

SENATE FINANCE COMMITTEE
February 28, 2017
9:03 a.m.

9:03:07 AM

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Mike Dunleavy
Senator Peter Micciche
Senator Donny Olson
Senator Natasha von Imhof

MEMBERS ABSENT

None

ADJOURNMENT

Pat Pitney, Director, Office of Management and Budget, Office of the Governor; Kelly O'Sullivan, Chief Budget Analyst, Office of Management and Budget; Rob Carpenter, Budget Analyst, Legislative Finance Division.

SUMMARY

SB 22 APPROP: OPERATING BUDGET/LOANS/FUNDS

SB 22 was HEARD and HELD in committee for further consideration.

SB 24 APPROP: MENTAL HEALTH BUDGET

SB 24 was HEARD and HELD in committee for further consideration.

#sb22

#sb24

SENATE BILL NO. 22

"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."

SENATE BILL NO. 24

"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."

9:04:11 AM

PAT PITNEY, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, looked at the presentation, "Governor's Budget Amendments; Senate Finance Committee" (copy on file). She began her presentation on slide 4 "FY2018 Operating Amendments":

Line 1

Department: Administration

Component: Office of the Commissioner

Description: Delete Deputy Commissioner (02-1040) No Longer Needed Delete a full-time Deputy Commissioner (02-1040), range 28, located in Juneau, and the position's associated funding. The Commissioner's Office will continue to have one Deputy Commissioner to assist in the oversight of divisions and department initiatives.

UGF: (\$173.6)

DGF: \$0.0

Other: (\$15.5)

Federal: (\$0.0)

Total: (\$189.1)

Fund Source: 1004 Gen Fund (\$173.6); 1007 I/A Repts (\$15.5)

Co-Chair Hoffman wondered whether the position was vacant. Ms. Pitney replied in the affirmative.

Ms. Pitney looked at lines 2 and 3, which were technical changes:

Line 2

Department: Administration

Component: SATS

Description: Transfer State of Alaska Telecommunications System to Office of Information Technology Transfer the State of Alaska Telecommunications System (SATS) from Enterprise Technology Services to the new Office of Information Technology. This transfer is necessary in order to align all information technology functions under a Chief Information Officer.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: \$0.0

Total: \$0.0

Line 3

Department: Administration.

Component: ALMR

Description: Transfer Alaska Land Mobile Radio to Office of Information Technology Transfer Alaska Land Mobile Radio (ALMR) from Enterprise Technology Services to the new Office of Information Technology. This transfer is necessary in order to align all information technology functions under a Chief Information Officer.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: \$0.0

Total: \$0.0

Line 4

Department: Administration

Component: Motor Vehicles

Description: New Federal Grant to Comply with Commercial Motor Vehicle Safety Act Federal regulations enacted in July 2015 require the Division of Motor Vehicles (DMV) to audit Commercial Driver's License

(CDL) examiners and trainers every two years. To meet this new regulation, DMV applied for the competitive Federal Motor Carrier Safety Administration (FMCSA)

grant in April 2016 and was awarded a three-year grant totaling \$1,434.6 in September 2016. This amendment provides FY2018 funding based on an FY2017 supplemental item of \$301.5.

UGF: \$0.0

DGF: \$0.0

Other: \$500.0

Federal: \$500.0

Total: 1002 Fed Repts \$500.0

Vice-Chair Bishop looked at line 4, and surmised that the federal grant was intended for the state to check with a third-party testing facility, which provided CDL training, to ensure that there was compliance in training. Ms. Pitney replied in the affirmative.

[9:08:58 AM](#)

Ms. Pitney continued to discuss the amendments.

Line 5

Department: Corrections

Component: Office of the Commissioner

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

UGF: \$0.0

DGF: \$0.0

Other: \$117.4

Federal: \$0.0

Total: \$117.4

Fund Source 1109 Stat Desig. \$117.4

Line 6

Department: Education and Early Development

Component: Student and School Achievement

Description: Alaska Technical and Vocational Education Formula Funding The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated. A reduction

in TVEP authority is required in order to not overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor's Budget due to timing of updated revenue collection projections.

UGF: \$0.0

DGF: (\$52.8)

Other: \$0.0

Federal: \$0.0

Total: \$52.8

Fund Source: 1151 VoTech Ed (\$52.8)

Ms. Pitney noted line 7:

Line 7

Department: Education and Early Development

Component: Child Nutrition Description: Additional Child Nutrition Grants from the US Department of Agriculture Due to increased growth in the National School Lunch Program, School Breakfast Program, and Summer Food Service Program additional federal receipt authorization is needed for acceptance of the increase in United States Department of Agriculture (USDA) grant funds. These are 100% USDA funds and do not require an increase in state general funds or additional staff. This is a new request for FY2018. It was not included in the FY2018 Governor request because at the time of budget development it was unknown whether an amendment request would be necessary due to pending information from the U.S. Department of Education.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: \$10,172.6

Total: \$10,172.6

Fund Source: 1002 Fed Repts \$10,172.6

Ms. Pitney addressed line 8:

Line 8

Department: Education and Early Development

Component: Loan Servicing

Description: FY2018 Health Insurance Rate Increase Alaska Student Loan Corporation (ASLC) contracts with the Alaska Commission on Postsecondary Education (ACPE) for loan servicing and pays for these services with ASLC receipts. The health insurance increase was

added to ACPE's interagency receipt funding line within the appropriation but not within the ASLC's appropriation, which funds ACPE. This amendment provides FY2018 funding based on an FY2017 supplemental request of \$115.1.

UGF: \$0.0

DGF: \$0.0

Other: \$197.3

Federal: \$0.0

Total: \$197.3

Fund Source: 1106 ASLC Repts \$197.3

[9:11:18 AM](#)

Ms. Pitney highlighted lines 9, 10, and 11:

Line 9

Department: Fish and Game

Component: SE Region Fisheries Mgmt.

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

UGF: \$0.0

DGF: \$0.0

Other: \$191.0

Federal: \$0.0

Total: \$191.0

Fund Source: 1108 Stat Desig \$191.0

Line 10

Department: Fish and Game

Component: Central Region

Description: Bristol Bay Science Research Institute Watershed Projects (FY18-FY19) This will allow support from Bristol Bay Science and Research Institute (BBSRI) to support various escapement and test projects. This is a new request for FY2018. It was not included in the FY2018 Governor's budget because discussions on the agreement were still ongoing.

UGF: \$0.0

DGF: \$0.0

Other: \$800.0

Federal: \$0.0

Total: \$800.0

Fund Source: 1108 Stat Desig \$800.0

Co-Chair MacKinnon queried the controls to ensure that best practices were used in the research. Ms. Pitney replied that there was research by the state biologists, and would be done within the standards of the state assessment. The value to the group was more available fishing stock and better management.

Senator Olson noted the rapidly declining revenue, and remarked that other programs may be added to the Technical Vocational Education Program (TVEP) funds. He wondered whether the administration was in support of moving those programs. Ms. Pitney replied that the administration had no position on the additional programs in the reauthorization.

Senator Olson asked whether there had been discussion on that issue. Ms. Pitney replied in the negative.

Senator von Imhof wondered how the Department of Fish and Game (DFG) requests fit into the greater research efforts for DFG. Ms. Pitney deferred to the commissioner of DFG

[9:15:46 AM](#)

Senator Dunleavy wondered whether the DFG research would be conducted by the state's procedures and practices, and funded by the outfits. Ms. Pitney replied in the affirmative.

Senator Micciche felt that the projects were not research projects, rather they were in season stock and enumeration studies that were conducted every year in the sport and commercial river systems. He remarked that the private industry had agreed to fund these programs in the past. It simply allowed for commercial fishing to take place in the state.

Ms. Pitney looked at page 6, lines 11, 12, 13, 14, and 15:

Line 11

Department: Fish and Game

Component: Statewide Fisheries Management

Description: Stock Assessment Projects

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

UGF: \$0.0

DGF: \$0.0

Other: \$183.0

Federal: \$0.0

Total: \$183.0

Fund Source: 1108 Stat Desig \$183.0

Line 12

Department: Labor & Workforce

Component: Workforce Development

Description: Alaska Technical and Vocational Education Formula Funding

The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated.

A reduction in TVEP authority is required in order to not overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor's Budget due to timing of updated revenue collection projections.

UGF: \$0.0

DGF: (\$448.6)

Other: \$0.0

Federal: \$0.0

Total: (\$448.6)

Fund Source: 1151 VoTech Ed (\$448.6)

Line 13

Department: Labor & Workforce

Component: AVTEC

Description: Alaska Technical and Vocational Education Formula Funding

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

included in the FY2018 Governor's Budget due to timing of updated revenue collection projections.

UGF: \$0.0

DGF: (\$224.3)

Other: \$0.0

Federal: \$0.0

Total: (\$224.3)

Fund Source: 1151 VoTech Ed (\$224.3)

Line 14

Department: Public Safety

Component: Domestic Viol/Sexual Assault

Description: Omnibus Crime Law & Procedure;

Corrections Ch36 SLA2016 (SB91)

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

UGF: \$0.0

DGF: \$1,000.0

Other: \$0.0

Federal: \$0.0

Total: \$1,000.0

Fund Source: 1246 Recid Redu \$1,000.0

Line 15

Department: Transportation

Component: Various

Description: Capital Program Positions

The department is pursuing an organizational review to ensure optimized delivery of its capital design program. This change amends the previous language associated with deleting positions in the Governor's budget.

[9:18:59 AM](#)

ATEASE

[9:19:58 AM](#)

RECONVENED

[9:20:03 AM](#)

Co-Chair Hoffman looked at line 15. He felt that Vice-Chair Bishop should meet with the department to further review the issue.

Vice-Chair Bishop shared that he had worked on examining these positions in his subcommittee.

Co-Chair Hoffman queried the location of the proposal.

Vice-Chair Bishop replied that it was on page 16.

Co-Chair Hoffman queried a detail of the department's proposal.

[9:22:21 AM](#)

Ms. Pitney looked lines 16 and 17:

Line 16

Department: Transportation

Component: Marine Vessel Operations

Description: Alaska Care Rate Increase for Alaska Marine Highway System Revised Estimate

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

UGF: \$0.0

DGF: \$241.4

Other: \$0.0

Federal: \$0.0

Total: \$241.4

Fund Source: 1076 Marine Hwy \$241.4

Line 17

Department: University of Alaska

Component: System wide Reduction/Additions

Description: Alaska Technical and Vocational Education Formula Funding

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

UGF: \$0.0

DGF: (\$593.5)
Other: \$0.0
Federal: \$0.0
Total: (\$593.5)
Fund Source: 1151 VoTech Ed (\$593.5)

[9:22:55 AM](#)

Vice-Chair Bishop shared that he recommended discontinuing the sunset extension, and no increases in TVEP.

Ms. Pitney looked at line 18, 19, 20, 21, 22, and 23:

Line 18
Department: Judiciary
Component: Therapeutic Courts
Description: Mat-Su Foundation Grants and Awards from Other Sponsors
Additional receipt authority will enable acceptance of anticipated grants from the Mat-Su Foundation and other sponsors. This amendment provides FY2018 funding based on a FY2017 supplemental request of \$51.2.
UGF: \$0.0
DGF: \$0.0
Other: \$400.0
Federal: \$0.0
Total: \$400.0
Fund Source: 1108 Stat Desig \$400.0

Line 19
Department: Judiciary
Component: Commission on Judicial Conduct
Description: Correct FY2018 Alaska Care Increase Correct Alaska Care salary adjustment.
UGF: (\$12.6)
DGF: \$0.0
Other: \$0.0
Federal: \$0.0
Total: (\$12.6)
Fund Source: 1004 Gen Fund (\$12.6)

Line 20
Department: Judiciary
Component: Commission on Judicial Conduct
Description: Personal Service Expenses

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

UGF: \$23.8

DGF: \$0.0

Other: \$0.0

Federal: \$0.0

Total: \$23.8

Fund Source: 1004 Gen Fund \$23.8

Line 21

Department: Judiciary

Component: Judicial Council

Description: Correct FY2018 Alaska Care Increase
Correct Alaska Care salary adjustment.

UGF: \$12.6

DGF: \$0.0

Other: \$0.0

Federal: \$0.0

Total: \$12.6

Fund Source: 1004 Gen Fund \$12.6

Line 22

Department: Debt Service

Component: Int Airport Revenue Bonds

Description: FY2018 Payments

The amount for FY2018 debt service was not finalized until after the submission of the FY2018 Governor's budget. This amendment adds an appropriation for early redemption and reduces the amount to be paid for normal debt service. A supplemental to change the amount of early redemption has also been submitted for FY2017.

UGF: \$0.0

DGF: \$0.0

Other: \$27,687.3

Federal: \$0.0

Total: \$27,687.3

Fund Source: 1027 Int Airprt \$27,687.3

Line 23

Department: Debt Service

Component: Int Airport Revenue Bonds

Description: International Airport General Fund
Borrowing Appropriation

This language addresses a cash-flow deficiency related to federal international airport projects. Similar

language will be added to the FY2017 Governor's amended supplemental budget.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: \$0.0

Total: \$0.0

[9:26:10 AM](#)

Co-Chair Hoffman wondered whether the reimbursement would always cover 100 percent reimbursement. Ms. Pitney responded that it might be under recovery, but it would only affect the Airport Systems Funds.

Senator Olson asked whether the funds were used on any other airports, other than the three that were considered "International Airports." Ms. Pitney replied that it only affected the International Airport Funds.

Senator Olson wondered whether the funds in the International Airport general fund used for airports besides the three designated airports. Ms. Pitney agreed to follow up with the Department of Transportation and Public Facilities (DOT/PF).

Ms. Pitney looked at line 24:

Line 24

Department: Fund Transfers

Component: Oil & Haz Sub Rel Preventn Acct

Description: FY2018 Estimated Collections

This change makes the timing of the transfer from the refined fuel surcharge consistent with the timing of the transfers of other sources that fund the prevention account. A supplemental revising the FY2017 operating bill language is also being submitted

UGF: \$400.0

DGF: \$0.0

Other: \$0.0

Federal: \$0.0

Total: \$400.0

Fund Source: 1004 Gen Fund \$400.0

Ms. Pitney addressed lines 25 and 26:

Line 25

Department: various

Component: various

Description: Salary and Benefits Adjustment

Add the collective bargaining units affected by FY2018 Alaska Care health insurance salary adjustments.

Line 26

Department: N/A

Component: N/A

Description: Alaska Industrial Development and Export Authority Dividend

The amount of the dividend was announced after the release of the Governor's budget.

[9:30:23 AM](#)

Senator Micciche corrected his previous statement. He stated that the three DFG research requests included an investment from the Mat-Su borough municipality. He remarked that other industry might look at the model, with state services directly serving their industry they might invest in the process.

Senator Dunleavy looked at page 5, line 8, and queried the reason the funds were considered "other" and not "UGF" or "DGF." Ms. Pitney replied that there was a continuum of restriction on funding. She stated that UGF was the least restrictive, DGF had an assigned purpose with restrictions, and other funds carried an additional level of restriction. She stated that federal funds were the most restricted. She stated that the other funds were in the Student Loan Funds, and those were receipts because of interest on loans. Those were directed for use within the Student Loan Corporation Fund.

Senator Dunleavy surmised that it was revenue generated by the corporation that would pay for insurance related to the corporation. Ms. Pitney replied in the affirmative.

Senator Dunleavy wondered if the insurance was always funded by other funds in the corporation. Ms. Pitney replied in the affirmative.

Senator Micciche remarked on the changes Department of Health and Social Services (DHSS) on Medicaid rates. He wondered why that request was not included in the operating budget. Ms. Pitney responded that the administration had prioritized five administrative actions to reduce by \$30 million. She stated that there might be a \$15 million increase to finish FY 18. She stated that the administration was looking at other savings options.

[9:36:09 AM](#)

Co-Chair Hoffman surmised that not requesting the funds put additional pressure on the department to "fill the gap."

Senator Micciche remarked that the efforts were not documented, but hoped that the effort would actually be made.

Ms. Pitney addressed page 9, "Capital Amendments."

Ms. Pitney highlighted line 1:

Line 1

Department: Administration

Component: Appropriation

Description: Alaska Land Mobile Radio System

The Alaska Land Mobile Radio (ALMR) is an interoperable system that provides radio service to local, state and federal agencies. This project contributes towards the necessary upgrades to 911-dispatch and public safety radio communications system components in order to meet the state's requirements for its share of the ALMR system. This project provides a portion of the total funds needed to bring the State components current. An additional \$3 million is included in the Governor's FY2017 Supplemental Budget, bringing the combined project funding total to \$4,534,600.

UGF: \$1,534.6

DGF: \$0.0

Other: \$0.0

Federal: \$0.0

Total: \$1,534.6

Fund Source: 1004 Gen Fund \$1,534.6

Ms. Pitney looked at line 2:

Line 2

Department: Administration

Component: Appropriation

Description: Case Management Database System

This project replaces the Public Defender Agency (PDA) and the Office of Public Advocacy's (OPA) case management database system. The current system is over nine years old and has been operating without an on-going maintenance contract since December 2012. Should the current system fail, it would significantly impact PDA and OPA's ability to meet client's needs.

UGF: \$665.0

DGF: \$0.0

Other: \$0.0

Federal: \$0.0

Total: \$665.0

Fund Source: 1004 Gen Fund \$665.0

Ms. Pitney looked at lines 3, 4, 5, and 6.

Line 3

Department: Commerce

Component: Appropriation

Description: National Petroleum Reserve - Alaska Impact Grant Program

This request amends the original Governor's FY2018 capital budget request by removing \$1,861,964 for a new requested total of \$1,378,346. This change is due to updated revenue estimates for FY2018, which results in FY2018 National Petroleum Reserve - Alaska (NPR-A) recommended awards to communities being lower than the estimate provided in the original Governor's FY2018 capital request. The NPR-A program provides grants to communities for public facilities and services. Priority is given to those communities directly or severely impacted by the leases and development of oil and gas within the NPR-A. Funding comes from the federal government as a share of the funds received on leases issued within NPR-A.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: (\$1,862.0)

Total: (\$1,862.0)

Fund Source: 1063 NPR Fund -\$1,862.0

Line 4

Department: Commerce

Component: Allocation

Description: City of Barrow - Local Government Operations

This request amends the original Governor's FY2018 capital budget request by adding allocation level funding of \$899,392. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to continue providing essential public and municipal services to Barrow residents: cemeteries, recreation facilities and activities, business licensing, alcohol registration services, taxicab regulation services, community boat ramps, multi-use facilities and gathering places, Department of Motor Vehicles (DMV) services, passport services, and municipal monitoring of laws and regulations pertaining to aboriginal Inupiat lands.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: \$899.4

Total: \$899.4

Fund Source: 1063 NPR Fund \$899.4

Line 5

Department: Commerce

Component: Allocation

Description: City of Wainwright - Local Government Operations

This request amends the original Governor's FY2018 capital budget request by adding allocation level funding of \$222,123. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to supplement the operations and maintenance costs necessary to successfully operate the local government of Wainwright: to provide continued municipal services to Wainwright residents, to provide staff support and meeting space for industry and town meetings, and to organize and support cultural and recreational activities.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: \$222.1

Total: \$222.1

Fund Source: 1063 NPR Fund \$222.1

Line 6

Department: Commerce

Component: Allocation

Description: City of Anaktuvuk Pass - Local Operations

This request amends the original Governor's FY2018 capital budget request by adding allocation level funding of \$256,831. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to support the general operations of the City of Anaktuvuk Pass, enabling the city to continue to build capacity for effective and efficient local government operation during a period of increased NPRA related oil and gas development.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: \$256.8

Total: \$256.8

Fund Source: 1063 NPR Fund \$256.8

Ms. Pitney addressed page 10, lines 7 and 8:

Line 7

Department: Environ Conservation

Component: Appropriation

Description: Fairbanks PM2.5 Nonattainment Area
Voluntary Heating Device Change Out Program

This project continues a voluntary heating device change-out program for residents in the Fairbanks North Star Borough's fine particulate matter (PM2.5) nonattainment area. The program is aimed at minimizing particulate matter emissions and improving air quality in the Borough. The Borough has the highest recorded levels of PM2.5 in the nation. Federal grant funds are anticipated from the Environmental Protection Agency (EPA) through the Targeted Air Shed Program.

UGF: \$0.0

DGF: \$0.0

Other: \$0.0

Federal: \$2,477.3

Total: \$2,477.3

Fund Source: 1002 Fed Rcpts \$2,477.3

Line 8

Department: Transportation

Component: Appropriation

Description: State Equipment Fleet Replacement

This project is for replacement and/or refurbishment of equipment and vehicles which have reached the end of their useful life cycles, and continued conversion of vehicles to alternate fuel and related alternate fuel program expenses. Replacing assets with high operational costs or safety concerns with new assets maintains the overall health of the fleet and keeps rental rates that are charged to agencies low.

UGF: \$0.0

DGF: \$0.0

Other: \$15,000.0

Federal: \$0.0

Total: \$15,000.0

Fund Source: 1026 Hwy Capitl \$15,000.0

[9:40:06 AM](#)

Co-Chair Hoffman wondered whether it was a pass-through grant. Ms. Pitney replied in the affirmative, and explained that DEC had qualified for the grant to be used by the Fairbanks Borough.

Ms. Pitney noted that there was an amount of \$15 million to 25 million for fleet replacement, which was not included in the original budget.

Vice-Chair Bishop remarked that it was good to replace the oldest equipment in the fleet.

Ms. Pitney looked at page 11, which was a summary of the supplemental requests for FY 17.

Co-Chair Hoffman looked at the supplemental request for fire suppression. He wondered whether an extreme fire season was anticipated, or was the money to be utilized at a future date. Ms. Pitney replied that there were two components to the \$15 million: 1) what was already spent for FY 17; and 2) the projected amount for the spring. She stated that the projected amount was approximately \$6.5 million.

[9:45:08 AM](#)

Co-Chair Hoffman wondered if the request would be used for state lands. Ms. Pitney replied in the affirmative.

Co-Chair Hoffman did not see a request for federal funds. He wondered whether all the fires in the previous fall and upcoming spring would be on only state lands. Ms. Pitney responded that there was budget language that allowed for federal receipt authority. She agreed to provide the exact amount of federal funds.

Co-Chair Hoffman queried the split between federal and state expenditures compared to the amount of land on federal and state land fires. Ms. Pitney responded that there was an extensive process that ruled the cost sharing between federal and state land.

Vice-Chair Bishop agreed to provide an in depth report on Co-Chair Hoffman's concerns.

Ms. Pitney addressed page 12. She stated that lines 2 and 3 were technical amendments related debt service in the general obligations bonds. The amendments matched the budget with the accounting on issuing the bonds. She remarked that line 5 was a request from the Office of Public Advocacy.

Senator Dunleavy wondered what the language in lines 2 and 3 allowed to happen. He wondered whether the amendments allowed for a sunset extension. Ms. Pitney replied that it did not allow more bonding, but allowed for the timing of the bonding.

Senator Dunleavy wondered whether it would allow for additional bonding capacity.

[9:50:41 AM](#)

KELLY O'SULLIVAN, CHIEF BUDGET ANALYST, OFFICE OF MANAGEMENT AND BUDGET, stated that the bonds were outstanding, but were sold periodically. The bonds would have additional issuances beyond the expectation.

Co-Chair Hoffman wondered whether there was a cost overrun. Ms. O'Sullivan responded that the bonds were not all sold, so the bonds would continue to be sold, because of the longer length of the projects.

Senator Dunleavy asked whether there was a date specific to the bond. Ms. O'Sullivan replied that there was not a termination date, because it was a capital request.

Senator Dunleavy wondered why there was an extension request. Ms. Pitney replied that it was a reduction in the amount of funding in FY 17, because there was an expectation that a certain amount of bonds would be sold at a certain cost. The bonds were not all sold, because the bonds did not need to be sold until the projects required the money. The spending was less than anticipated.

[9:52:51 AM](#)

AT EASE

[9:54:35 AM](#)

RECONVENED

[9:54:48 AM](#)

ROB CARPENTER, BUDGET ANALYST, LEGISLATIVE FINANCE DIVISION, explained that there was originally authorization to issue the 2012 Transportation BO Bond package. The original supplemental request from OMB had a lapse extension provision for the money, but the provision had already lapsed in 2016. He stated that line 2 reversed the request from OMB in the original supplemental request. He stated that line 3 was the request for an addition \$745,000 from the GO Bond premium.

Co-Chair Hoffman queried the total amount of the 2012 GO Bond. Mr. Carpenter replied that it was approximately \$300 million.

Co-Chair Hoffman queried the net effect of the two line items. Mr. Carpenter replied that there was a lapse of \$2.3 million that was lapsed ending FY 16.

Senator Dunleavy remarked that the issue did not have to do with the governor-vetoed road projects.

Co-Chair Hoffman stated that the governor could not veto GO bonds.

Ms. Pitney looked at page 13, line 6, which was the request for the fire suppression activity.

Co-Chair Hoffman queried the total on the extension. Ms. Pitney replied that there was a remainder of approximately \$700,000

Ms. Pitney looked at line 8, which was a reduction in the early redemption amount in FY 17 by \$21 million.

Co-Chair Hoffman wanted to examine that issue, because he had put the original funding in that program.

10:01:03 AM

AT

EASE

10:01:20 AM

RECONVENED

10:01:23 AM

Co-Chair MacKinnon discussed the agenda for the following day.

Senator Dunleavy queried the "game plan" by the administration to work with the Senate to decrease the budget, when the administration was increasing the budget. Ms. Pitney responded that administration had attempted to reduce the budget.

Senator Dunleavy noted that the supplemental requests were increases in the budget.

Senator Olson felt that there was tension between the cuts and the people affected by the cuts.

SB 22 was HEARD and HELD in committee for further consideration.

SB 24 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

10:03:44 AM

The meeting was adjourned at 10:03 a.m.