

HOUSE FINANCE COMMITTEE  
February 23, 2018  
1:32 p.m.

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CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:32 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 Tammie Wilson

MEMBERS ABSENT

Representative Cathy Tilton

ALSO PRESENT

Cheryl Lowenstein, Director, Division of Administrative Services, Department of Administration; Sana Efird, Deputy Commissioner, Department of Education and Early Development; Amanda Ryder, Analyst, Legislative Finance Division; Carol Petraborg, Director, Department of Administrative Services, Department of Fish and Game; Scott Kelly, Director, Division of Commercial Fisheries, Department of Fish and Game.

SUMMARY

HB 285      APPROP: MENTAL HEALTH BUDGET

HB 285 was HEARD and HELD in committee for further consideration.

HB 286      APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 286 was HEARD and HELD in committee for further consideration.

BUDGET SUBCOMMITTEE REPORTS and AMENDMENTS:

DEPARTMENT OF ADMINISTRATION  
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT  
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
DEPARTMENT OF FISH AND GAME  
OFFICE OF THE GOVERNOR  
JUDICIARY  
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
DEPARTMENT OF REVENUE

Co-Chair Seaton reviewed the meeting agenda. He shared that the subcommittee reports were posted on the Legislative Finance Division website. He noted the reports may be an incomplete picture of the department's budget. A new committee substitute would be compiled for further consideration.

#hb285

#hb286

HOUSE BILL NO. 285

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

HOUSE BILL NO. 286

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; 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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^DEPARTMENT OF ADMINISTRATION SUBCOMMITTEE AMENDMENTS

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Representative Grenn provided a subcommittee report for the Department of Administration (DOA) with a prepared statement (copy on file):

The House Finance Budget Subcommittee for the Department of Administration held four meetings with the Department during the review of the FY 19 budget request.

The House Finance Budget Subcommittee for the Department of Administration recommends the House Finance Committee accept the amended Department of Administration FY 19 operating budget as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$70,347.9
Designated General Funds (DGF)	\$32,069.0
Other Funds	\$234,128.9
Federal Funds	\$3,900.0
Total	\$340,445.8

The Unrestricted General Fund difference from the FY 15 Management Plan to the FY 19 House Subcommittee budget recommendation is a reduction of \$15,500.1, an 18.1 percent decrease.

From the FY 18 Management Plan, the House Subcommittee recommendation reflects a total increase in Unrestricted General Funds of \$1,497.9, a 2.2 percent increase.

Positions:

Permanent Full-time	1,189
Permanent Part-time	10
Temporary	25
Total	1,224

The subcommittee for the Department of Administration accepted one governor's amendment and two subcommittee amendments, which I will describe in more detail when the committee takes up these amendments in a few moments.

The subcommittee made no statutory recommendations. Members discussed a variety of issues during the subcommittee process. A few topics of note raised by the department and further research included:

#### Alaska Public Defender Agency v. Superior Court

It was brought to the Subcommittee's attention that on January 12, 2018, the Superior Court of Alaska released a decision holding that "when the Public Defender Agency or the Office of Public Advocacy is representing an indigent defendant who is (1) not in custody and who is (2) unable to afford to travel to the site of their trial, the agency shall pay the necessary expense. And when a delinquency case involves a minor who is not reasonably able to travel alone, the agency shall pay for a parent or guardian to accompany the minor." While the Public Defender Agency is in the process of appealing this decision, the outcome could have significant financial consequences for the Department of Administration's operating budget in future years.

#### Public Defender Agency Caseloads

During an overview by the Public Defender Agency, concern was raised by both the agency and members in relation to Public Defender caseloads. In 1998, the Alaska Division of Legislative Audit conducted a workload study of the Alaska Public Defender Agency; the recommended maximum ethical caseload at 60 hours per week is a weighted average of 59 cases. The Agency is currently projecting a weighted average of 92 cases under the Legislative Audit Standard, which is 56 percent above the recommended maximum caseload for a 60-hour work week. Given the constitutional and statutory obligations of the Public Defender Agency to provide a standard of ethical representation, increasing caseloads create some cause for concern as refusal or dismissal of cases due to excessive caseloads by other jurisdictions has led to litigation based on right to counsel.

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Representative Grenn continued with prepared remarks:

#### Office of Public Advocacy Caseloads

Subcommittee members also heard from the Office of Public Advocacy regarding caseload concerns. In particular, court-appointed Guardian Ad Litem have seen a substantial increase in workload, with OCS-filed cases rising significantly since FY 15. Guardian Ad Litem are statutorily-required advocates for the best interests of children in Child In Need of Aid (CINA), civil custody, and domestic violence cases. With an average caseload of 110 children per attorney, Guardian Ad Litem are currently unable to fulfill all statutory and ethical obligations, such as visitations, due to case overload. The Governor's proposed FY 19 budget adds one Guardian Ad Litem position. However, additional resources may be required to bring caseloads to a manageable level.

Representative Grenn relayed that all items raised in the subcommittee report were being researched by his office. He thanked the Department of Administration, the Legislative Finance Division, and subcommittee members.

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AT EASE

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RECONVENED

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

Shared Services of Alaska  
Facilities

H DOA 1 Reduce I/A Receipt Authority to Align with Actual Expenditures

Since FY 2009, the Department of Administration's interagency receipt actuals in Facilities have averaged 466.5. Since FY2014, Facilities interagency receipt actuals have not exceeded 477.2.

To better align the Department's receipt authority with actual need, the amendment deletes all interagency receipt authority in excess of 600.0

Representative Pruitt OBJECTED for discussion.

Representative Grenn explained that the facilities allocation in Shared Services of Alaska held funding to pay

for costs associated with state owned buildings managed by DOA. This receipt authority supports the rate charge to each state agency to occupy public building space. Since FY 09, DOA's interagency receipt actuals in facilities averaged \$466,500. Since FY 14 facilities interagency receipt actuals have not exceeded \$477,200. To better align the department's receipt authority with actual need, this amendment deletes \$567,600 in interagency receipt authority, bringing the department's authority to \$600,000. the department helped determine \$600,000 as a reasonable level of receipt authority that acknowledged the historical utilization of receipts while accounting for some of the variation from year to year.

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Representative Wilson and Representative Pruitt WITHDREW their OBJECTIONS. There being NO further OBJECTION, Amendment H DOA 1 was ADOPTED.

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

Office of Information Technology  
Alaska Division of Information Technology  
GA 1 2/14 Change to Use Interagency Receipt Fund Code  
Specific to Information Technology

Replace interagency receipts with Information Service Fund. This is a technical adjustment to align the Office of Information Technology's (OIT) budget with the most appropriate fund source.

Authorized by AS 44.21.045, the Information Services Fund is an internal service fund designed to enable OIT to charge and collect fees for information technology services provided by OIT to agencies and political subdivisions of the state. An Information Services Fund allows for the collection and reporting of the full cost of goods or services including capital assets and depreciation. This is important to rate development and allows for the smoothing out of rate fluctuations over time.

The interagency receipts were placed in the budget to provide chargeback flexibility during the transition to the centralized model. As the transition is nearing

completion, returning to the Information Services Fund model is required.

FY2019 Governor: \$46,066.5

FY2019 Total Amendments: \$0.0

FY2019 Total: \$46,066.5

Representative Wilson OBJECTED for discussion.

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Representative Grenn explained the amendment with a prepared statement:

This amendment accepts the governor's request for a fund source change replacing \$9,701,000 of interagency receipts with information service funds. This is a technical adjustment to align the Office of Information Technology's budget with the most appropriate fund source authorized by AS 44.21.045, the Information Services Fund is an internal service fund designed to enable the Office of Information Technology to charge and collect fees for information technology services provided to agencies and political subdivisions of the state. An information services fund allows for the collection and reporting the full cost of goods or services including capital assets and depreciation. This is important to rate development and allows for the smoothing out of rate fluctuations over time. The interagency receipts were originally placed in the budget to provide chargeback flexibility during the transition of a centralized model. As the transition is now nearing completion, returning to the information services fund model is required.

Representative Pruitt asked how the fund was funded (internally or externally).

Representative Grenn deferred to DOA.

CHERYL LOWENSTEIN, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION, answered that the bulk of receipts were received from internal agencies. She detailed there was a chargeback rate for IT services provided; a small portion of funding came from the Municipality of Anchorage for use of a portion of the department's mainframe.

Representative Pruitt assumed the funding request had come from the department. He asked why DOA supported or requested a change from interagency receipts to information service funds.

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Ms. Lowenstein replied that the Office of Information Technology functioned on rates. The internal agency funding source was not as flexible as the internal service fund; therefore, the department preferred the fund source change to allow for smoothing of the rates. She detailed the division had 32 cost centers and when there was over collection in one, the division could potentially be liable to pay back the federal government. The change would allow using the internal service fund to smooth out rates. Additionally, internal agency receipts were also an administrative burden. The process had worked well in the current because it had been a one-for-one agreement (e.g. ten people were brought in and the division charged for ten people). She explained that the coming year they would be developed into the rates - the internal services fund would be used for that purpose.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment GA 1 was ADOPTED.

[1:45:45 PM](#)

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

Information Services Fund  
H DOA 2  
Delete All Receipt Authority for  
Information Services Fund Component

Since FY2009, the Department of Administration has historically spent 0.0 in statutory designated program receipts in the Services line item of Information Services Fund. In addition, the Department has identified this component as unnecessary to their core services

Representative Wilson OBJECTED for discussion.

Representative Grenn explained the amendment with a prepared statement:

This amendment deletes \$55,000 in statutory designated program receipts in the service line item of the Information Services Fund. Effectively deleting this allocation from the budget. The Information Services Fund component of the department's budget contains receipt authority to collect fees from non-state agencies for services provided, which would then be appropriated into the Information Services Fund. However, since FY 09 the Department of Administration has collected zero statutory designated program receipts in this allocation. The department has identified this component as unnecessary to their core services and testified that they do not foresee a situation where these funds would be needed.

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Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment H DOA 2 was ADOPTED.

^DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT  
SUBCOMMITTEE AMENDMENTS

[1:47:14 PM](#)

Representative Guttenberg provided a subcommittee report for the Department of Commerce, Community and Economic Development (DCCED). He read from a prepared statement (copy on file):

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development held 8 meetings with the department during the review of the FY 19 budget request.

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development recommends that the House Finance Committee accept the Governor's FY 19 Amended Budget with further amendments:

The numbers only budget without amendment totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$10,034.3
Designated General Funds (DGF)	46,236.0
Other Funds	57,044.5
Federal Funds	21,111.5
Total	\$134,426.3

The Unrestricted General Fund difference from FY 15 Management Plan to the FY 19 House Finance Recommendation budget is a reduction of \$20.8 million, a decrease of 67.4 percent.

Positions:

Permanent Full-time	500
Permanent Part-time	0
Temporary	5
Total	505

The Governor did not submit any amendments.

The subcommittee discussed a variety of issues during the meetings. Those that I have not put forward for consideration by the House Finance Committee include, but are not limited to:

1. The subcommittee reviewed the Regulatory Commission of Alaska's Docket 1-17-004, a legislative report on Alaska's current and future broadband coverage.
2. The subcommittee received an update on the Ambler Mining District Access Project.
3. An amendment proposal was considered that would have provided additional regulatory positions to the Regulatory Commission of Alaska.

Representative Guttenberg elaborated that the Regulatory Commission of Alaska (RCA) was in the middle of an open docket and it was too soon to broach the subject and receive input. The subcommittee had reviewed the Ambler Mining District Access Project - an amendment had been considered that would have provided additional regulatory positions for the RCA. The amendment was in response to the industry's need for help to facilitate some of its requests. However, the subcommittee had not been able to determine exactly what the industry wanted or where to put it. He explained the request would be put off to a later time.

Representative Guttenberg concluded his subcommittee report. The subcommittee made no statutory recommendations. He listed attached reports including an allocation summary, multi-year allocation summary, and a transaction detail.

[1:50:22 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment H CED 1 (copy on file):

Regulatory Commission of Alaska  
H CED 1  
Broadband Mapping Requirements

Wordage:

It is the intent of the legislature that every company providing advanced telecommunications capability in the State of Alaska file a report with the Regulatory Commission of Alaska. The report should include geographic information system "shapefiles" of the territory in which it offers service, and the connection speed and type of technology for each serviceable street address or land parcel to which it offers service. The Regulatory Commission of Alaska shall deliver a report summarizing broadband internet access in Alaska to the Speaker of the House, the President of the Senate, the Co-Chairs of the House Finance Committee, the Co-Chairs of the Senate Finance Committee, and the Legislative Finance Division, by December 1, 2018.

Explanation:

Current mapping requirements provide information on broadband access at the census block level. These requirements do not result in accurate maps identifying where Alaskans have access and where they do not. This amendment seeks to obtain more detailed information that will result in more accurate mapping.

Representative Wilson OBJECTED.

Representative Guttenberg relayed that the two amendments had been based on recommendations for action in an RCA report. The legislature had included language in the prior year's budget requiring RCA to do a report on the state of broadband and its future in Alaska. There had been deficiencies in what the RCA could report or understand about broadband. The amendments contained two

recommendations from the report. He referenced a comment made in committee asking why the legislature was requesting a report from RCA. He explained the report included intent language recommendations to better understand the nature of broadband in Alaska. He explained there was no fiscal impact or general funds; the RCA would deal with the request as it could.

Representative Guttenberg read from the amendment description [see above for detail].

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Representative Wilson thought it seemed to be private information from private companies. She asked for the current process and wondered whether companies had to report anything to the RCA at present.

Representative Guttenberg answered that the RCA had no authority over any regulatory role for broadband. The Federal Communications Commission (FCC) claimed exclusive regulatory authority. He noted that some jurisdictions had countered the decision was Congressional. The RCA still had the ability to do the state's work to figure out mapping the landscape. He explained that when another fiber line was installed, or wireless was fixed, there was no required regulatory or submittal to the RCA.

Representative Wilson thought they were regulating in a weird way. She was concerned about forcing private companies to provide the information. She wondered if the information would become public.

Representative Guttenberg answered that as in the report developed by the RCA the previous year, the companies all participated voluntarily or specified they did not want to submit information. The report detailed whether a company had elected to participate or not. He clarified that companies were not required to participate. The RCA did numerous significant things for the companies without specific authority. The overall interest of the state was to understand where internet access was or was not and for other entities to be competitive or not. There was an inherent interest in the state knowing what it had. There was nothing in the amendment specifying the state was regulating the industry. He furthered that the state's understanding of the issue was lessening. The information

published by the RCA would be public like its December report posted online.

Representative Wilson spoke against the amendment. She thought the amendment was a policy change rather than intent language, which was concerning to her when private companies were involved. She was concerned about asking private companies to provide information about who they provided service to and other. She understood that the state may want to know the information; however, the state did not require things of other private companies it did not regulate. She thought the issue was not the state's business.

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Representative Kawasaki thought it was information that legislators would want. He asked about the intent language. He noted that the language directed the intent that a company do something for the state. He wondered if the RCA could already request the information from companies. He considered whether the amendment required separate legislation and should be attached as a statutory recommendation.

Representative Guttenberg answered that the second amendment [Amendment H CED 2] got further into the issue. He explained that the program was voluntary. The amendment asked the RCA to get a picture of the current [broadband] system. He elaborated that a substantial portion of rural Fairbanks had almost no internet. He shared that he had 4 megabits and two of his closest neighbors had none. He expounded there was no mapping of the services available. The FCC used census district mapping - many of the districts were the size of a legislative district. He explained that if one person in the census district had a high [broadband speed] number, the map showed everyone had that high number. He continued that if a fiberoptic cable between Fairbanks and Anchorage crossed one person's boundary (whether they had access to it or not), everyone in the census district were considered to have the service, but that was not the case. Mapping was a significant issue - the previous day there had been a copy of a speech from an FCC commissioner trying to ask people to do crowd sourcing for coverage. He shared he had tried the method the previous year and equated the method to asking a person to raise their hand if they were not present.

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Representative Kawasaki clarified his question. He identified the RCA as a quasi-judicial organization that was semi-autonomous from legislative statute. He asked if the RCA could already require every company providing advanced telecom capability in Alaska to file a report.

Representative Guttenberg answered in the negative. He explained that the amendment would not require companies to file a report either - the reporting would be voluntary.

Representative Kawasaki pointed to the first line of the amendment, which specified it was the legislature's intent for companies to file a report. He noted that usually legislative intent pertained to asking state agencies to do something, but not other companies. He referred to a second part as a statutory recommendation. He asked if the amendment was a statutory recommendation or intent language.

Representative Guttenberg clarified that the amendment was intent language only. He stated it reflected one of the RCA's recommendations to determine if the state needed to do something and what it would be. He explained the map would not be complete. Part of the state's inherent interest was understanding what was and was not out there.

Vice-Chair Gara supported the goal. He did not believe it was realistic to get a statute passed during the current session. He spoke about the importance of mapping to know the needs across the state.

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Co-Chair Seaton read the second sentence of the amendment:

The report should include geographic information system "shapefiles" of the territory in which it offers service, and the connection speed and type of technology for each serviceable street address or land parcel to which it offers service.

Co-Chair Seaton provided an example using a satellite communications company. He asked if the company would be asked to file a map of every serviceable street address in a community even though the [internet speed] service one

person was getting may be very different than a service another person may buy. He thought the amendment request seemed very detailed in one way (pertaining to street addresses) and very broad in the service provided.

Representative Guttenberg answered that he could not say what a company would do, but he imagined companies providing satellite service would specify the entire region they covered (e.g. the entire state would be the coverage region for a company covering Alaska). He underscored that the intent language was not a requirement. Part of the problem was that out-of-state entities would tell the RCA it had no authority. He discussed the possibility of a company running a satellite program in Alaska letting everyone know it planned to offer 25 megabits statewide in several years' time.

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Representative Guttenberg continued that the FCC had an open docket to do the work as well. The amendment did not ask companies to reinvent something they would be doing.

Co-Chair Seaton shared that he would prefer to see the amendment with a much more specific definition later on. He was confused about what was being asked and was having trouble understanding the details.

Representative Guttenberg WITHDREW Amendment H CED 1 and expressed intent to bring further detail to the committee at a later date.

[2:06:06 PM](#)

Representative Guttenberg MOVED to ADOPT Amendment H CED 2 (copy on file):

H CED 2  
Telecommunications  
Modernization Standards  
Wordage:

It is the intent of the legislature that the Regulatory Commission of Alaska recommend adoption of updated telecommunication modernization regulatory standards in AS42.05, the Alaska Public Utilities Regulatory Act, and deliver recommendations on how best to modernize outdated statutes to the House and

Senate Finance Committees and to the Legislative Finance Division by February 19, 2019.

Explanation:

Alaska's Public Utilities Regulatory Act is outdated and needs to be updated in order to address how the regulation of utilities providing telecommunications services should happen in the modern world. This amendment directs the RCA to provide the legislature with input on updating these statutes.

Representative Wilson OBJECTED.

Representative Guttenberg explained the amendment. He shared that the language had been recommended by the RCA and was supported by the industry. He detailed that the statutory language for the RCA was antiquated. The RCA had difficulty fitting in its regulatory processes at present within the statutory language. The amendment did not pertain to specific items like broadband or sewers, but to everything done by the agency. He elaborated that everything that the entity was doing needed to be modernized. He had tried looking at other states, but the information was all different. Without the regulatory staff to rewrite statute, it was not possible. He summarized that the language needed to be rewritten because everything was more than 20 years old.

[2:08:16 PM](#)

Representative Wilson wondered who would update the AS 42.05 language. She thought RCA did not have time to do the work due to its caseload. She wondered if the amendment was the intent for someone outside the RCA to do the work.

Representative Guttenberg clarified that he did not believe any office in the [capitol] building had the capability of doing the work - regulatory expertise was needed. He expected the RCA would do the work to modernize the language because it would be able to do the work within its purview. He expected the change would be a modernization of the language conforming to the RCA's regulatory authority, which would then be brought to the legislature. He anticipated someone would submit a bill with recommendations and it would go through the legislative process. The language proposed by the RCA would be a starting point for the legislature to pass legislation. He

continued that the RCA could propose language with input from the industry that would fit Alaska. He noted that all states were very different. It was a continuum of understanding telecommunications and modernization of standards. Currently all of the telephone regulations were phone and internet, but they should be internet and phone. Changes were being made from an antiquated wire system to high resolution, but there was no reference for the RCA in its statutes. Ultimately, the legislature would decide what to implement.

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Representative Wilson stated the statute was approximately 44 pages and the work would be required by February 19, 2019. She thought it was the legislature's responsibility to do the work because it had implemented the statute. She was concerned the RCA was overloaded with work. She understood the RCA wanted the changes made but requiring the RCA to do the work would put more strain on the agency. She reasoned that the agency would have done the work on its own already if it had the time to do so.

Representative Guttenberg replied that the deadline included in the amendment had been provided by the RCA.

Representative Wilson wondered why legislative intent language was necessary if the RCA had specified it would do the work.

Representative Guttenberg answered that without direction from the legislature there was no reason for the RCA to do the work. The agency was waiting for direction [from the legislature] to modernize its standards.

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Representative Kawasaki referenced the amendment language that it was the intent of the legislature for the RCA to recommend adoption [of updated telecommunication modernization regulatory standards]. He thought Representative Guttenberg had said the RCA could already recommend that the legislature adopt updated standards through statute. He asked if that was the case.

Representative Guttenberg asked Representative Kawasaki to repeat the question.

Representative Kawasaki complied. He was trying to determine who the legislature was telling what to do.

Representative Guttenberg answered that the RCA could not change anything statutorily by itself. The regulatory framework existed inside statute; therefore, statutes needed to be modernized. The amendment asked the RCA to bring modernized language for the legislature to consider and act on via legislation or other. He stated it was not an easy subject - there had been disagreements over the subject in the past. He continued that the RCA wanted the statutes modernized because the private sector had challenges functioning inside statutory framework that was no longer relevant. The RCA was at the end of the road in terms of the ability to make more regulatory changes.

Co-Chair Seaton asked if the intent was similar to recommendations the legislature received periodically to adopt new electrical standards in statute or a building code update.

Representative Guttenberg replied it was similar. He mentioned that the state had adopted someone else's fire code. The amendment asked the RCA to bring model statute legislation that the legislature could conform as needed. The RCA was maxed out on regulatory changes. He continued that industry found the regulatory changes became harder and harder to fit inside an antiquated framework.

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Representative Pruitt was trying to understand why the RCA was not already working on the issue if it wanted the updates. Normally agencies came to the legislature if they had concerns or found someone to sponsor a bill. He did not understand the need for the amendment.

Representative Guttenberg replied that if it was something in the executive department they would have the guidance of the governor's office. He elaborated that the RCA was independent of the governor. The legislature had created the RCA. The RCA did not have the ability to do the work without guidance from the legislature.

Representative Pruitt asked if the process was standard with other commissions or corporations. He used the

Railroad Corporation as an example and noted the entity requested the legislature to pass needed changes. He asked if it was standard for commissions to ask the legislature to tell them to make changes.

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Representative Guttenberg answered they were all different; their authority was all different. The railroad had come to the legislature in the current year requesting a statutory change to have the ability to sell land. He elaborated that the legislature's permission was not required. He clarified that the amendment did not address updating one portion of statute but addressed modernizing the RCA's standards. He believed it would be unique for an entity to ask the legislature to rewrite all of its standards. He believed the entity needed direction.

Co-Chair Foster observed that the amendment did not seem to do any harm and was moving in the right direction. He was comfortable supporting the amendment.

Representative Wilson MAINTAINED her OBJECTION. She stated 44 pages was a substantial review for one area.

A roll call vote was taken on the motion.

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

OPPOSED: Wilson, Pruitt

Representatives Tilton and Kawasaki were absent from the vote.

The MOTION PASSED (7/2). There being NO further OBJECTION, Amendment H CED 2 was ADOPTED.

^DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT SUBCOMMITTEE AMENDMENTS

[2:21:59 PM](#)

Representative Ortiz provided a subcommittee report for the Department of Education and Early Development (DEED). He read from a prepared statement (copy on file):

The House Finance Budget Subcommittee for the Department of Education and Early Development (DEED) held eight meetings with the department during the review of the FY 19 budget request.

The House Finance Budget Subcommittee for DEED recommends that the House Finance Committee accept the DEED FY 19 budget with the following amendment recommendations:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$44,351.5
Designated General Funds (DGF)	\$26,077.1
Other Funds	\$46,462.0
Federal Funds	\$251,090.2
Total	\$367,980.8

The Unrestricted General Fund difference from FY 15 Management Plan to the FY 19 House Subcommittee Recommended budget is a reduction of \$24,821.7, a decrease of 35.9 percent.

The Unrestricted General Fund difference from FY18 Management Plan to the FY 19 House Subcommittee Recommended budget is a reduction of \$229.1, a decrease of 0.5 percent.

Positions:

Permanent Full-time	267
Permanent Part-time	13
Temporary	4
Total	284

Since the committee will be taking up the subcommittee's budget amendment recommendations in just a few minutes I will not discuss them now; however, the subcommittee discussed a variety of issues during the meetings including some amendment proposals that the subcommittee denied.

1. An amendment proposal was discussed that would have eliminated funding for Live Homework Help. Following a thoughtful discussion the maker of the amendment withdrew the amendment.
2. An amendment proposal was discussed that would have reduced early learning Pre-K grants by

\$600.0 UGF. The subcommittee voted down this proposal three YEAs to five NAYs.

The subcommittee made no statutory recommendations. The governor's amendments for which the subcommittee recommended approval will be taken up by the committee in just a few minutes, so I'll discuss them at that point.

Representative Ortiz thanked subcommittee members, department staff, and Legislative Finance Division staff.

[2:25:31 PM](#)

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

K-12 Aid to School Districts  
Foundation Program  
H DOE 1  
Public School Fund revenue adjustment

This is a technical fund source adjustment in the number section of the Foundation Program budget.

The amendment reduces the Public School Trust Fund appropriation to match Department of Revenue's projected revenue available for appropriation under existing state law (a total of \$10 million).

The Governor's proposed FY19 budget assumes passage of legislation restructuring the Public School Trust Fund and budgets for an increase in funds that could be drawn from the fund. However, until a bill passes, the additional \$18 million budgeted by the Governor is not available to spend. This amount will instead come from the general fund.

This amendment adjusts revenues to match revenue projections under existing law.

Representative Wilson OBJECTED for discussion.

Representative Ortiz explained the amendment with a prepared statement:

Amendment H DOE 1 is a Public School Fund revenue adjustment. It is a decrement of \$18 million in the Public School Trust Fund in the grant line. This is a technical fund source adjustment to the foundation program budget. This amendment reduces the Public School Trust Fund appropriation to match the Department of Revenue's projected revenue available for appropriation under existing state law.

The governor's proposed FY 19 budget assumes passage of legislation restructuring the Public School Trust Fund and budgets for an increase in funds that could be drawn from the fund. However, until a bill passes, the additional \$18 million budgeted by the governor is not available to spend.

Representative Ortiz characterized the amendment as technical.

[2:26:39 PM](#)

Co-Chair Seaton noted that the amount would be in a fiscal note accompanying the bill if it passed.

Representative Wilson was trying to follow where the money was going. She asked if the proposed adjustment assumed legislation would pass.

Co-Chair Seaton clarified that the governor had included the money in the budget assuming legislation would pass. The amendment removed the funds until the legislation passed; at that time the money would be attached to the legislation in a fiscal note. There had been a number of cases where the legislature had removed money from the budget that had been incorporated by the administration requiring passage of certain legislation. For budgetary reasons, double funding could occur under the circumstances. The legislature had stuck with the normal budgeting procedures that when bills passed they contained a fiscal note instead of incorporating money in the budget for statutes that had not yet passed.

Representative Wilson asked if there would be an amendment to reinsert the \$18 million if the legislation did not pass.

Co-Chair Seaton replied there could be an amendment to add funds but it would not necessarily be the amount indicated in the amendment.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment H DOE 1 was ADOPTED.

[2:28:55 PM](#)

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

Education Support and Admin Services  
Student and School Achievement  
GA 2 2/14 Additional Support for Data  
Collection, Analysis, and Reporting

Alaska's Education Challenge and Every Student Succeeds Act (ESSA) are two efforts that together will ensure an excellent education for every student every day by improving outcomes for Alaska's schools and students. Under both initiatives, additional data will be collected to better inform Alaskans on how students, schools, districts, and the state are progressing, as well as to meet ESSA requirements.

The one new Research Analyst I/II/III flex (Range 13/16/18) position will serve as a liaison to school districts by providing technical assistance and support for the additional data that will be collected. In addition, this position will provide more longitudinal and comparability data analysis using existing and new datasets. This position will work across divisions within the department and increase the reporting capacity of the data management team. Data is one of the most powerful tools to inform, engage, and create opportunities for students along their education journey. Having accessible, accurate, and consistent data at our fingertips will help students, parents, educators, and policymakers make more informed decisions around Alaska's education system and help drive improvement for student success.

This is a new request for FY2019. It was not included in the FY2019 Governor request because the final Alaska's Education Challenge report was not yet available for review for the department to determine

additional needs for the success of this on-going project.

This new position is budgeted as a Research Analyst II (R16), but will ideally be a flex I/II/III position to allow for a greater pool of qualified candidates.

FY2019 Governor: \$157,814.1

FY2019 Total Amendments: \$97.8

FY2019 Total: \$157,911.9

Representative Wilson OBJECTED for discussion.

Representative Ortiz explained the amendment with a prepared statement:

This amendment provides additional support for data collection, analysis, and reporting. It's an increment of \$97,800 UGF for one full-time research analyst position. This position will support the department's data collection analysis needs associated with the Alaska Education Challenge and implementation of the Every Student Succeeds Act (ESSA). This amendment was unanimously adopted by the subcommittee.

Representative Ortiz reported the subcommittee believed the position was needed to support the governor's initiative on improving education.

[2:30:14 PM](#)

Representative Wilson asked how many positions were currently housed in the allocation. She stated there were already similar reports.

Representative Ortiz replied there were four filled full-time positions. The amendment would add one more.

Representative Wilson asked what in the ESSA requirements had caused the generation of more paperwork and more data to be collected in comparison to the current process.

Representative Ortiz deferred to the department.

SANA EFIRD, DEPUTY COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, answered that the new ESSA had a number of new possible data collections in the department's accountability system. The department had submitted its

ESSA plan to the federal Department of Education and was waiting for approval. She noted DEED was clarifying some things and would resubmit the plan at the end of February for approval. There were a number of indicators in the plan such as on track for grade three reading, looking at ninth graders to ensure they were on track to graduate, and other. There were a number of indicators DEED wanted to have in order to make the decisions. She referenced the Alaska Education Challenge initiative - there were 13 recommendations and DEED was currently working with the national organization the Council of Chief State School Officers to determine how to align DEED's current work with the recommendations. Much of the information would mean acquiring additional data - longitudinal studies and comparative data across districts - to report and analyze to help make better decisions to help students' outcomes.

[2:33:18 PM](#)

Representative Wilson surmised that most of the data would be reported by school districts. She knew the state had done longitudinal studies for a long time. She did not believe DEED was certain what additional information it may need to work on because it was still working through the process. She did not understand the need for another position until DEED completed the process to know what it would be mandated to do.

Ms. Efird replied that some of the work was not mandated. She elaborated that ESSA had mandated data DEED was required to report on. The department currently had to do much of its federal reporting - staff was responsible for mandated state and federal reporting. The department's commissioner felt that having data was the way to make a difference for students; it would provide families and the public with more information about where schools were succeeding for students and where there were areas of deficiency. The position would not be tied to current state or federal reporting and would give flexibility to work with districts, especially small districts that may not have the ability to provide the data at present, to help districts define data and for the department to be consistent across districts. For example, the position would help determine whether everyone was defining chronic absenteeism in the same way to ensure the data was meaningful when collected by the department.

Representative Wilson believed data was important, but she believed most states had the districts collect the data. She stated it was currently the process in Alaska; the data was then forwarded to DEED. She did not believe another position was needed. She believed districts should decide how to collect and utilize the data.

Representative Ortiz summarized that the amendment had come from the governor. Part of the position would be to help augment the Alaska's Education Challenge. He shared that several members of the subcommittee that had helped compile the recommendations were Minority members and one sat on the House Finance Committee. He explained that the finance committee member recognized that the position was needed to fulfill the goal of the educational challenge put forth by the House Finance Committee. He stressed that if the state wanted to talk about accountability and how its districts were doing, the data was needed.

[2:37:09 PM](#)

Representative Wilson stated that the data was collected by the school districts. She elaborated that districts had to have the data to be able to provide it to DEED. She believed the question was who should be taking the data and utilizing it - the school district or the department. She reasoned that because districts had local control, the responsibility to utilize the data was at the school district level. She stated that currently the state did not mandate anything for education like graduation rates or requiring students to read by the third grade. She stated that the department was basically an assistant to the school districts. She believed the data was great, but she believed the utilization belonged in the districts.

Co-Chair Seaton supported the amendment. He added that data could be a report sitting on a shelf, but if it was not analyzed it was not meaningful.

Vice-Chair Gara understood why the work would be done at a district level. Unlike most states, the State of Alaska had a larger role in education as opposed to cities and towns. He wondered if the amendment applied to the collection of existing data by DEED or additional performance data.

Ms. Efird answered that the hope was to collect additional statewide data from districts. The data would be used to

highlight districts that were making the most improvement for their students and share the data with less successful districts to help students' outcomes.

Representative Guttenberg supported the amendment. He shared that he had visited three or four classrooms during the past fall. He had been amazed with the ability of the teachers to focus on what a student was excelling at or where they were lagging behind and matching up the workload to bring the student up to the level of the rest of the class. He expounded that teachers had been proficient on the computers and programs. He believed the ability to aggregate the data to pinpoint what was working was necessary. He reasoned that someone had to take the data and turn it into something.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Wilson, Pruitt, Thompson

Representative Tilton was absent from the vote.

The MOTION PASSED (7/3). There being NO further OBJECTION, Amendment H GA 2 was ADOPTED.

[2:42:56 PM](#)

Representative Ortiz MOVED to ADOPT Amendment GA 3 (copy on file):

Mt. Edgecumbe Boarding School  
Mount Edgecumbe Boarding School Facilities Maintenance  
GA 3 2/14  
General Fund Program  
Receipt Authorization for the Mt. Edgecumbe Aquatic Center

In order for the state to accept entrance fees, and other event fees, at the new Mt. Edgecumbe High School (MEHS) Aquatic Center, general fund program receipt (GF/PR) authorization must be added to the MEHS Facility Maintenance budget structure. Current cost estimates for the operations and maintenance of the

pool are \$583.1 annually. GF/PR will offset the total amount of unrestricted general funds necessary for the operations and maintenance of the pool. The \$250.0 requested in GF/PR is approximately 43 percent of the total operations and maintenance costs, and is the department's best estimate at this time of the total amount that may potentially be collected in fee-supported revenue. The department will be able to provide an updated estimate after the pool is open for business and being used by various stakeholders, including the community of Sitka. Without GF/PR authorization, the department will be unable to collect fees received by the users of the MEHS Aquatic Center to help offset operating expenses.

FY2019 Governor: \$1,192.7  
FY2019 Total Amendments: \$250.0  
FY2019 Total: \$1,442.7

Representative Wilson OBJECTED for discussion.

Representative Ortiz explained the amendment with a prepared statement:

Amendment GA 3 adds general fund program receipt authorizations for the Mount Edgecumbe Aquatic Center. It's an increment of \$250,000, which would be potentially the amount of program receipts that could be collected. In order for the state to accept user fees for pool rental and public use at the new Mount Edgecumbe High School Aquatic Center, general fund program receipt authorization must be added to the budget. The \$250,000 request is approximately 43 percent of the total operations and maintenance cost and is the department's best estimate as to the amount that may be potentially collected.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment GA 3 was ADOPTED.

[2:43:56 PM](#)

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

Alaska State Libraries, Archives and Museums  
Museum Operations

H DOE 2 Restore Funding for Museum Grant-in-Aid Program

This amendment restores funding for the Museum Grant-in-Aid competitive grant program. These are grants ranging from \$2,000 to \$10,000 that are vital to the ability of small museums to build and maintain their collections.

The goal of the program is to sustain and support museums across the state that preserve Alaska history, promote economic activity in the tourism sector, and supply information to Alaskans.

Representative Wilson OBJECTED.

Representative Ortiz explained the amendment with a prepared statement:

This amendment restores funding for the Museum Grant-in-Aid program. It's an increment of \$105,000. These small grants sustain and support museums across the state that preserve Alaska history from economic activity in the tourism sector and supply information to Alaskans. Grant awards are made for the primary collection care and exhibits from grants typically ranging from \$2,000 to \$10,000 with a maximum of \$10,000. These grants are vital to small local museums to build and maintain their collections.

Representative Ortiz added that when the governor's budget had come out with the decrement, the subcommittee had heard from a variety of museums statewide about the importance of the funds for their ability to maintain exhibits and collections that had significant historical value to the state.

[2:45:35 PM](#)

Representative Wilson appreciated the amendment but did not agree the timing was right given the deficit facing the state and the consideration of a payroll or income tax. The program had been implemented when the state had money. She did not believe it was the time to add money to the budget.

Representative Pruitt echoed the statements. He appreciated museums. However, he referenced the idea of making changes

to the Permanent Fund Dividend (PFD) structure - potentially around \$1,200 less than the statute. He applied the concept to anytime the legislature increased funds. He calculated that the proposed amendment increment added up to 88 PFDs. He wanted to use the money for things the public expected the funds to be used for. He reasoned that 88 people could donate money through the Pick.Click.Give program to museums. The expectation for museum operators was to seek out donors to keep museums viable. He continued that some of the best museums in the world were able to operate due to donations from the public. He supported that existing model and thought people interested in preserving history could participate via donations. He thought the amendment was a tough ask. He thought it was an appropriate conversation to have when considering any increase to the budget. He was uncertain the public would agree the amendment was an appropriate use of funds.

[2:49:04 PM](#)

Vice-Chair Gara referenced the need for a fiscal plan, but reasoned society could not stand still while the public waited. He supported the amendment.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Pruitt, Thompson, Wilson

Representative Tilton was absent from the vote.

The MOTION PASSED (7/3). There being NO further OBJECTION, Amendment H DOE 2 was ADOPTED.

Representative Guttenberg returned to his earlier testimony on DCCED. He thanked several people from DCCED and the Legislative Finance Division for their work on the subcommittee.

[2:50:39 PM](#)

AT EASE

[2:54:54 PM](#)

RECONVENED

^DEPARTMENT OF FISH AND GAME SUBCOMMITTEE AMENDMENTS

2:55:00 PM

Representative Ortiz provided a subcommittee report for the Department of Fish and Game (DFG). He read from a prepared statement (copy on file):

The House Finance Budget Subcommittee for the Department of Fish and Game held six meetings with the department during the review of the FY 19 budget request.

The House Finance Budget Subcommittee for the Department of Fish and Game recommends that the House Finance Committee accept the Department of Fish and Game's FY 19 budget with the following amendment recommendations:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$51,506.1
Designated General Funds (DGF)	13,562.5
Other Funds	65,919.3
Federal Funds	66,922.0
Total	\$197,909.9

The Unrestricted General Fund difference from FY15 Management Plan to the FY 19 House Subcommittee Recommended budget is a reduction of \$27,881.7, a decrease of 35.1 percent.

The Unrestricted General Fund difference from FY 18 Management Plan to the FY 19 House Subcommittee Recommended budget is an increase of \$989.7, an increase of 2 percent.

Positions:

Permanent Full-time	827
Permanent Part-time	622
Temporary	7
Total	1,456

There is one subcommittee budget amendment recommendation and since the committee will be taking up the subcommittee budget amendment recommendations in just a few minutes I will not describe them now.

The subcommittee made no statutory recommendations. The governor did not submit any amendments for this agency. Securing and managing Pittman-Robertson Funds was discussed as an area worth further exploration.

Representative Ortiz thanked the DFG subcommittee members, Legislative Finance, and department staff. He relayed that representatives from the industry including United Fisherman of Alaska (UFA) and the Pacific Seafood Processors Association (PSPA) participated as well.

[2:57:49 PM](#)

Representative Pruitt referenced subcommittee discussion about [federal] Pittman-Robertson funds. He believed the state had to return some funds because the money had not been used as intended - the funds had potentially been used in the commissioner's office as opposed to management as intended. He recalled the passage of a bill a couple of years earlier that increased user fees with the full intent to match the funds for habitat stabilization. He believed it was an important question that needed to be answered.

Representative Guttenberg noted an amendment would be included in the Department of Natural Resources (DNR) budget to maximize the ability to utilize Pittman-Robertson funds to a greater extent than had been done.

Representative Ortiz deferred to the Legislative Finance Division and DFG.

AMANDA RYDER, ANALYST, LEGISLATIVE FINANCE DIVISION, replied there was a capital project with \$4 million DFG funds in the governor's request. She and DFG were looking at the request because she was concerned about overspending DFG funds and not having sustainable DFG fund revenue. She had a number of questions about the DFG fund and whether spending the \$4 million would mean the need to request general funds to replace DFG funds in the operating budget in the future. She understood there was significant concern about turning away Pittman-Robertson funds. She did not have the answers at present, but she was working with DFG to get the answers to the committee. The Legislative Finance Division was concerned about ensuring Pittman-Robertson funds were not turned back if the legislature wanted to fund the projects and ensuring the state did not overspend a finite fund source.

3:01:23 PM

Representative Pruitt replied he looked forward to the continued conversation. He referenced fees that had been increased a couple of years earlier and asked if the legislature or DFG utilized the fees in areas that did not enable the state to receive [federal] reimbursement.

CAROL PETRABORG, DIRECTOR, DEPARTMENT OF ADMINISTRATIVE SERVICES, DEPARTMENT OF FISH AND GAME, answered that DFG funds on the wildlife side were used for hunter and trapper purposes when matching Pittman-Robertson funds. She elaborated that if projects did not support hunter and trapper license purchasers, the department could not use DFG funds for matching funds. Projects with a broader wildlife related scope would be funded by general funds, third-party match, or in-kind match.

Representative Pruitt asked if any of the additional funds generated by the [fee] increase had gone towards operations or items that did not qualify for [federal] reimbursement.

Ms. Petraborg responded that SB 250 had been passed several years back requiring funds for wildlife related licenses sold, had to be in the DFG wildlife fund. The only way the funds could be used outside the Division of Wildlife Conservation was with an RSA [reimbursable services agreement], which had to be detailed in the department's budget request.

3:04:24 PM

Representative Ortiz MOVED to ADOPT Amendments H DFG 1, H DFG 2, H DFG 3, and H DFG 4 (copy on file) [due to the length of the amendments they have not been included here. See copy on file for detail]. He noted the amendments had been moved out of the subcommittee as a single amendment.

Representative Wilson OBJECTED for discussion.

Representative Ortiz explained that the basis for the amendments was the fact that the department's UGF funding had been reduced by more than 35 percent. He pointed out that while reductions had been necessary due to the state's fiscal situation, at a certain point reductions were counterproductive. Cuts had resulted the discontinuation of

projects that had been worked on by DFG in the past because the funding level no longer supported the projects. He elaborated that data information collection was not being done at previous levels; therefore, DFG had been forced to become more conservative in its fish catch allotments and opportunity for commercial fishermen had gone away in many instances. Lost opportunities and reduced catch allotments meant fishermen could no longer provide for their families and crew. Additionally, the money was not being circulated in the economy, which meant less landing taxes collected. He submitted the case was clear the point had been reached where reductions were counterproductive to the state's economy.

Representative Ortiz reminded the committee that the seafood industry was the largest private employer in Alaska. He continued to explain with a prepared statement:

It amounts to \$146 million in total annual municipal and federal taxes fees and self-assessments paid by commercial fishermen and seafood processors to operate in Alaska. It amounts to a total of \$5.2 billion in total annual economic activity created by the seafood industry and it amounts to \$2 billion of annual labor income generated by the seafood industry in Alaska and 56,800 people are employed directly in the Alaska seafood industry.

Representative Ortiz elaborated that the amendments were about recreating lost opportunity in particular areas of commercial fishing that would allow fishermen to better provide for their family's needs.

[3:08:12 PM](#)

Representative Wilson recalled a bill several years earlier related to the adjustment of fees for commercial fishermen. She asked when the fees had last been updated.

Representative Ortiz asked for clarification.

Representative Wilson clarified that Representative Ortiz had spoken about the missed opportunity for commercial fishermen. She reasoned that updated fees would bring more money in and would enable the department to conduct many of the studies and help provide opportunities to fishermen.

Representative Ortiz deferred to the department.

Ms. Petraborg believed Representative Wilson was referencing commercial entry fisheries commission fees utilized at DFG. She explained that fish taxes were deposited into the General Fund; the department did not collect fees outside of commercial crew member license fees.

Representative Wilson asked if DFG had the authority to look at the studies or whatever was required in order to have [fishery] openings longer. She asked if DFG could take fees it spent and determine what the fees would be for participants in order to be revenue/expenditure neutral.

Ms. Petraborg replied in the negative.

Representative Wilson surmised a statutory change would be necessary in order to give DFG the authority.

Ms. Petraborg replied in the affirmative.

[3:10:49 PM](#)

Representative Pruitt asked how much the state received in fees and taxes from the industry and how much the state spent. He asked what the subsidization rate was and how the additional \$1 million-plus in the amendment would impact the rate. He wondered if Ms. Petraborg had the information.

Ms. Petraborg answered in the negative. She believed the last time the calculation had been done was in 2009 by the Department of Commerce, Community and Economic Development. She noted the number was very difficult to measure.

Co-Chair Seaton clarified that the committee was considering the amendment, not base economics of the fishing industry.

Representative Pruitt believed a conversation about what the state received was relevant to whether the state should expand the amount it was paying/investing. He considered that perhaps the amendment funds were needed, but he wondered whether the conversation should go hand-in-hand with discussion about additional assistance from the industry.

Representative Wilson asked for verification that most of the studies would give more opportunities to commercial fishermen.

SCOTT KELLY, DIRECTOR, DIVISION OF COMMERCIAL FISHERIES, DEPARTMENT OF FISH AND GAME, replied in the affirmative. The intent of the increments and the requests from the committee was to provide a list of projects to do that [give more opportunities to commercial fishermen].

Representative Wilson surmised DFG had not done any analysis on industry fees and what may need to be increased prior to putting in the funding request [in the amendments]. She did not understand when someone came in and did not have information on how much money was going out or coming in or how much an industry was being subsidized by the state.

[3:13:44 PM](#)

Co-Chair Seaton stated that either 3 or 5 percent of the gross value of the fish was collected by the state. The state had elected to distribute 50 percent of the amount where fish landed or were processed. There was an increment that came in the value of foregone harvest lost by the state (3 to 5 percent). The calculation of what the catch would be by having over conservative management was difficult to project.

Representative Wilson understood the point, but as appropriators deciding whether funds should come out of UGF (meaning everyone in the state would contribute if any kind of taxes were put in) or from industry, she did not know how to make the decision without proper numbers. She was fine with how the money was given out, but she recalled when legislation had been considered a couple of years back that numerous fees had not been adjusted in some time.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Pruitt, Wilson

Representative Tilton was absent from the vote.

The MOTION PASSED (8/2). There being NO further OBJECTION, Amendments H DFG 1, H DFG 2, H DFG 3, and H DFG 4 were ADOPTED.

^OFFICE OF THE GOVERNOR SUBCOMMITTEE

[3:16:09 PM](#)

Co-Chair Seaton provided a subcommittee report for the Office of the Governor. He read from a prepared statement (copy on file):

The House Finance Budget Subcommittee for the Office of the Governor held two meetings with the agency during the review of the FY 19 budget request.

The House Finance Budget Subcommittee for the Office of the Governor recommends that the House Finance Committee accept the agency's FY 19 budget without further amendment.

The numbers-only budget without further amendment totals:

Fund Source: (dollars are in thousands)	
Unrestricted General Funds (UGF)	\$23,135.8
Designated General Funds (DGF)	-0-
Other Funds	838.3
Federal Funds	230.0
Total	\$24,204.1

The Unrestricted General Fund difference from FY 15 Management Plan to the FY 19 House Subcommittee Recommended budget is a reduction of \$8,884.5, a decrease of 27.7 percent.

There is no Unrestricted General Fund difference from FY 18 Management Plan to the FY 19 House Subcommittee Recommended budget.

Positions:	
Permanent Full-time	137
Permanent Part-time	-0-
Temporary	20

Total 157

The Governor did not submit any amendments.

No budget amendments are recommended by the subcommittee for consideration by the House Finance Committee. The subcommittee made no statutory recommendations.

A subcommittee member asked whether the costs of special sessions called by the Governor should be budgeted in the Office of the Governor. The subcommittee received a response from the Office of the Governor on February 12th stating that historically all costs of legislative sessions have been budgeted in the Legislature's budget. The legislature, however, with its power of appropriation could add an appropriation for that purpose to the Office of the Governor's budget. No member of the subcommittee submitted any budget amendments.

^JUDICIARY SUBCOMMITTEE AMENDMENTS

[3:18:32 PM](#)

Vice-Chair Gara provided a subcommittee report for Judiciary. He thanked the department, the Legislative Finance Division, and subcommittee members for their work on the budget. He read from a prepared statement (copy on file):

The House Finance Budget Subcommittee for the Judiciary held 4 meetings with the Alaska Court System in attendance, during the review of the FY 19 budget request.

The House Finance Budget Subcommittee for the Judiciary recommends that the House Finance Committee accept the Judiciary's FY 19 budget with the following numbers-only amendment recommendations:

Fund Source: {dollars are in thousands)	
Unrestricted General Funds (UGF)	\$105,444.9
Designated General Funds (DGF)	\$518.0
Other Funds	\$2,206.1
Federal Funds	\$975.6
Total	\$109,144.6

The Unrestricted General Fund difference from FY 15 Management Plan to the FY 19 House Subcommittee Recommended budget is a reduction of \$6,421.4, a decrease of 5.7 percent. The Unrestricted General Fund difference from FY 18 Management Plan to the FY 19 House Subcommittee Recommended budget is an increase of \$606.3, an increase of 0.6 percent.

Positions:

Permanent Full-time	740
Permanent Part-time	37
Temporary	5
Total	782

Vice-Chair Gara expounded that the department had deleted 45 funded positions since 2015. The committee had made no statutory recommendations. He added that the Judiciary had followed through on the committee's recommendation to look at court fees and had amended the fees to generate over \$500,000 in the coming year. The governor did not submit any amendments for this agency. He thanked his staff for her work.

[3:21:31 PM](#)

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

Alaska Court System  
Appellate Courts  
H JUD 1  
Delete Conditional Wordage  
Offered by Representative Gara  
Delete conditional wordage that appears immediately after the Alaska Court System appropriation name in sec. 1 of both HB 286 and HB 285:  
"Budget requests from agencies of the Judicial Branch are transmitted as requested."

Representative Wilson OBJECTED for discussion.

Vice-Chair Gara explained the amendment. The original budget specified that the legislature adopted the budget as is, which was not exactly accurate; therefore, the amendment would remove the language from the budget.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment H JUD 1 was ADOPTED.

[3:22:26 PM](#)

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

Trial Courts  
H JUD 2  
Delete Excess Federal Receipt Authority

Deletes \$175.0 of excess receipt authority from the Trial Courts' budget.

Representative Wilson OBJECTED for discussion.

Vice-Chair Gara explained the amendment would delete excess federal receipt authority from the trial courts budget of \$175,000 per year. The court system did not receive the money and did not anticipate receiving it in the future.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment H JUD 2 was ADOPTED.

[3:22:58 PM](#)

Vice-Chair Gara MOVED to ADOPT Amendment H JUD 3 (copy on file):

Administration and Support  
H JUD 3 Delete Excess Federal Receipt Authority

Deletes \$75.0 of excess receipt authority from the Administration and Support budget.

Representative Wilson OBJECTED for discussion.

Vice-Chair Gara explained the amendment would remove \$75,000 of federal receipt authority from the administration and support section of the court system. The court system had not received the money in the past and did not anticipate receiving it in the future. The excess federal receipt authority to be deleted by Amendments H JUD 2 and H JUD 3 was \$250,000.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment H JUD 3 was ADOPTED.

^DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT SUBCOMMITTEE

[3:23:44 PM](#)

Co-Chair Foster provided a subcommittee report for the Department of Labor and Workforce Development. He read from a prepared statement (copy on file):

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held 3 meetings with the Department during the review of the FY 19 budget request. The budget subcommittee recommends that the House Finance Committee accept the Department of Labor and Workforce Development FY 19 budget without any amendments.

The Chair of the House Finance Budget Subcommittee for the Department of Labor submits a recommended operating budget for FY 2019 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$20,624.2
Designated General Funds (DGF)	\$35,586.3
Other Funds	\$17,002.1
Federal Funds	\$73,897.1
Total	\$147,109.7

The Unrestricted General Fund (UGF) difference from the FY 2015 Management Plan to the FY 2019 House Subcommittee budget recommendation is a reduction of \$12,792.4, a 38.3 percent decrease. The Subcommittee recommendation reflects a total decrease in Unrestricted General Funds of \$367.8, a 1.8 percent reduction from the FY 2018 Management Plan.

Positions:

Permanent Full-time	691
Permanent Part-time	51
Temporary	12
Total	754

There were no Governor amendments for the Department of Labor and Workforce Development.

The Department of Labor and Workforce Development Budget House Finance Subcommittee did not have any amendments for the Department of Labor and Workforce Development Budget.

Co-Chair Foster thanked his staff, the department, Legislative Finance Division staff, and subcommittee members.

[3:26:11 PM](#)

AT EASE

[3:26:21 PM](#)

RECONVENED

^DEPARTMENT OF REVENUE SUBCOMMITTEE AMENDMENTS

[3:26:27 PM](#)

Co-Chair Seaton provided a subcommittee report for the Department of Revenue (DOR). He read from a prepared statement (copy on file):

The House Finance Budget Subcommittee for the Department of Revenue held 6 meetings with the Department of Revenue during the review of the FY 19 budget request.

The House Finance Budget Subcommittee for the Department of Revenue recommends that the House Finance Committee accept the Department of Revenues FY I9 budget with the following amendment recommendations:

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$25,009.2
Designated General Funds (DGF)	\$2,570.4
Other Funds	\$287,928.8
Federal Funds	\$78 438.3
Total	\$393,946.7

There are no changes to the UGF, DGF, or federal funds. The only change to the funding level is an increase of \$140,000 in other funds. The Unrestricted

General Fund difference from FY 15 Management Plan to the FY 19 House Subcommittee Recommended budget is a reduction of \$8,822.2, a decrease of 26.1 percent.

The Unrestricted General Fund difference from FY 18 Management Plan to the FY 19 House Subcommittee Recommended budget is a reduction of \$575.7, a decrease of 2.3 percent.

Positions:

Permanent Full-time	833
Permanent Part-time	33
Temporary	16
Total	822

The subcommittee made no statutory recommendations. The governor did not submit any amendments for this agency.

[3:28:51 PM](#)

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

Alaska Mental Health Trust Authority  
Mental Health Trust Operations  
H DOR 1 Program Manager

This amendment adds \$140.0 of Mental Health Trust Authority Admin funds to work with providers and administer and target grants aimed at improving the lives of Trust beneficiaries and reducing the need for institutionalization. The Trust will add needed capacity to work on programs and issues with its local, tribal, non-profit and state partners for Alaska's trust beneficiaries. The position (Program Officer) will allow the Trust to expand its capacity as the need for mental health services increases across the state.

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton explained the amendment. The amendment would add a program manager to the Alaska Mental Health Trust Authority (AMHTA) operations allocation. The cost of the position was \$140,000 and would be paid with AMHTA administration funds. He explained that even though the

trust was using its own funding, legislative authorization was needed. The position would allow the trust to expand its capacity as the need for mental health services increases across the state. The position would work with providers and would administer and target trust fund grants aimed at improving the lives of trust fund beneficiaries and reducing the need for institutionalization.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment H DOR 1 was ADOPTED.

[3:30:03 PM](#)

Co-Chair Seaton MOVED to ADOPT Amendments H DOR 2, H DOR 3, H DOR 4, and H DOR 5 (copy on file):

Alaska Permanent Fund Corporation  
APFC Operations

H DOR 2  
Relocate a portion of the corporation's budget increment to sec. 1 from section 8(g).

This amendment, along with three other amendments, relocates the Permanent Fund Corporation budget from language section 8(g) to section 1, the numbers section. This amendment allocates the portion of the corporation's increment attributable to the Operations allocation.

H DOR 3  
Alaska Permanent Fund Corporation  
APFC Operations  
H DOR 3  
Relocate the corporation's base budget to sec. 1 from section 8(g).

This amendment, along with three other amendments relocates the Permanent Fund Corporation budget from language section 8(g) to section 1, the numbers section. This is the portion of the base budget attributable to the Operations allocation.

H DOR 4  
APFC Investment Management Fees  
H DOR 4

Relocate the corporation's base budget to sec. 1 from section 8(g).

This amendment, along with three other amendments relocates the Permanent Fund Corporation budget from language section 8(g) to section 1, the numbers section. This is the portion of the base budget attributable to the Investment Management Fees allocation.

H DOR 5

APFC Investment Management Fees

H DOR 5

Relocate a portion of the corporation's budget increment to sec. 1 from section 8(g).

This amendment, along with three other amendments, relocates the Permanent Fund Corporation budget from language section 8(g) to section 1, the numbers section. This amendment allocates the portion of the corporation's increment attributable to the Investment Management Fees allocation.

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton explained the related amendments with a prepared statement:

These Alaska Permanent Fund Corporation amendments are all related to each other. The corporation's FY 19 budget request is a single allocation in the language section of the operating budget. These four amendments add the corporation's budget to Section 1 of the budget and move the funding into two allocations - the operations allocation and the investment management fees allocation.

Co-Chair Seaton explained the amendment would return to the way the budget had been initially, without the governor's proposed change. He elaborated that Amendment H DOR 3 was for the operations allocation and Amendment H DOR 4 was for the investment management fee allocation. The amendment would divide the corporation's base budget between the two allocations as had been done previously. The governor's budget request included a \$17.5 million increment. Amendments H DOR 2, H DOR 3, and H DOR 5 for the investment management fees divide the increment between the two

allocations and place the funding in Section 1. The amendments were necessary for two reasons. He detailed that if the budget remained in the bill's language section the subcommittee would have no purview over the budget - it would only be reviewed by the finance co-chair. The subcommittee believed APFC should continue to present its budget before the revenue subcommittee annually. Additionally, with one allocation it would not be readily apparent to legislators how much funding was budgeted for operations versus external management fees. The subcommittee agreed that tracking external management fees with a specific allocation improved transparency of the corporation's budget. The four amendments added the department's budget to the numbers section. A separate amendment would be needed to remove the corporation's budget from the language section, which he would offer separately.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendments H DOR 2, H DOR 3, H DOR 4, and H DOR 5 were ADOPTED.

[3:32:48 PM](#)

Vice-Chair Gara pointed out an error in position count on page 2 of the DOR subcommittee report. He believed total positions should read 882, not 822.

Co-Chair Foster noted the correction.

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

Alaska Permanent Fund Corporation  
APFC Operations  
L H DOR 6  
Remove corporation's FY19 budget from the language sec. 8(g) and move to sec. 1, the numbers section.  
See 30-GH2564D13

The Permanent Fund Corporation's budget was submitted as section 8(g) and the two allocations of Operations and Investment Management Fees were combined. In conjunction with Revenue Subcommittee, the budget is removed from language and added to section 1, the numbers section where the budget has historically been requested and split back into the two allocations.

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton explained the amendment with a prepared statement:

The language sections are really not under the purview of the subcommittees. That's why I as finance co-chair move this language amendment separately. I am offering this amendment now because it is directly related to four previous Permanent Fund Corporation amendments. This amendment deletes the corporation's full budget from the language section. This amendment is necessary since the previous four amendments adding the corporation's budget back into the numbers section were adopted.

Representative Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment L H DOR 6 was ADOPTED.

HB 285 was HEARD and HELD in committee for further consideration.

HB 286 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the agenda for the following week.

#  
ADJOURNMENT

[3:35:16 PM](#)

The meeting was adjourned at 3:35 p.m.