed that the amendment only included intent language; it was only asking for review of the 14 indirect expenditures listed by the Legislative

Finance Division. She reasoned the review could come back stating "there's a better good by keeping them in line" or they may come back and say there was not. She explained that the legislature would not know the answer unless a review was done. She reiterated that the amendment did not change anything, but asked for review. She supported a review to gain a better understanding. She continued that depending on where some of the fees were coming from, if the discounts were changed and the money came out of the school district budget from the Base Student Allocation (BSA) it could have a negative effect. However, if the money came from fundraising and was a small amount, the impact may not be significant. She opined as money became tighter it was necessary to have all options on the table. She believed everyone agreed that everything was currently on the table.

Representative Guttenberg believed there was a contradiction in the intent language and the explanation. He observed the intent language was "as soon as possible" and the explanation was [for a] "review." He did not believe they were completely aligned.

Representative Kawasaki agreed. He spoke to the guiding statute for AMHS and the tariffs provided for passengers was AS 19.65.050(c)(2), which specified AMHS should increase revenue from the operation of the system consistent with public interest. He stated the language directed the department to take action as soon as possible, leaving no real discussion about whether the action was consistent with the guiding principle of acting consistent with public interest. He noted that Wrangell students had recently been in Juneau to play basketball and he believed they had probably taken the ferry. He explained that many students took the ferry to travel. He did not know if the amendment was in order at present. He stated there was consistent review. The guiding statutes specified that AMHS would always try to increase revenue based on consistency with public interest; however, the amendment appeared to direct AMHS to do something that may not fall under the statute. He opposed the amendment.

[3:44:48 PM](#)

Co-Chair Foster MOVED to a conceptual Amendment 1 to Amendment H DOT 30 to include the words "consider revising"

after Alaska Marine Highway System on the second line of the amendment. He stated it was intent language.

Representative Kawasaki OBJECTED. He addressed the guiding statutes related to how AMHS created its fee structure. It specified the system should increase revenue from the operation of the system consistent with the public interest. He stated there were 12 other tariff discounts currently within the system. He explained the amendment isolated 3 of the tariffs (Children's Discount Tariffs, Underage Discount Tariffs, and Youth Group Discount Tariffs). There were tariffs for alcohol board passes, a disabilities user pass, employee annual passes, interpretive passes for employees of U.S. Fish and Wildlife, senior citizen discounts, and other. He stressed the amendment clearly directed policy that he did not believe was consistent with AMHS's public interest tariff policy. He opposed the amendment to the amendment.

Representative Ortiz addressed the proposed amendment to the amendment. He stated that even with the addition of the words the amendment still expressed the listed tariffs should be deleted as soon as practical. He would feel more comfortable with an amendment that asked for a study of the overall tariff policies and removed language about deletion.

Representative Wilson thought adding the word "consider" added a lot. She reasoned that whether the tariffs should be deleted would be part of the consideration. She believed AMHS would come back with a report on whether to keep or delete the tariffs. She opined that the word "consider" merely asked the department to consider its policies and did not constitute direction from the legislature. She was not worried about the "as soon as practical" language because it would not be practical to rush; therefore, it would still enable the department to conduct the review with sufficient time. She believed all the tariffs should be reviewed. She surmised that perhaps the ones addressed in the amendment would take priority and the others would be reviewed afterwards.

[3:48:41 PM](#)

Co-Chair Foster WITHDREW his Amendment 1 to Amendment H DOT 30. He MOVED conceptual Amendment 2 to H DOT 30 that he believed spoke to Representative Ortiz's concern.

Co-Chair Seaton made clarifying remarks about the amendments.

Co-Chair Foster agreed. He elaborated that conceptual Amendment 2 amendment would read "the Alaska Marine Highway System consider revising the Children's Discount Tariffs" and "consider deleting the Underage Discount Tariffs and Youth Group Discount Tariffs..." The word "consider" would be inserted in two locations prior to the words "revise" and "delete."

Representative Kawasaki OBJECTED. He remarked the amendment would still only focus on three of the discount tariffs offered. He believed it was fair to say the legislature wanted the department to review all existing tariffs. He reiterated his prior testimony regarding other tariffs such as senior citizen discounts, AMHS employees, and others. He believed all the tariffs should be looked at on equal footing rather than focusing on the three pertaining to children.

Representative Ortiz spoke to the proposed Amendment 2. He would be more comfortable with "consider revising the Alaska Marine Highway System's discount programs."

Co-Chair Foster WITHDREW conceptual Amendment 2 to H DOT 30.

Representative Ortiz MOVED to adopt conceptual Amendment 3: It is the intent of the legislature that the Department of Transportation and Public Facilities, "consider revising the Alaska Marine Highway System's discount tariff program."

There being NO OBJECTION, conceptual Amendment 3 to Amendment H DOT 30 was ADOPTED.

[3:52:02 PM](#)

Representative Guttenberg noted that some of the Amendment H DOT 30 explanation was no longer relevant. He remarked the language could be deleted.

Representative Pruitt believed it was a conceptual amendment, which would take care of the challenges.

There being NO further OBJECTION, H DOT 30 was ADOPTED as amended.

[3:53:29 PM](#)

Representative Wilson MOVED to ADOPT Amendment H DOT 31 (copy on file):

Marine Vessel Fuel
H DOT 31 - Reduce FY 18 budget request for estimated fuel usage.
Offered by Representative Wilson

In the FY 18 budget request the Department states there will be a decreased need for fuel in FY 18 given the following planned service level reductions:

Reduction in annual vessel operating weeks from 335.1 to 333.9 the Taku and Chenega are not scheduled to operate in FY 2018

Bellingham and Prince Rupert will receive service on alternating weeks for 7.5 weeks from January 2nd through February 21st while the Kennicott is in her annual overhaul project

Based on the reduced level of services describe above, this amendment reduces the FY 18 budget request of \$20,223,600 by \$3,000,000 in the Commodities line item for estimated vessel fuel usage.

Co-Chair Foster OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Foster spoke to his objection. He confirmed the department had stated there would be a decreased need for fuel in FY 18, which had been reflected in the budget. He elaborated it had been built into the department's budget due to decreased service level reductions. The amendment reduction would further decrease the marine vessel fuel component, impacting the agency's ability to operate vessels on the published schedule. The AMHS operated as a whole and its various components were interrelated and dependent on each other to ensure the effective operation of the AMHS. The reduction would result in an adjustment

across the system and could force canceled sailings and reduced service levels.

Representative Grenn asked how the \$3 million commodities line figure had been chosen.

Representative Wilson provided wrap up. She answered she had done the math by using the calendar and how much fuel the vessels used. The estimate was based on the current price of fuel, which could increase or decline. She had not selected the way "they're decreasing things."

Co-Chair Foster MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Tilton, Wilson

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

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

The MOTION to adopt H DOT 31 FAILED (3/6).

Representative Ortiz WITHDREW Amendment H DOT 32 (copy on file).

[3:57:41 PM](#)

Representative Guttenberg WITHDREW Amendment H UOA 6 (copy on file).

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

H UOA 7 - University Reduction of 5 percent
Offered by Representative Wilson

The amendment reduces the FY 18 Budget request for the University by 5 percent, leaving \$308,781,825 of Unrestricted General Funds in the FY 18 budget request and a total FY 18 budget request of \$870,866,300.

Representative Guttenberg OBJECTED.

Representative Wilson read the amendment description [see above].

Representative Guttenberg spoke to his objection. He explained that the University had taken a hit of about \$53 million in the past three years. He believed that when looking to the future and considering where the investment should be made, the University was a significant part of the picture. The Board of Regent's request was \$16 million over the governor's proposed number. In anticipation of the economic situation facing the state, the University president had proposed and begun developing a strategic realignment plan. The plan was still in place, but despite that, the higher education institutions around the country had set a standard for what the University was expected to produce in terms of trained workforce and college graduates. Even with the governor's numbers the University would probably not be able to reach the standard and find a sustaining level. He relayed that the issue had been discussed constantly regarding stopping the hemorrhaging in the budget. There was also discussion about jobs. The University turned out people for jobs - sometimes individuals needed training that did not require a degree.

Representative Guttenberg continued to speak to his opposition. He observed that the legislature was constantly putting the University in a place where it made it increasingly difficult to do its constitutionally required job; it became more difficult to track and retain people, especially considering there were 900 fewer people working for the University than in FY 15. He continued that places had shut down and programs had been curtailed - some of the things were vital for the economy.

Representative Kawasaki agreed with the comments by Representative Guttenberg (the chair of the University budget subcommittee). The University had sustained substantial reductions - state support had gone from \$377 million in FY 14 to under \$325 million in the current year (a 14 percent reduction). The University was part of the state's constitution along with public safety and health. There were over 900 individuals no longer working in the University, which he believed had severely impacted the mission of the University. At the same time, there had been tuition increases and there was a plan in place to raise tuition to the WICHE [Western Interstate Commission for Higher Education] standard. The tuition increases had further harmed the number of students that could participate at the University, but the University had made

the increase because it understood it needed to be part of the solution. At the same time the administration and the Board of Regents supported tuition increases, students had support for the increases as well, knowing they had to be part of the solution as well. He stated that the University was primary for Fairbanks and was a pillar of economic development. He stressed that a further drastic cut of \$16 million would further hamper the institution and public education in Alaska.

Representative Grenn spoke in opposition to the amendment. He believed the governor's proposed budget for the University was fair given the current budget crisis. Despite the reduction in funds, the University had a great momentum of operations and things it was doing well. He believed in the University's plan moving forward to continue to be a bright spot in Alaska. He elaborated that further reductions would be too dramatic and hurtful given the University's importance for Alaska.

[4:04:13 PM](#)

Representative Wilson provided wrap up. She stressed the amendment provided opportunity. She believed the University's President Johnson was amazing and would do amazing things, but she did not believe he would be able to do so as long as the University continued to receive as much state funding as it received at present. She reasoned it became easy to sit back and to continue doing things the same way. She had learned that more Alaskan students were being sent out of state to the WICHE programs than were coming into Alaska from other states. She stressed that Alaska was losing students to the program. She communicated that the University's on-time graduation rate was 15 percent at the Fairbanks campus, 8 percent at the Anchorage campus, and 4 percent at the Southeast campus. Whereas, the Alaska Pacific University had an on-time graduation rate of 53 percent. The average was 56 percent. She asked members to consider the potential. She believed the University had the potential to get more money than the amendment's proposed cut.

Representative Wilson stressed that if student retention was increased by only 15 percent, the University could generate a minimum of \$11,834,928 per year. She elaborated that increasing retention by 30 percent would generate approximately \$24 million per year, which was more than the

cut in the proposed amendment. She continued that numerous reports had been done - one report the previous year showed \$6 million in reconsolidation of University central staff. She stressed that many people were still paid substantial salaries (more than the governor was paid). She emphasized over \$7 million went to athletics. She communicated that statewide personal services for the statewide section of the University had grown by \$2,373,400. She stressed the increment was not to pay for teachers or professors, but to pay for "the people watching the people do the work."

Representative Wilson continued that in 2014, 1,958 graduates had been eligible to receive the Alaska Performance Scholarship (APS) and 941 (48 percent) attended somewhere in Alaska, 35 percent attended outside Alaska, and 325 (17 percent) were unknown. There were two places she had listed where the University could increase its revenue. She stressed that the state was paying the [tuition] money. She found it concerning that the eligible students were choosing to pass the money up and go out-of-state. The percentage of high school graduates eligible for the APS in 2015 had been 32 percent and 29 percent in 2016. There was an entire group of people the University could target to discuss its programs that cost less than other locations. She mentioned that free classes to seniors and free classes to the children of employees may need to be looked at.

Representative Wilson stressed that the University needed to learn to compete online. She stated that every time she turned the television on there was another university trying to take Alaskan students away with online programs. She reasoned that most people or programs did not change until forced. She believed the state was doing a disservice to the [University] president because he was trying to change things. As long as the money came from state funds versus competing in the marketplace, the University would have a tendency to operate under status quo instead of harnessing its potential. Although the amendment was a cut to state funding, it did not need to be a cut to the University. She had confidence the University could compete. She recalled putting intent language in the prior year's budget in hopes the University would go after the same list "that I did before." She stated that more DGF had been raised. Although the amendment would cut UGF, she saw potential for the University if it was given the opportunity.

Representative Guttenberg MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wilson, Pruitt, Tilton

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

Vice-Chair Gara was absent from the vote.

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

4:10:10 PM

AT EASE

4:14:51 PM

RECONVENED

Co-Chair Seaton relayed the committee would address amendments pertaining to the legislature.

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

Legislative Council

Salaries and Allowances

H LEG 13 - Eliminate regular session per diem for the 3 Juneau legislators and reduce all other by 75 percent of fed rate.

Offered by Representative Wilson

This amendment would eliminate regular session per diem expenses for the 3 Juneau legislator who receive 75 percent of the federal per diem rate for living in Juneau during the session. This results in a reduction of \$43,100 from the Travel line.

In addition, the federal per diem rate for all other legislators is reduced by 75 percent (from \$213/day to \$53.25/day). This results in an additional reduction of \$819,500 from the Travel line.

Co-Chair Seaton OBJECTED.

Representative Wilson read the amendment description [see above].

Co-Chair Seaton spoke to his objection. He noted that under AS 24.10.130(c), the Legislative Council was tasked with setting the legislative per diem policy. The Legislative Council was currently reviewing the issue and had a subcommittee working on the topic. He believed that prior to making a budgetary change, the council should be allowed to do the work it was tasked with by statute.

Representative Wilson provided wrap up. She did not have high hopes something would change because [Legislative Council] had the opportunity to make a change for many years. She believed that prior to asking for other people's money, the legislature should put its own house in order.

Co-Chair Seaton MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Pruitt

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

The MOTION to adopt H LEG 13 FAILED (3/8).

[4:17:23 PM](#)

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

H LEG 14 - Eliminate regular session per diem expenses for three Juneau legislators.

Offered by Representative Wilson

The amendment eliminates regular session per diem expenses for three Juneau legislators who receive 75 percent of the federal per diem rate for living in Juneau during the session. Regular session per diem is budgeted in this allocation for a 90-day session.

Co-Chair Seaton OBJECTED.

Representative Wilson read the amendment description [see above]. She added that she would not take per diem if she had the ability to sleep in her own bed and drive to work

every day. She did not believe others [with the ability to live at home during session] should take per diem either.

Co-Chair Seaton spoke to his objection. He relayed that statutory authority was given to the Legislative Council to work on per diem policy, which it was currently doing.

Representative Pruitt MOVED to conceptual Amendment 1 to the amendment. He wanted the amendment to apply to regular session per diem or any session per diem for legislators living within 50 miles of the location where session was being held.

Co-Chair Seaton noted it was too complicated to take as a verbal amendment.

Representative Pruitt addressed his point. There had been people with legitimate concerns with people taking per diem in Anchorage during a past session. He shared that he had not taken per diem and that most legislators living nearby also chose not to take per diem. However, there were a few legislators who had. He believed it was the issue the amendment sponsor was trying to address. He understood the amendment, but if a session was ever held in another location he believed it should apply to legislators within that area. He thought it may be a conversation for Legislative Council. He believed the Salary Commission and Legislative Council needed to consider a discussion about a flat salary that excluded per diem to get away from "this garbage" that took place annually. He stated that people tried to use it against each other. He WITHDREW the amendment to the amendment.

Vice-Chair Gara agreed with Representative Pruitt, he hoped Legislative Council took the issue on. He had not spoken to many people who wanted a recent raise that they did not ask for. He discussed that the problem with the Salary Commission was that it wanted to raise legislators' salaries. The legislature had asked the commission not to raise its salaries. He thought the commission had decided not to meet one year because it had received the strong indication from the legislature that it did not want salaries raised.

[4:21:41 PM](#)

Representative Grenn echoed the prior comments. He received calls from constituents asking about per diem, what it meant, and how it was spent. He believed the issue was worth a larger discussion. He had rejected the increased rate that legislators had received earlier in the month. He had also rejected other per diems. He welcomed the debate and discussion currently occurring in Legislative Council. He hoped there could be further discussion in the legislature to add transparency and public trust.

Representative Wilson provided wrap up. Stated she probably should have included 50 miles versus limiting it to a specific location. The federal government included the 50-mile limit, but Legislative Council had determined sometime in the past that it did not use the same method. She knew the per diem for legislators within the 50 miles was addressed in a different way; however, she stressed that "we're in different times." The amendment was not against the legislators in Juneau - it went back to the federal government's current 50-mile limit.

Co-Chair Seaton MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Wilson, Thompson

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

The MOTION to adopt H LEG 14 FAILED (3/8).

[4:24:03 PM](#)

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

Legislative Operating Budget

Session Expenses

H LEG 15 - Eliminate all funding and positions associated with the Legislative Lounge.

Offered by Representative Wilson

This amendment eliminates all funding and positions associated with the Legislative Lounge. The positions being eliminated are the Senate Legislative Chef, Senate Lounge Attendant, House Lounge Assistant, and House Lounge Attendant.

Co-Chair Seaton OBJECTED.

Representative Wilson read the amendment description [see above]. She elaborated that the amount charged did not cover the costs. She purchased her food at the grocery store. Additionally, there were restaurants nearby that she did not understand why the legislature was choosing to compete against. The only argument she had heard was "where will legislators meet to talk?" She reasoned legislators could meet anywhere to talk. She added that the lounge would still be a space to utilize with a refrigerator and tables. She believed a privately maintained lounge was unnecessary. She concluded that the cut would not hurt any constituents. She opined that action should have been taken much sooner.

Vice-Chair Gara stated the issue had never come up in past years where there had been a different majority in the House. He stated the new [House] Majority had increased fees at the lounge. He did not mind if fees went up even higher.

Co-Chair Seaton spoke to his objection. He stated that many staff remained in their offices during lunch and received food from the lounge. He spoke to the loss of time that would occur in legislative offices if individuals left the building. Additionally, the lounge was a neutral gathering place for both bodies of the legislature. He stressed the value of the conversations that took place in the lounge that aided in moving the legislative process forward.

Vice-Chair Gara wondered why the amendment had never been brought forward in prior years.

Co-Chair Seaton replied that the question could be addressed in wrap up.

[4:27:40 PM](#)

Representative Tilton believed there were other places that delivered food from businesses in Juneau. Her staff received had food delivered from other restaurants. She agreed the lounge was a nice place, but she had not visited it in the current year. She spoke to other locations where legislators could have conversations. She referenced a group of legislators who bowled together as an example. She

did not believe the lounge was necessary during the current fiscal crisis.

Representative Guttenberg pointed out that the lounge was not open in the evening; it shut down after lunch. He believed it served an amazing function in the building.

Representative Wilson provided wrap up. She stressed that the amendment did not proposed to lock the door to the lounge. She found new freedom in the minority in the current year. She had more time the current session because she was not heading a budget subcommittee. She had spent substantial time with the budget book and had located items she had not found in previous years. Additionally, she had been soliciting amendments from other legislators, who she thanked. She agreed that the lounge was not open during the evening, but the door was still unlocked, and the room was available for legislators. Her staff also brought in their own meals. She shared that she was typically at work from 7:00 am to midnight and did not utilize the lounge; it cost \$137,000 for session. She stressed it was a significant amount of money. She added that the legislature was taking away from private business. She had no interest in asking Alaskans to pay for something like the lounge. She believed it was a small sacrifice for legislators to make.

Co-Chair Seaton MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Tilton, Wilson

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

The MOTION to adopt H LEG 15 FAILED (3/8).

[4:32:08 PM](#)

Representative Seaton MOVED to ADOPT Amendment H SAP 17 (copy on file):

Language Amendments

H SAP 17 - Remove capital project for Deferred
Maintenance and Accessibility Improvements
Offered by Representative Seaton

This deletes a mental health capital project in the Department of Health and Social Services. The project is "MH Deferred Maintenance and Accessibility Improvements" and it is funded with \$250.0 of MHTAAR.

The amendment shows zero (rather than -\$250.0) because the project appears in the capital budget system and reports track only operating budget amendments.

The House always deletes one mental health capital project and the other body deletes all other mental health capital projects, thus making all of the mental health capital projects subject to conference committee action.

Representative Wilson OBJECTED.

Representative Seaton explained the amendment that would delete a capital project from the mental health budget for the deferred maintenance and accessibility improvements project within DHSS; the project was funded with \$250,000 Mental Health Trust Authority Authorized Receipts (MHTAAR). He detailed that each year the House deleted one mental health capital project and the other body deleted all the other mental health capital projects. The actions made sure all the mental health capital projects were subject to conference committee.

Representative Wilson asked if the legislature had ever changed the mental health budget.

Vice-Chair Gara stated that he had. He shared that in the previous year another legislator had tried to cut disability benefits in the mental health budget - he and his caucus had restored the funds.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, H SAP 17 was ADOPTED.

Co-Chair Foster MOVED to give Legislative Legal Services and the Division of Legislative Finance the ability to make conforming and technical corrections to HB 57. There being NO OBJECTION, it was so ordered.

Co-Chair Foster MOVED to give Legislative Legal Services and the Division of Legislative Finance the ability to make

conforming and technical corrections to HB 59. There being NO OBJECTION, it was so ordered.

Co-Chair Seaton relayed the meeting would be recessed until the following morning at 8:30 a.m. [Note: see 3/10/17 8:30 a.m. minutes for detail.]

^RECESSED

4:35:36 PM