

HOUSE FINANCE COMMITTEE
April 3, 2019
9:36 a.m.

9:36:21 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:36 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Tammie Wilson, Co-Chair
Representative Jennifer Johnston, Vice-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Kelly Merrick
Representative Colleen Sullivan-Leonard
Representative Cathy Tilton

MEMBERS ABSENT

None

ALSO PRESENT

Representative Sarah Vance; Representative Delana Johnson; House Speaker Bryce Edgmon; Representative Jonathan Kreiss-Tompkins; Representative Lance Pruitt; Representative Geran Tarr; Representative Louise Stutes; Representative Matt Claman.

PRESENT VIA TELECONFERENCE

None

SUMMARY

HB 39 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 39 was HEARD and HELD in committee for further consideration.

HB 40 APPROP: MENTAL HEALTH BUDGET

HB 40 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda. The committee would be considering amendments to the operating budget bills.

#hb39

#hb40

HOUSE BILL NO. 39

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending 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."

HOUSE BILL NO. 40

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

[9:36:57 AM](#)

Co-Chair Foster reported the committee would consider language amendments first to give Legislative Legal the maximum amount of time to ensure that all of the wording was precise. The committee would also take up the numbers section amendments.

^AMENDMENTS

[9:37:41 AM](#)

Co-Chair Wilson asked that Amendment LS 1 be moved to the bottom of the language section.

Co-Chair Foster confirmed that the amendment would be moved to the bottom of the section.

Representative Sullivan-Leonard MOVED to ADOPT Amendment LS 2, 31-GH1905\R.41 (Bruce, 4/1/19) (copy on file):

Page 57, line 6:
Delete "\$309,090"
Insert "209,090"

Co-Chair Wilson OBJECTED for discussion.

Representative Sullivan-Leonard explained the amendment contained verbiage regarding the Alaska Court System. She indicated that 10 percent of filing fees received by the court system was estimated at \$309,090. The request was to reduce the amount by \$100,000. In researching Alaska Legal Services and what it did across the state for people in need, she found that there were other entities including non-profits that could provide similar support.

Co-Chair Wilson relayed that Alaska Legal Services fell under the Department of Commerce, Community and Economic Development. Legislation was recently passed which gave 10 percent to Alaska Legal Services to ensure that single mothers who did not have funding were provided with help. She would be opposing the amendment.

Representative Sullivan-Leonard suggested that in current times when trying to find every possible reduction within the state's budget structure, it was important to look at areas where the private sector could provide support. She noted several entities that could potentially help.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Merrick, Sullivan-Leonard, Carpenter
OPPOSED: Knopp, LeBon, Johnston, Ortiz, Josephson,
Foster, Wilson

The MOTION to ADOPT Amendment LS 2 FAILED (4/7).

Co-Chair Foster acknowledged that Representative Delena Johnson, Representative Sara Vance, and Speaker Bryce Edgmon were in the audience.

9:41:47 AM

Representative Sullivan-Leonard WITHDREW Amendment LS 3, 31-GH1905\R.40 (Bruce, 4/1/19) (copy on file):

Page 71, lines 15 -16:

Delete "An amount equal to 10 percent of the filing fees received by the Alaska Court System during the fiscal year ending June 30, 2018, estimated to be \$309,090,"

Insert "The sum of \$209,090"

9:42:13 AM

Representative Carpenter MOVED to ADOPT Amendment LS 4, 31-GH1905\R.35 (Bruce, 4/1/19) (copy on file):

[SEE BELOW]

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Wilson suggested taking up Amendment LS 4 and Amendment LS 5 together. She noted that Regional Educational Attendance Areas (REAAAs) were connected to the state's other school debt reimbursement. Usually if one of them was reduced, both would actually be reduced.

Representative Carpenter MOVED to ADOPT Amendment LS 4, 31-GH1905\R.35 (Bruce, 4/1/19) and Amendment LS 5, 31-GH1905\R.39 (Bruce, 4/1/19) (copy on file):

Amendment LS 4:

Page 57, line 28:

Delete "sec. 23(t)"

Insert "sec. 23(r)"

Page 68, line 30, through page 69. line 4:

Delete all material.

Reletter the following subsections accordingly.

Page 70, line 14:

Delete "(t)"

Insert "(r)"

Page 70, line 22:

Delete "(u)"

Insert "(s)"

Page 77, line 10:

Delete "Sections 23(j) and (k) and 29(b) of this Act take"

Insert "Section 29(b) of this Act takes"

Amendment LS 5:

Page 57, line 28:

Delete "sec. 23(t)"

Insert "sec. 23(s)"

Page 66, lines 24-29:

Delete all material.

Reletter the following subsection accordingly.

Page 69, lines 5-7:

Delete all material.

Reletter the following subsections accordingly.

Page 70, line 14:

Delete "(t)"

Insert "(s)" 18

Page 70, line 22:

Delete "(u)"

Insert "(t)"

Co-Chair Wilson OBJECTED for discussion.

Representative Carpenter explained the two amendments deleted forward funding of public education, the school bond debt reimbursement, and the REAA funding.

Co-Chair Foster asked if the amendments reduced the forward funding by 100 percent.

Representative Carpenter responded that the amendments would bring the funding down to the level proposed in the governor's budget.

Representative Josephson thought that the amendments would inflict too much pain in conjunction with the legislation continuing a moratorium on school bond debt reimbursement. He would be opposing the motion.

Vice-Chair Ortiz agreed that it was important to look for cost savings. However, he argued that the amendment would be a cost shift to municipalities rather than a cost savings. He suggested the impact would be significant to all the school districts and communities throughout Alaska.

Co-Chair Foster recalled that the elimination of the school bond debt reimbursement program would result in a loss of \$83 million and REAAs would lose approximately \$39 million. He asked if Representative Carpenter intended those reductions with his amendments.

Representative Carpenter responded affirmatively that his intention was to bring the numbers back to the numbers proposed by the governor.

Co-Chair Wilson believed the amendment not only removed the Undesignated General Funds (UGF), it also took out the public school funding which removed the entire \$99 million allocated along with the amount associated with the REAA.

Co-Chair Wilson WITHDREW her OBJECTION.

Vice-Chair Ortiz OBJECTED.

Representative Carpenter provided wrap up advocating for fiscal responsibility and the health of Alaska's economy. He thought a lack of growth was a contributing factor to many of Alaska's challenges. He suggested that if legislators were listening closely to the private sector, business investment in the state would increase when the legislature chose to act fiscally responsibly. Investment decision makers he has had in his office were waiting for members to spend within the state's means over the long-term. They were waiting for an environment where their investments would not be swallowed up by state spending. They did not oppose appropriate taxation but feared they would be an easy target to finance unsustainable state spending.

Representative Carpenter continued that in very basic terms fiscally responsible meant two things. First, it meant that

the state's spending decisions should be limited to revenue the economy generated and, the state should have the self-discipline to not spend money it did not have. Second, it meant that the state's spending decisions and tax policies should encourage investment in the private sector so it could grow. He suggested that the legislature should resist the urge to add spending to the governor's budget, as it would be doing the wrong thing for the long-term fiscal health of the state. He asserted that using the Permanent Fund Dividend (PFD) to grow state revenue would not grow Alaska's economy and would not be sending the message of fiscal responsibility. It would communicate that the legislature had no intent to take an appetite suppressant.

Representative Carpenter asserted that a message of fiscal responsibility was best communicated by having the courage to reduce state spending to match its revenue and to cap state spending to reasonable growth. It would be painful, but he thought the state would learn to spend within its means. He suggested the state's economy would grow when it had less state government to pay for. The two amendments were a portion of the necessary reductions in state spending as outlined by Governor Dunleavy. The amendments did not pass judgement on the value of the program it referred to, as all of the state programs were valued by someone. The amendments spoke to the idea of being fiscally responsible. He believed the state had to reduce its spending.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Merrick, Sullivan-Leonard, Carpenter, Johnston, Wilson

OPPOSED: LeBon, Ortiz, Josephson, Knopp, Foster

The MOTION PASSED (6/5). Amendment LS 4 and Amendment LS 5 were ADOPTED.

[9:49:07 AM](#)

Co-Chair Wilson MOVED to ADOPT Amendment LS 6, 31-GH1905\R.12 (Bruce, 3/30/19) (copy on file):

Page 60, lines 6-10:

Delete all material.

Representative Josephson OBJECTED for discussion.

Co-Chair Wilson explained the amendment. She relayed that the amendment removed \$1.1 million UGF. The funding for hotshot crews was federally funded. The stop gap funding lapsed each year and was not needed because of federal funding.

Representative Josephson asked for verification that the cut would not happen if federal funding was matched.

Co-Chair Wilson clarified that it was not matching funds. The hotshot crews were paid with federal funding. The appropriation had been included in the past before federal funding was provided. She indicated that there was an appropriation in another part of the language section that provided federal funds for hotshot crews.

Representative Josephson WITHDREW his OBJECTION.

Vice-Chair Ortiz OBJECTED.

Co-Chair Wilson reiterated that federal funding was used for the activity which remained in the budget. Undesignated general funds were no longer needed. She urged members to support her amendment.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Merrick, Sullivan-Leonard, Carpenter,
Johnston, Josephson, Knopp, LeBon, Ortiz, Foster, Wilson
OPPOSED: None

The MOTION PASSED (11/0). Amendment LS 6 was ADOPTED.

[9:51:47 AM](#)

Co-Chair Foster acknowledged Representative Johnathan Kreiss-Tomkins and Representative Lance Pruitt.

[9:52:19 AM](#)

Representative Knopp MOVED to ADOPT Amendment LS 7, 31-GH1905\R.33 (Bruce, 4/1/19) (copy on file):

[SEE BELOW]

9:52:37 AM

AT EASE

9:55:19 AM

RECONVENED

Co-Chair Foster called on Representative Knopp regarding Amendment LS 7 and Amendment LS 8.

Representative Knopp WITHDREW Amendment LS 7 and Amendment LS 8, 31-GH1905\R.27 (Bruce, 4/1/19) (copy on file):

Amendment LS 7:

Page 66, lines 24 - 25:

Delete "amount necessary for state aid for costs of school construction under AS 14.11.100, estimated to be \$99,820,500,"

Insert "sum of \$49,910,250"

Page 66, lines 28 - 29:

Delete "the amount necessary, after the appropriation made in (I) of this subsection, 8 estimated to be \$83,320,500,"

Insert "\$33,410,250"

Page 69, line 5:

Delete "\$39,389,000"

Insert "\$19,694,500"

Amendment LS 8:

Page 66, lines 24-25:

Delete "amount necessary for state aid for costs of school construction under 3 AS 14.11.100, estimated to be \$99,820,500,"

Insert "sum of \$74,865,375"

Page 66, lines 28 - 29:

Delete "the amount necessary, after the appropriation made in (I) of this subsection, 8 estimated to be \$83,320,500,"

Insert "\$58,365,375"

Page 69, line 5:

Delete "\$39,389,000"
Insert "\$29,541,750"

9:55:58 AM
AT EASE

10:00:11 AM
RECONVENED

Co-Chair Foster indicated the committee would take up Amendment LS 9.

10:00:24 AM

Representative Ortiz MOVED to ADOPT Amendment LS 9, 31-GH1905\R.26 (Bruce, 4/1/19) (copy on file):

Page 68, line 27:

Delete "general fund"

Insert "receipts of the Alaska Industrial Development and Export Authority 4 (AS 44.88)"

Co-Chair Wilson OBJECTED for discussion.

Representative Ortiz explained the amendment would change the fund source for paying oil tax credits from UGF to Alaska Industrial Development and Export Authority (AIDEA) funds in the amount of \$70 million. The amendment was in the spirit of the administration. The administration initially proposed to move over \$200 million from AIDEA funds to support similar items. He asked for the committee's full support.

Co-Chair Wilson indicated she had not heard from AIDEA about taking its receipts. She had not been comfortable with the administration's proposal of using \$200 million from AIDEA previously. If the funding was UGF, she wanted to make sure the payment would not be the last for tax credits. She thought the funding source should remain UGF.

Representative Josephson explained that on March 4, 2019, the Bradner Report indicated that Mr. Boutin, the Executive Director of AIDEA, told a Senate Finance budget subcommittee that his group could handle a large transfer of funds from its investment portfolio. The governor recommended \$264 million. The amendment proposed \$70 million, 20 percent of the amount Mr. Boutin had indicated

as safe. He thought the evidence was apparent and would support the amendment.

Vice-Chair Johnston appreciated the amendment efforts, but thought it went counter to what she was basing her votes on. She did not want to go into any type of savings. She suggested that if AIDEA reported that the amendment fell within its mission, she would support the amendment. However, she thought the amendment would result in dipping into savings. She would be opposing the amendment.

Representative Carpenter was curious to hear back from Alaska Industrial Development and Export Authority (AIDEA). He proposed tabling the amendment.

Co-Chair Wilson OBJECTED.

[10:03:33 AM](#)
AT EASE

[10:05:43 AM](#)
RECONVENED

Representative Carpenter MOVED to TABLE Amendment LS 9.

Co-Chair Wilson OBJECTED.

Vice-Chair Ortiz asked for a point of clarification. He asked if tabling the motion would have the same effect of moving it to the bottom of the order.

Co-Chair Foster responded that that was how he understood it but invited Representative Carpenter to respond.

Representative Carpenter commented, "That's not what a table would do."

Co-Chair Wilson explained that her objection was because the representative was asking to table the motion until AIDEA could come before the committee. She did not believe AIDEA could come before the committee for at least a few days. She thought time had been provided to vet the amendments and that the committee should move on. She suggested that it could be addressed on the floor.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Merrick, Carpenter, Ortiz, Tilton

OPPOSED: Sullivan-Leonard, Johnston, Josephson, Knopp,
LeBon, Wilson, Foster

The MOTION to TABLE Amendment LS 9 FAILED (4/7).

10:08:19 AM

AT EASE

10:09:18 AM

RECONVENED

Representative Sullivan-Leonard voiced support for Amendment LS 9. She had discussed the issue with AIDEA in her office. She wished the amount was larger. She was aware AIDEA had proposed over \$200 million to pay for oil and gas tax credits. She thought appropriating \$70 million from AIDEA funds was a smart move. It allowed funds to stay in UGF where they should be. She liked the idea of using other avenues to pay the state's obligations including oil and gas tax credits.

Representative Carpenter asked to increase the amendment to \$200 million.

Co-Chair Foster asked if Representative Carpenter was offering an amendment.

Representative Carpenter MOVED Conceptual Amendment 1 to Amendment LS 9. The amendment would increase the funds from \$70 million to \$200 million from AIDEA.

Co-Chair Wilson OBJECTED. She clarified that the amount would be changed to \$200 million. The issue was not whether the state owed the credits. The issue was about taking the money from another savings account rather than UGF. The saving account that AIDEA had was for funding projects which could not get funding from a bank. She had not seen documentation about whether taking \$70 million or \$200 million from the AIDEA fund would hamper future projects. The proposal was something the legislature had never done before and AIDEA's Board of Directors had not weighed in on the matter. She would be opposing Conceptual Amendment 1 to Amendment LS 9.

Representative Josephson opposed the motion to amend Amendment 9. He indicated that the amount of \$70 million was based on anticipated non-participants in the bond package. The amount of \$200 million did not match the need assuming the bond package was approved by the Supreme Court. He would be opposing the amendment.

Representative Carpenter sensed there was confusion, which was the reason he had wanted to table the amendment in order to hear from AIDEA. The concept of taking \$200 million from the AIDEA account was similar to taking \$1 billion from the Permanent Fund Dividends going to Alaskans for government spending. He did not understand the concept.

Representative LeBon opined that the legislature was on a slippery slope with the idea of removing capital from an agency like AIDEA. He could not support \$200 million or \$70 million. He did not know whether hearing from AIDEA would change his mind. He stated the agency was the state's investment bank. He did not support handcuffing the agency's ability to make major investments.

Representative Knopp agreed with Representative Josephson that \$70 million was the estimated amount owed to those who were non-participants of the bonding program. He thought the question was the funding source. He supported the use of UGF.

[10:16:15 AM](#)

AT EASE

[10:18:32 AM](#)

RECONVENED

Representative Carpenter thought the question before the committee was whether the legislature wanted to spend \$2 million in debt to pay the state's obligation or whether it wanted to take \$2 million from savings.

Co-Chair Wilson clarified that when the state paid tax credits it had to do with who was first in line. She suggested that the \$100 million paid in the previous year was not paid based on whether someone was willing to take 5 percent or 10 percent reduction. Rather, it had to do with who was next in line. It might have been the intent of the original maker of the amendment to only have it apply to those companies who wanted 100 percent of their funding.

That was not how the program worked. The next company in line would receive the \$70 million until and if the bond package passed. It was not only about using savings, it was also about taking money from a corporation that the legislature put in place for the purpose of development for projects that could not get lending through traditional means. She asserted that Alaskans were tired of the legislature switching fund sources to appear as if it was saving even though it was not. She thought the games should stop. The legislature needed to be honest where the money was from. She also emphasized the need for additional infrastructure. She did not want to see the savings account robbed.

Representative Carpenter provided wrap up on his motion to Conceptual Amendment 1 to Amendment LS 9. He thought the state should be paying its obligations. He relayed that \$70 million did not cover the states obligation costs, only a portion of them. Approximately \$200 million would cover the expense. The decision was about whether the state went into debt or paid it out of savings.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion to ADOPT Conceptual Amendment 1 to Amendment LS 9.

IN FAVOR: Carpenter, Sullivan-Leonard

OPPOSED: Johnston, Ortiz, Josephson, Knopp, LeBon, Tilton, Merrick, Wilson, Foster

The MOTION to ADOPT Conceptual Amendment to Amendment LS 9 FAILED (2/9).

Co-Chair Foster recognized Representative Louise Stutes in the audience. He relayed that Amendment LS 9 was under consideration.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion to adopt Amendment 9.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Tilton, Merrick, Sullivan-Leonard, Carpenter

OPPOSED: Johnston, Knopp, LeBon, Foster, Wilson

The MOTION to ADOPT Amendment LS 9 PASSED (6/5).

10:23:52 AM

RECESSED

2:26:42 PM

RECONVENED

Co-Chair Foster indicated that the meeting left off from the morning having recessed. The committee would continue to take up amendments in the language section of the bill.

Co-Chair Wilson MOVED to RESCIND action on Amendment LS 4 and Amendment LS 5

Representative Carpenter OBJECTED. He thought it was wise to keep the amendments together. The action previously taken on the amendments sent a message to the private sector that the state could be fiscally responsible.

Co-Chair Foster clarified that Amendment LS 4 and Amendment LS 5 had to do with school debt reimbursement and forward funding of education.

Representative Carpenter MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Johnston, Ortiz, Josephson, LeBon, Wilson, Foster
OPPOSED: Merrick, Sullivan-Leonard, Carpenter, Knopp, Tilton

The MOTION to RESCIND Action on Amendment LS 4 and Amendment LS 5 PASSED (6/5).

Co-Chair Wilson wanted to take up Amendment LS 4 and Amendment LS 5 separately.

Co-Chair Wilson MOVED to ADOPT Amendment LS 4 (copy on file): [See Above].

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Wilson explained the amendment even though it was not her amendment. The amendment would affect forward funding of the state's schools.

[2:29:50 PM](#)

Representative LeBon asked how forward funding for the state's schools would be affected.

Co-Chair Wilson explained that the adoption of the amendment would essentially get rid of forward funding education.

Representative Carpenter commented that he was a fan of a 2-year budget. He thought forward funding education was a great idea. It solved some of the problems at the local level. However, the appropriation was not part of a comprehensive fiscal plan - it was a piece-meal approach that was not fiscally responsible. He thought forward funding education should be addressed in a comprehensive manner. He would be opposing the amendment.

Representative Sullivan-Leonard asked the maker of the amendment to articulate what the amount would be for forward funding.

Co-Chair Wilson pointed to page 68, lines 30-31. She read from the bill. An exact amount was not specified because it depended upon enrollment, the number of special needs students, and the location of schools. She agreed that the legislature needed to start looking 2 years out versus 1 year out. Teachers were hired based on student population. She suggested that if someone wanted to change the base student allocation formula, the funding would either be higher or lower depending on any proposed legislation. Although the bill did not provide concrete dollar amounts, it communicated to schools that the state was flat funding education. It was actually funding less, as the \$20 million was not included.

Co-Chair Foster clarified that the amendment would not allow forward funding education in FY 21.

[2:32:56 PM](#)

AT EASE

[2:33:13 PM](#)

RECONVENED

Vice-Chair Ortiz clarified that voting no on the amendment meant yes to forward funding. He asked if he was correct.

Co-Chair Foster responded, "That's correct."

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Merrick, Sullivan-Leonard, Carpenter
OPPOSED: Johnston, Ortiz, Josephson, Knopp, LeBon, Foster, Wilson

The MOTION to ADOPT Amendment LS 4 FAILED (4/7).

[2:34:40 PM](#)

AT EASE

[2:37:08 PM](#)

RECONVENED

Co-Chair Wilson MOVED to ADOPT Amendment LS 5 (copy on file): [See above].

Co-Chair Wilson explained the amendment having to do with school debt reimbursement which affected municipalities that had the ability to bond. It would also affect REAAs that did not bond and had a formula applied.

Vice-Chair Ortiz OBJECTED.

Representative Knopp MOVED to ADOPT Conceptual Amendment 1 to Amendment LS 5 to insert language from Amendment LS 7 which was previously withdrawn. The amendment would essentially put 50 percent back in for municipalities.

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Ortiz supported Conceptual Amendment 1 to Amendment LS 5. He thought that the original amendment was a significant and massive cost shifting to local municipalities by the state not reimbursing local municipalities for their school bond debt. He supported the amendment to the amendment because it was less of a cost shift than the original amendment. He reported that the

intent of the legislature had been to assist municipalities with their school bond debt. He understood that the assistance was subject to appropriation. By adopting the amendment to the amendment, the state would continue to assist municipalities with their school bond debt, albeit at a 50 percent reduced level.

Co-Chair Wilson would be opposing the amendment. She reported that prior to 2015, times were different. The state had money and could share it with municipalities. Each of the bonds stated that if the state chose to appropriate, municipalities could get a reimbursement of 70/30 or 60/40 depending on the project and its scoring by the Department of Education. She indicated the legislature made it well known that the state might not be able to reimburse at 100 percent. Since 2015 bonding had continued. The Fairbanks North Star School District had bonded because of a need for repairs. Her constituents paid 100 percent of the school bond debt because it was their responsibility to take care of their schools for their children. Although she appreciated the amendment to the amendment, times were different, and money was short. She reiterated that the state made it very clear that assistance was subject to appropriation. Currently, municipalities bonded rather than the state, taking responsibility for their debt.

Representative Josephson stated there had been good arguments on both sides to the amendment to the amendment. There had been some change in his district after the passage of the moratorium. He reported that a \$50 million bond failed. He felt that the state was looking at a 10-year moratorium. He opined that adding a full cessation of state contribution to a moratorium was more that the state needed to do. He continued to be disappointed because the legislature had not resolved the state's fiscal situation. He thought there could be changes made to state and local services after a full vetting of what the changes would look like. Currently, the state had played a role. He reported that an average home in his district would suffer a \$250 tax increase rather than a \$450 tax increase.

[2:43:55 PM](#)

Representative Carpenter appreciated the comments regarding the shifting of burden. He was not callous to realize that hardship would be felt around the state and that the legislature's actions were without feeling. If the state

were to stop spending money it did not have, there would be a shift of responsibility to others who would also have to be fiscally responsible. The state was in a different time and experiencing a different budget situation. The alternative was to take PFD checks to pay for spending. While people might be faced with a \$250 or \$500 increase in taxes at the local level, a family of four stood to lose \$12,000 in PFD checks. It would take all but a small portion of each of Alaskans' PFD checks to pay for government spending at the level the state wanted to spend. He believed it was disingenuous to Alaskans to say that the legislature could not cut spending so it would take people's PFD checks. As a fiscal conservative he would rather pay for things at the local level than he would taking investment earnings from the PFD to pay for more state government. He suggested that the goal was to get Alaska's economy going. He thought the legislature needed to send a message to business leaders that the state could control its spending, which meant difficult decisions would have to be made.

Co-Chair Foster clarified that the original amendment was to cut the school bond debt reimbursement by 100 percent. The amendment to the amendment would add back 50 percent. Therefore, it would essentially be a 50 percent reduction. It applied to both school bond debt reimbursement and REAAs. He asked if he was accurate.

Representative Carpenter asked if Co-Chair Foster was referring to his amendment.

Co-Chair Foster asked if Representative Carpenter's original amendment applied to both REAAs and school bond debt reimbursement.

Representative Carpenter replied, "That is correct."

Representative LeBon asked for a dollar amount on the amendment.

Co-Chair Foster stated it would be \$83 million UGF for school bond debt reimbursement plus \$16 million from the Public School Trust Fund totaling \$99 million. The amount for REAAs was \$39.4 million.

[2:48:03 PM](#)

Representative Knopp stated that amount for REAAs was originally \$39.389 million. He reported that 50 percent equaled \$19.694 million. The total estimated debt was about \$99.820 million. He indicated that about \$16.5 million came out of the education fund and \$83.320 million came out of UGF. A 50 percent reduction would equal \$33.410 million.

Co-Chair Foster stated that Conceptual Amendment 1 to Amendment LS 5 would reduce school bond debt reimbursement from \$99 million to just below \$50 million and REAAs would be reduced from just under \$40 million to just under \$20 million.

Representative Knopp agreed with the co-chair that it was the legislature's job to protect Alaska's schools and children and to protect Alaska's communities and economy. He agreed with Representative Carpenter that the goal was to stimulate the economy rather than tearing it apart. He advocated for a step-down program to allow people to adjust which was what the amendment did. In 2016, Governor Walker Also vetoed 25 percent of the funds to municipalities. He thought the amendment to the amendment was appropriate. He noted that there was a bill in play that extended the moratorium for school bond debt reimbursement. He agreed with the moratorium based on the state's current situation. However, he thought the program was still worthwhile.

[2:50:32 PM](#)

AT EASE

[3:00:05 PM](#)

RECONVENED

Representative Knopp MOVED to ADOPT Conceptual Amendment 2 to Amendment LS 5.

Co-Chair Foster asked Representative Knopp to first withdraw his first amendment to Amendment LS 5.

Representative Knopp WITHDREW Conceptual Amendment 1 to Amendment 5.

Representative Knopp MOVED to ADOPT Conceptual Amendment 2 to Amendment LS 5. He explained that the conceptual amendment would delete all language in Amendment LS 5 and replace it with the language from Amendment LS 7:

[See above]

Co-Chair Wilson OBJECTED for discussion.

Representative Carpenter asked for clarification.

Co-Chair Wilson indicated that the change was a clarification for Legislative Legal Services. She furthered that Conceptual Amendment 2 to Amendment LS 5 equated to a 50 percent reduction for debt reimbursement payments for municipality bonds and a 50 percent reduction for REAAs. The amendment was intended to provide additional clarification.

Representative Carpenter understood the concept being presented but disagreed with the method in which the committee was going about implementing it. He continued that it was important to keep in mind that adding money into the budget was not the only way to protect Alaska's communities and schools. He believed a change in thinking was needed. He suggested that the state's current spending level was unsustainable, and using the PFD presently, would result in doing away with it altogether in a few years. He believed that additional taxes would be required in the future to sustain state spending. He argued that a 50 percent reduction currently would still require the use of PFD funding to maintain the state's current level of spending, although reduced. He thought it kicked the can down the road, just not as hard. Fiscal responsibility was about making difficult calls and doing what was right to set up the economy for the future. He argued that the state had to do a reset. The state was spending too much for what the economy could support. He compared state spending to living in a large home that a person could not afford. He suggested selling the larger home and buying a smaller one. He continued that moving to a 50 percent reduction was the same as taking PFDs from Alaska's children.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Knopp, Foster

OPPOSED: Carpenter, Johnston, LeBon, Tilton, Merrick, Sullivan-Leonard, Wilson

The MOTION to ADOPT Conceptual Amendment 2 to Amendment LS 5 FAILED (4/7).

[3:04:45 PM](#)

Co-Chair Foster returned to Amendment LS 5. He reiterated that the amendment would reduce school bond debt reimbursement and REAA funds by 100 percent.

Representative LeBon asked about the dollar amount reflected in the fiscal note. He thought the amount was approximately \$122 million.

Co-Chair Foster replied affirmatively. He corrected himself. He indicated the amount was \$99 million plus \$39.4 million. He conveyed the figure of between \$138 million and \$139 million.

Vice-Chair Ortiz was opposed to the amendment. He reminded the body of the constitution. It specified that it was a requirement for the state to adequately provide education for Alaska's youth between the ages of 5 through 18. He did not think anyone could argue that providing an adequate education included providing adequate facilities to receive that education. He agreed with Representative Carpenter's comments about prioritizing state spending. However, there was not a constitutional mandate to deliver a full PFD. He would be voting no on the amendment.

[3:06:50 PM](#)

Representative Knopp mentioned that he did not support the amendment. He preferred a step-down approach to fixing the state's spending habits. He reported that the impacts of the amendment equated to a \$42 million annual tax burden to the Municipality of Anchorage, \$19 million to his community municipality, and about \$18 million to the Mat-Su Municipality. He noted additional impacts to REAAs in terms of construction and maintenance. He thought the reduction was regressive. One of the reasons for the legislature holding community meetings was to inform the public of the potential impacts of the actions being considered by the legislature. He thought the reduction would be a large hit in 2 years from 25 percent in FY 16 to what it was presently.

Co-Chair Foster relayed that initially the amendment was offered by Representative Carpenter. However, Co-Chair Wilson moved it and would normally have time for wrap-up comments. He invited Representative Carpenter to make any comments.

Representative Carpenter spoke to the fact there was nothing pleasant about making cuts to budgets that were going to affect Alaska's schools or any other programs people counted on. The state was in an unfortunate situation. It had encountered years of spending that could no longer be sustained. He thought legislators were being presented with a once-in-a-lifetime opportunity to do the right thing - resetting the state all the way down to the local level. He suggested that if legislators truly believed oil revenue in Alaska was a declining resource, legislators ought to be having the conversation as to how to live on less. Legislators had been attempting to step down its spending for several years, and the state was currently at the point where it was out of reserves. He opined that businesses did not have the security of a state spending cap. He compared the situation to trees not dying because of pruning. Economies did not die because of pruning either: Economies died because of spending more resources than were available. He asserted that pruning was the only thing that would afford the state's economy to grow.

Co-Chair Wilson reminded members the amendment was about bond reimbursement. She cautioned that decisions had to be made and everything had a consequence.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Carpenter, Johnston, LeBon, Merrick,
Sullivan-Leonard, Tilton, Wilson
OPPOSED: Josephson, Knopp, Ortiz, Foster

The MOTION to ADOPT Amendment LS 5 PASSED (7/4).

Co-Chair Wilson requested that members keep their comments limited to the amendments being considered.

Co-Chair Foster agreed with Co-Chair Wilson's comments.

[3:12:45 PM](#)

Co-Chair Foster MOVED to ADOPT Amendment LS 10, 31-GH1905\R.3 (Bruce, 3/29/19) (copy on file):

Page 72, lines 7 - 9:

Delete all material and insert:

"(f) After the appropriation made in sec. 23(i) of this Act, the remaining balance of the amount calculated under AS 42.45.085(d), estimated to be \$454,000, is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the renewable energy grant fund (AS 42.45.045)."

Co-Chair Wilson OBJECTED for discussion.

Co-Chair Foster explained the amendment was a technical amendment that modified a drafting error for the language added in the committee substitute appropriating funding from the Power Cost Equalization (PCE) Endowment to the Renewable Energy Grant Fund. He referred to Section 24(f) which inadvertently appropriated the entire balance of the PCE Endowment after appropriations for the PCE Program and the Community Assistance Funding payments had been made to the Renewable Energy Grant Fund. The amendment corrected the language and allocated available PCE Endowment earnings, not the entire balance of the fund to the Renewable Energy Grant Fund per statutory formula. Effectively, if the language was not corrected renewable energy grants would have had close to \$1 billion in funding. The entire endowment should not be directed to that purpose. He reiterated that the amendment was a technical fix.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment LS 10 was adopted.

[3:14:35 PM](#)

Co-Chair Wilson MOVED to ADOPT Amendment LS 11, 31-GH1905\R.15 (Bruce, 3/30/19) (copy on file):

Page 74, line 6, through page 75, line 11:

Delete all material and insert:

"*Sec. 26. MONETARY TERMS OF COLLECTIVE BARGAINING AGREEMENTS. The monetary terms for the fiscal year ending June 30, 2020, of each of the collective bargaining agreements listed in this section are rejected under AS 23.40.215 unless separate legislation is enacted that contains explicit language approving the monetary terms of that agreement. Money appropriated in sec. I of this Act may not be used to implement the monetary terms for the fiscal year ending June 30, 2020, of any of the collective bargaining agreements listed in this section unless separate legislation is enacted that contains explicit language approving the monetary terms of the collective bargaining agreement. This section applies to the collective bargaining agreements negotiated between the state and the following bargaining organizations:

- (1) Alaska State Employees Association, for the general government unit;
- (2) Teachers' Education Association of Mt. Edgecumbe, representing the teachers of Mt. Edgecumbe High School;
- (3) Confidential Employees Association, representing the confidential unit;
- (4) Public Safety Employees Association, representing the regularly commissioned public safety officers' unit;
- (5) Public Employees Local 71, for the labor, trades, and crafts unit;
- (6) Alaska Public Employees Association, for the supervisory unit;
- (7) Alaska Correctional Officers Association, representing the correctional officers' unit;
- (8) Fairbanks Firefighters Union, IAFF Local 1324;
- (9) United Academic - Adjuncts - American Association of University Professors, American Federation of Teachers;
- (10) United Academics - American Association of University Professors, American Federation of Teachers."

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Wilson was offering the amendment out of frustration with not being able to obtain information in a timely fashion. She noted that the state would renew contracts. However, contracts had been renewed without looking at each of them individually. She had heard that \$58 million was being added to the budget due to budget increases. In looking at things closely, she found that in some instances there were contracts with a zero percent increase and others with an increase of up to 7.5 percent. She indicated justification had not been provided for an increase or a lack of an increase. For example, the teachers of Mt. Edgecumbe had a 3 percent increase, while the Department of Corrections had an increase of 4.5 percent. The Department of Public Safety had an increase of 7.5 percent after an increase from the previous year. She thought it might be time to start truly looking at the contracts. She noted the importance of looking at items such as health insurance benefits and paid time off. She believed it was time for the legislature to start looking more closely at the contracts, as they were typically 3-year contracts. She reiterated that it was not until she had released her amendment that she had a response to her query from the department.

Co-Chair Wilson WITHDREW Amendment LS 11. She wanted equal treatment for all employees.

[3:17:15 PM](#)

Representative Tilton MOVED to ADOPT Amendment LS 12, 31-GH1905\R.34 (Bruce, 4/1/19) (copy on file):

Page 75, lines 19 - 20:
Delete all material.

Page 75, line 21:
Delete "4,600,000"
Insert "\$4,600,000"

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton explained that while the state spending money on fisheries was important to communities, it was also important for local communities to look into their finances, budgets, programs, and services. She argued that the state could not be everything to everyone. There were a handful of communities that were benefitting from

the dollars reflected in the amendment. However, she believed the dollars should come back to the state to benefit all Alaskans rather than a select few. The resources belonged to all of Alaska.

Co-Chair Wilson opposed the amendment because there was legislation in play that, if passed, would make the same reductions. Although it was appropriate to address the amendment as part of the operating budget, she wanted members to know there was a bill that would be before the committee that would allow for additional vetting of the funds. She opposed the amendment.

Representative Josephson was opposed to the amendment that he thought created a game of "whack-a-mole." He thought the amendment was a problem shifter rather than a problem solver. He did not know much about the fisheries landing tax or business tax. He assumed that past legislators decided it was the right thing to do based on impact and a public share of revenue. He suggested it was someone else's revenue.

Representative Tilton provided wrap up. She argued that although the dollars had gone to communities for a significant period, the state had done many things in which it had shared with communities. She suggested it was time for communities at the local level to look at what they needed to do to reduce their own budget. She thought the money should be spread across Alaska, as the money was generated from a state resource.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Merrick, Sullivan-Leonard, Tilton, Carpenter
OPPOSED: Josephson, Johnston, Knopp, LeBon, Ortiz, Wilson, Foster

The MOTION to ADOPT Amendment LS 12 FAILED (4/7).

[3:21:20 PM](#)

Representative Knopp WITHDREW Amendment LS 13, 31-GH1905\R.28 (Bruce, 4/1/19) (copy on file):

Page 76, line 27:

Delete all material and insert:

"*Sec. 30. Section 4, ch. 6, SLA 2018, and sec. 27(c), ch. 9, SLA 2018, are repealed."

Co-Chair Foster MOVED to ADOPT Amendment LS 14, 31-GH1905\R.1 (Bruce, 3/28/19) (copy on file):

Page 77, line 3, following "RETROACTIVITY.":
Insert "(a)"

Page 77, following line 7:
Insert a new subsection to read:
"(b) If secs. 11(b), 15, 30, and 31 of this Act take effect after June 30, 2019, secs. 11(b), 15, 30, and 31 of this Act are retroactive to June 30, 2019."

Co-Chair Wilson OBJECTED for discussion.

Co-Chair Foster explained the amendment was a technical fix. It was based on a recommendation by Legislative Legal Services that ensured that if the bill took effect after June 30, 2019 the listed sections would be retroactive to June 30, 2019. He relayed that the sections included Section 11(b), the lapsed state extension for the Mt. Edgecumbe Aquatic Center; Section 15, the appropriation from the BP corrosion case to the Department of Law to protect the North Pole area; Section 30, the repeal of the \$19.5 million for the curriculum study funding; and Section 31, the lapsed extension for \$27 million to be used for debt service on the oil and gas tax credit bonding program. If the language was not added and the budget were to pass, the BP corrosion funds would not move over to Department of Law and would have to be moved over after the budget passed. The curriculum study funding would go into effect on July 1, 2019 and would need to be pulled back later. Also, the Mt. Edgecumbe Pool would lose its lapsed funds and would receive the funds on July 15, 2019. He reiterated the recommendations came from Legislative Legal Services.

Co-Chair Wilson WITHDREW her OBJECTION. There being NO OBJECTION, Amendment LS 14 was ADOPTED.

[3:23:22 PM](#)

Co-Chair Foster MOVED to ADOPT Amendment LS 15, 31-GH1905\S.1 (Bruce, 3/28/19) (copy on file):

Page 13, line 22, following "unit":

Insert":

(7) Alaska Correctional Officers Association,
representing the correctional officers unit"

Co-Chair Wilson OBJECTED for discussion.

Co-Chair Foster explained the amendment would add Alaska Correctional Officers Association language to the mental health bill. Changes to the salary and benefits language were inadvertently omitted from the mental health bill, HB 40. The amendment added the language to the mental health bill. Normally, all bargaining agreements were included in both the operating and mental health budgets. Legislative Legal Services advised the Legislative Legal Division that by including the language in both bills it ensured that if there was any cross-over between the budgets, there would be no conflicts in funding. Corrections officers and parole officers could be directly connected to the mental health budget and use mental health funds. It was another clean-up amendment.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment LS 15 was ADOPTED.

[3:24:51 PM](#)

Co-Chair Wilson MOVED to ADOPT Amendment LS 1, 31-GH1905\R.11 (Bruce, 3/30/19) (copy on file):

Page 57, line 10:

Delete "(a)" 3

Page 57, lines 16-21:

Delete all material.

Page 77, line 9:

Delete "ll(b),"

[3:25:16 PM](#)

AT EASE

3:29:13 PM

RECONVENED

Co-Chair Wilson explained the amendment related to the Mt. Edgecumbe pool, a pool that had been completed. There was money in the budget to enable the facility to collect a fee for use of the pool. Presently, the money had been utilized to complete the pool at Mt. Edgecumbe.

Vice-Chair Ortiz was opposed to the amendment. The money would be used for ongoing maintenance. He stressed that a large percentage of people attending Mt. Edgecumbe arrived not knowing how to swim; being able to swim was a valuable skill. The pool was built in the spirit of supporting the overall educational program Mt. Edgecumbe offered.

Representative LeBon asked for the fiscal note on the amendment.

Co-Chair Wilson stated it would be whatever was left over from the \$400,000 appropriated on June 30, 2018. The funds were funds that were lapsing. The funds would lapse back to the municipal capital project matching grant fund for other grants for other schools with needs.

Co-Chair Wilson provided wrap up. She clarified that the pool was operational, and children were swimming. There were pools in her district that were maintained by the municipalities and with dollars provided by the state. The funds were given to complete the building of the pool. The pool was built because many children living in rural areas could not swim which resulted in deaths. She indicated there was an amendment that would be introduced which would authorize use of a general fund program to take care of the operations and maintenance of the facility. She argued that all schools had to go through the same process for funding whether through the Base Student Allocation (BSA) or other grants.

3:33:03 PM

AT EASE

3:34:50 PM

RECONVENED

Co-Chair Wilson requested to roll the amendment to the bottom of the numbers section based on new information she had received.

Co-Chair Foster indicated that Amendment LS 1 would be rolled down the list. The committee would look at the numbers section of the amendments.

[3:35:43 PM](#)

AT EASE

[3:38:53 PM](#)

RECONVENED

Representative Carpenter MOVED to ADOPT Amendment DOA 1, DOA 2, and DOA 3 (copy on file):

H DOA 1

Public Communications Services
Public Broadcasting Commission

H DOA 1 - Eliminate state grant to the
Alaska Public Broadcasting Commission
Reduce State Grant to the Alaska Public Broadcasting
Commission

H DOA 2

Public Communications Services
Public Broadcasting - Radio

H DOA 2 - Eliminate state grant for Alaska
Public Broadcasting - Radio
Offered by Representative Carpenter
Reduce State Grant for Alaska Public Broadcasting:
Radio

H DOA 3

Public Communications Services
Public Broadcasting - T.V.

H DOA 3 - Eliminate state grant for Alaska
Public Broadcasting - Television
Offered by Representative Carpenter
Reduce State Grant for Alaska Public Broadcasting:
Television

Co-Chair Wilson and Vice-Chair Ortiz OBJECTED for discussion.

Representative Carpenter reviewed the amendments. He stressed that the state did not have enough money. The amendments did not pass judgement on the services. The budget needed to be reduced.

Vice-Chair Ortiz noted that while public radio might not be a necessity in urban communities it was a necessity in rural communities. He spoke about emergency broadcasting on public radio. It seemed to him the ability to notify Alaskan residents of emergencies was a necessity. He opposed the amendment.

[3:41:41 PM](#)

Representative Sullivan-Leonard supported the amendment. It was her understanding that areas across the state were looking at ways to use the private sector for communication. She stated the budget needed to be reduced.

Representative Tilton stated the amendments did not eliminate the public broadcasting funding. They would remove the state grant portion of their funding. She thought they could get funding from other sources.

Co-Chair Foster reviewed the impact of the amendments - a total of \$2.7 million. He asked if it was the full state UGF.

Representative Carpenter replied it was the full amount.

Representative Josephson opposed the amendment. The amendments constituted a cut of 3/1600 of the deficit or .002 percent. He believed every dollar was meaningful, and the money was meaningful to communities.

[3:43:54 PM](#)

Representative Carpenter provided wrap up on the amendments. He agreed that state funding was not the only way to fund essential rural communication. He stated that

reducing state spending would increase the likelihood of businesses investing in communities.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Merrick, Sullivan-Leonard, Tilton, Wilson, Carpenter

OPPOSED: Johnston, Knopp, LeBon, Ortiz, Josephson, Foster

The MOTION to ADOPT Amendments H DOA 1, H DOA 2, and H DOA 3 FAILED (5/6).

Co-Chair Wilson MOVED to ADOPT Amendment H DOA 4 (copy on file):

Public Communications Services
Satellite Infrastructure

H DOA 4 - Satellite Infrastructure Reduction
Offered by Representative Wilson Reduce State Grant
for Satellite Services.

Representative Josephson OBJECTED for discussion.

Co-Chair Wilson reported going through the budget to determine the constitutional requirements around the budget. She did not know why the state was giving public money for the particular grant.

Co-Chair Foster clarified the amendment was a satellite infrastructure reduction of \$879,500 of which \$779,500 was UGF.

Vice-Chair Johnston stated that the issue had been addressed during the subcommittee process. She explained that while a small portion went to the public broadcasting system, most was tied to the state's emergency services for natural disasters. The two could not be separated which was the reason for the amount.

Co-Chair Wilson WITHDREW Amendment H DOA 4.

3:47:31 PM

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

Alaska Oil and Gas Conservation Commission
Alaska Oil and Gas Conservation Commission

H DOA 5 - Executive branch 50% travel reduction.
Offered by Representative Tilton
Restores the executive travel reduction included in
the FY20GovAmd budget.

Vice-Chair Johnston OBJECTED for discussion.

Representative Tilton reviewed the amendment pertaining to the governor's proposed 50 percent travel reduction across departments. Upon talking with the administration, she found the various agency reductions in travel were discretionary travel dollars and did not impair the function of the agencies.

Vice-Chair Johnston reported that the items had been discussed in subcommittee. She read something received by the commission:

"The proposed 50 percent reduction to our travel budget would have a huge negative impact on our ability to do our job. Approximately 95 percent of our travel budget is for our inspectors to travel to the North Slope and Cook Inlet to perform their essential functions: To ensure that blowout preventers and other well safety systems work properly to ensure that wells passed mechanical integrity tests to ensure that wells are properly plugged. This travel is actually paid for with the receipts from the commission."

Co-Chair Johnston reported that the statement was written by the chair of the commission. She reiterated that it would impact the commission's ability to do its job.

Co-Chair Wilson surmised the agency would still have \$10,000 per month to travel in Alaska. She thought it was sufficient.

Representative Knopp commented that the agency would still have \$120,000 for travel, and there were only 3 commissioners. He wondered if some of the monies were used for staff travel as well as commissioner travel.

Representative Tilton provided wrap up. She had not checked to see if the travel budget was for staff, but she had been assured that it was for discretionary travel. She suggested that a budget of \$10,000 per month for 3 commissioners to travel within Alaska allowed for a significant amount of travel.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Merrick, Sullivan-Leonard, Tilton, Carpenter, Wilson

OPPOSED: Knopp, LeBon, Ortiz, Josephson, Johnston, Foster
The MOTION to ADOPT H DOA 5 FAILED (5/6).

[3:51:43 PM](#)

Representative Tilton MOVED to ADOPT Amendment H DOA 6 (copy on file):

Legal and Advocacy Services
Office of Public Advocacy

H DOA 6 - 50 percent Executive branch travel reduction.

Offered by Representative Tilton

Restores the executive travel reduction in the FY20GovAmd budget.

Representative Josephson OBJECTED for discussion.

Representative Tilton reviewed the amendment related to the 50 percent travel reduction to departments. She had been informed that the reductions across agencies was for discretionary travel. The reduction would not impact the core mission of the agency.

Representative Josephson stated that the Office of Public Advocacy had conflict counsel which required travel for criminal trials, for example.

Vice-Chair Johnston stated the issue had been addressed by the subcommittee. All of the travel exceptions to the 50 percent were because they would interfere with the agency's ability to fulfill its responsibilities.

Co-Chair Wilson asked who fell under executive branch travel versus public advocacy in the following amendment. She did not want to hinder public advocates from traveling to help their clients.

Representative Tilton explained that the amendment dealt with executive branch travel which she had been told was discretionary and would not affect the core missions of the agency.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: LeBon, Merrick, Sullivan-Leonard, Tilton,
Carpenter, Wilson

OPPOSED: Ortiz, Josephson, Johnston, Knopp, Foster

The MOTION to ADOPT Amendment H DOA 6 PASSED (6/5).

[3:54:42 PM](#)

Representative Carpenter MOVED to ADOPT Amendment H DOA 7
(copy on file):

Legal and Advocacy Services
Office of Public Advocacy

H DOA 7 - Public Advocacy 50 percent Travel Reduction
Offered by Representative Carpenter
Office of Public Advocacy Executive Branch 50 percent
travel reduction.

Co-Chair Wilson OBJECTED for discussion.

[3:54:54 PM](#)

AT EASE

[3:56:12 PM](#)

RECONVENED

Representative Carpenter WITHDREW Amendment H DOA 7.

Representative Tilton MOVED to ADOPT Amendment H DOA 8
(copy on file):

Legal and Advocacy Services
Public Defender Agency

H DOA 8 - 50 percent reduction of executive
branch travel

Offered by Representative Tilton

Restores the 50 percent reduction in executive travel
from the FY20GovAmd.

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton explained that the amendment, like the others related to travel, was a reduction to what she had been told was for discretionary travel. The reduction would not affect the core mission or the primary function of the agency.

Co-Chair Wilson spoke to her objection. She wanted to clarify that the reduction would prevent public defenders being able to see their clients. She wondered if Amendment H DOA 8 and H DOA 9 were duplicates.

Vice-Chair Johnston reported that in the subcommittee process it was brought to light that the reduction to travel would be harmful to the agency.

Representative LeBon asked if she was only speaking about H DOA 8 or Amendment H DOA 8 and Amendment H DOA 9.

Representative Tilton clarified that H DOA 8 and H DOA 9 were duplicates. She guessed Amendment H DOA 9 would be withdrawn.

Representative Carpenter intended to withdraw Amendment H DOA 9.

Representative Tilton stated that the Office of Management and Budget had made it clear that the agency could work with the available dollars.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Merrick, Sullivan-Leonard, Tilton, Carpenter, LeBon

OPPOSED: Ortiz, Josephson, Johnston, Knopp, Wilson, Foster

The MOTION to ADOPT Amendment H DOA 8 FAILED (5/6).

Representative Carpenter WITHDREW Amendment H DOA 9 (copy on file):

Legal and Advocacy Services
Public Defender Agency

H DOA 9 - Public Defender Agency 50 percent travel reduction
Offered by Representative Carpenter
Office of Public Defender 50 percent Travel Budget Reduction.

[4:00:02 PM](#)

AT EASE

[4:00:15 PM](#)

RECONVENED

Vice-Chair Johnston MOVED to ADOPT Amendment H DOA 10 (copy on file):

Legal and Advocacy Services
Public Defender Agency

The Legal and Advocacy Services appropriation consists of the Office of Public Advocacy (OPA) and the Public

Defender Agency (PDA). Both entities collect general fund program receipts from court fees issued against individuals represented by OPA and PDA, mainly through the garnishment of PFDs. The Office of Public Advocacy also collects program receipts from individuals receiving public guardian services. The FY2020 Governor Amended operating budget contains \$1,949.9 in general fund program receipt authority for OPA and \$478.2 for PDA.

PDA has been reallocating appellate resources to address substantial criminal caseload increases in FY2019. As a result, appellate production has been insufficient to keep up with case openings. The backlog has risen from 36 cases not yet assigned to an attorney to approximately 80 cases and is expected to increase to approximately 120 cases. The increased general fund program receipt authority will be used to curb appellate backlog growth.

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Johnston reviewed the amendment. The amendment would increase the public defender's receipt authority by \$100,000 in designated general funds (DGF). She reported that the money came from court fees issued against individuals represented by the Public Defender's Office mostly through garnishments of offenders' PFDs. The Public Defender's Office had already over-collected for FY 19 which could amount to about 3/4 positions or be used to address the backlog of appellate cases.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment H DOA 10 was ADOPTED.

[4:01:17 PM](#)

Representative Sullivan-Leonard MOVED to ADOPT Amendment H CED 1 (copy on file):

Community and Regional Affairs
Serve Alaska

H CED 1 - Eliminate Serve Alaska

Offered by Representative Sullivan-Leonard

A private non-profit can administer the grants that Serve Alaska does.

Vice-Chair Ortiz OBJECTED for discussion.

Representative Sullivan-Leonard reviewed the amendment related to a grant for Serve Alaska, which was part of the AmeriCorps system. She thought the grant fund could be better served in the private sector. She believed many nonprofits would help the AmeriCorps system to do its work across Alaska as opposed to a State of Alaska grant.

Vice-Chair Johnston was struggling because her oldest son had been on the AmeriCorps board. She declared a conflict of interest.

Representative Josephson strongly opposed the amendment. The amendment indicated it was a 10 to 1 federal receipt via a general fund match. He thought it was a generous match. He thought the program should be retained.

[4:03:25 PM](#)

Co-Chair Wilson had asked for more information about Serve Alaska. She had not received a good explanation of why the state had to have the program. It was her understanding that if a municipality or borough sought economic development they could take on a federal matching grant for funding for AmeriCorps. She surmised the state took on the program when it had money. She also understood that the program could continue through municipalities or potentially through the private sector without the state's involvement.

Representative Tilton reported that the State of Alaska contributed \$220,000 in matching funds for the program. She argued that the state was in a deficit situation scrutinizing every dollars. She indicated the program could be better served at the local level and would encourage volunteerism.

Vice-Chair Ortiz explained that the committee was looking at a decrement of over \$2 million. In order to receive \$2 million from the federal government, there was \$22,000 of general fund monies and \$192,000 UGF. He asked for the source of UGF.

[4:06:17 PM](#)

Co-Chair Wilson responded, "general funds."

Vice-Chair Ortiz understood.

Co-Chair Wilson clarified that the funds were all UGF. The reason they were split out was to show the federal receipt match. The state pitched in another \$22,700 voluntarily, not because it was required. She noted the match funding could come from municipalities or local businesses. The state was currently choosing to take on the program.

Representative LeBon asked which communities were benefitting from the program.

Representative Sullivan-Leonard answered that AmeriCorps worked all across Alaska in Southcentral, Southwest, Southeast, and in the Interior. The group assisted in putting in gardens and helped with park projects within municipalities.

Representative LeBon thought if the state was shifting the responsibility of maintaining the program to the boroughs and municipalities, it might be a good idea to put communities on notice that the following year the funding could be cut.

Vice-Chair Johnston agreed with Representative Sullivan-Leonard in terms of communities. She recalled that AmeriCorps also worked on state parks.

[4:09:05 PM](#)

Representative Carpenter argued that spend money on the AmeriCorps program versus spending money on Alaska's schools did not make sense. He did not support the program.

Representative Sullivan-Leonard provided wrap up on the amendment. The discussion had been ongoing for several years. She observed that legislators could continue to put it off, but just because a federal grant could be obtained did not mean the state should spend its money to do so. She mentioned nonprofit groups such as the United Way that might be able to take on the project. She was trying to be prudent and look for areas of reduction. She asked members for their support of the amendment.

Representative Carpenter clarified that he supported the amendment.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Sullivan-Leonard, Tilton, Carpenter, Johnston, Knopp, Merrick, Wilson

OPPOSED: Ortiz, Josephson, LeBon, Foster

The MOTION to ADOPT H CED 1 PASSED (7/4).

[4:11:35 PM](#)

Representative Knopp MOVED to ADOPT Amendment H DOC 1, H DOC 3, H DOC 4, H DOC 6 (copy on file):

H DOC 1

Population Management
Institution Director's Office

H DOC 1 - Reverse Unallocated Reduction
in Institution Director's Office
Offered by Representative Knopp
Seeking to reverse the action of House Finance Subcommittee which placed an unallocated reduction in the Institution Director's Office to decrease funding for institutions as inmates are transitioned onto EM and into CRCs.

H DOC 3

Electronic Monitoring
Electronic Monitoring

H DOC 3 - Remove Additional Funding
Provided to Electronic Monitoring
Offered by Representative Knopp
Reverse House Finance Subcommittee action that added
funding to Electronic Monitoring in order to
accommodate decrements to Population Management for
institutions.

H DOC 4

Community Residential Centers
Community Residential Centers

H DOC 4 - Remove Additional Funding
Provided to Community Residential Centers
Offered by Representative Knopp
Reverse House Finance Subcommittee action that added
funding to Community Residential Centers in order to
accommodate decrements to Population Management for
institutions.

H DOC 6

Replace CSHB 39 Ver. R Structure (see below) with the
following structure:

APPROPRIATION: Population Management
ALLOCATION: Electronic Monitoring

APPROPRIATION: Population Management
ALLOCATION: Community Residential Centers

APPROPRIATION: Population Management
ALLOCATION: Pre-Trial Services

House CSHB39 Version R Structure:

APPROPRIATION: Electronic Monitoring
ALLOCATION: Electronic Monitoring

APPROPRIATION: Community Residential Centers

ALLOCATION: Community Residential Centers

APPROPRIATION: Pre-Trial Services

ALLOCATION: Pre-Trial Services

EXPLANATION: Move appropriations for Electronic Monitoring, Community Residential Centers, and Pre-Trial Services into the Population Management appropriation. This action will return all three of these programs to allocations under Population Management.

Co-Chair Wilson OBJECTED for discussion.

Representative Knopp reviewed the amendments. He explained that in the budget subcommittee process for the Department of Corrections (DOC) \$37 million had been removed from population management. Funds from population management had also been reallocated to appropriations for community regional centers and electronic monitoring. He argued that the changes took away the ability for the department to manage the prison population. He continued that there was a process for community centers and electronic monitoring, and not everyone qualified. By removing the funds, it would tie DOC's hand in managing its population. He surmised that it would result in closures of facilities with a large reduction. Moving the amount from an allocation to an appropriation also tied the hands of the department removing flexibility. He reiterated that the amendment reversed the change and restored flexibility to the department.

Co-Chair Wilson stated the amendments would ship 500 inmates out of state and result in the closure of the Wildwood Correctional Center. She came across the information at a meeting with OMB. She explained to OMB that if the legislature's numbers were incorrect, she would be happy to revise them. She emphasized the importance of ensuring that individuals left the prison system and went into a safe environment. She reported that typically when inmates were shipped out of state they came back to Alaska worse off than when they left. The Office of Management and Budget responded with the continued recommendation to ship 500 inmates out of state. They had not provided information

on what prisoners should be sent out of state or any other significant information.

Co-Chair Wilson indicated that using electronic monitoring and community residential centers would close many prisons. However, shipping 500 inmates out of state would not close many prisons. She reported that the contracts with community residential centers were rewritten to incorporate additional safety and treatment. She reported that \$3 million was added for community residential centers so that treatment could be utilized in the centers. She surmised that inmates were reoffending as a result of a lack of treatment availability.

Co-Chair Wilson reported that presently, Alaska's community residential centers provided evidence-based cognitive behavioral treatment targeting criminal thinking, substance abuse, anger management, and other individual needs. These things did not happen in Alaska's institutions. She continued that community residential centers engaged residents in a multitude of pro-social and positive activities that tied them back to communities and their families so they could have a support network upon release. She observed that these things did not occur in Alaska's institutions.

Co-Chair Wilson noted that the current classification system that determined eligibility for referral to a community residential center could be expanded to better determine true risk and need so that the residents that were placed there were more likely to benefit from available programming. She pointed out that the state could put electronic monitoring on individuals in community residential centers and make them better citizens than leaving them in institutions at \$168 per bed without treatment. She underscored the unacceptable rate of recidivism in Alaska of 67 percent. She stressed the crime in the state.

[4:17:38 PM](#)

Co-Chair Wilson continued to speak to her opposition to the amendments. At the end of the day she wanted to see people punished for their crimes. She asked if the legislature

wanted to ensure that individuals with alcohol, mental health, and drug problems were treated prior to being released on the street. The amendment would continue to operate status quo. She remarked that Wildwood was a good facility.

[4:19:03 PM](#)

AT EASE

[5:01:53 PM](#)

RECONVENED

Co-Chair Wilson asked to move Amendments H DOC 1, H DOC 3, H DOC 4, and H DOC 6 to the bottom of list.

Co-Chair Foster asked the maker of the amendment if he was okay with moving the items down on the list.

Representative Knopp agreed.

Representative Sullivan-Leonard asked if H DOC 2 was applicable.

Co-Chair Wilson clarified that H DOA 2 would be taken up separately.

Co-Chair Foster reported that the meeting would go until 5:45 p.m. He wanted to finish the remainder of amendments in the following day.

Representative Josephson requested that Amendment H DOC 2, Amendment H DOC 5, and Amendment H DOC 7 be moved to the end of the amendment stack for consideration.

Co-Chair Wilson objected to the idea.

[5:03:56 PM](#)

AT EASE

[5:05:22 PM](#)

RECONVENED

Representative Josephson MOVED to ADOPT Amendment H DOC 2.

Population Management
Institution Director's Office

H DOC 2 - Intent to comply with relevant regulations and statutes with regard to inmate transfer into CRCs and EM
Offered by Representative Josephson

Wordage:

It is the intent of the legislature that the Department of Corrections ensure that each prisoner transfer from institutions to a community residential center is done in compliance with standards for placement in a correctional restitution center under 22 AAC 05.352

It is the intent of the legislature that the Commissioner of Corrections and the Department of Corrections comply with AS 33.30.065 when designating a prisoner to serve a term of imprisonment or period of temporary commitment by electronic monitoring.

Explanation:

This language ensures the relevant statutes and regulations that determine how prisoners are moved to EM and CRCs are followed when prisoners are transferred out of institutions.

Co-Chair Wilson OBJECTED for discussion.

Representative Josephson clarified that he had not sat on the DOC subcommittee. However, he learned that the co-chair had a plan to save the state some money by moving inmates into community residential centers and the electronic monitoring program. He was concerned that the department had not forgotten that under Title 22 of Alaska's regulations and Title 33 of the Alaska Statutes they had to follow law. He wanted to assuage any public concerns about risk to the public. He elaborated that the public had expressed concerns about people going to halfway houses and people leaving, vehicles being stolen, and crime spiraling out of control. He reminded DOC that although the legislature might want to expedite the programs, it did not want to at the expense of the public. He reported that

there were detailed rules in place about who was eligible and what hoops they had to go through. He noted other considerations including prospects for rehabilitation, availability of program and facility space, nature and circumstance of offences, and the needs of prisoners determined by a classification committee.

Co-Chair Wilson thanked Representative Josephson for the amendment. She stated that not everyone knew that there were regulations and statutes that bound the state. It was never the intent of the committee to simply move individuals to the community residential centers for the purpose of population management. The guidelines had been established to ensure the public was not placed in harm's way. She further explained ultimately the goal was to help an individual to be a productive citizen after their release. She hoped the language in the amendment clarified that it was not the legislature's intent to let just anyone out. She wanted to ensure that places available in Alaska for treatment were being fully utilized. She thought it would be a wake-up call when all of a sudden 500 Alaskans were shipped out to another state. She noted individuals only being a number. She liked the language in the amendment, as it was stringent regarding eligibility to be a resident in a CRC or a participant in the electronic monitoring program.

Co-Chair Wilson WITHDREW her OBJECTION.

Representative Carpenter OBJECTED for discussion.

Representative Carpenter supported the amendment. He stated the prison system was broken and it was up to the legislature to fix it. He did not know it was necessary to remind DOC what its responsibilities were. He thought it was important to understand the problem and he did not want to make it bigger. He did not want to repeat mistakes and wanted effective reformation. He stressed it was not possible to force someone to reform. He thought it was appropriate that the legislature remind itself to operate within the law.

Representative Carpenter WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered. Amendment H DOA 2 was ADOPTED.

Co-Chair Wilson asked to move Amendment H DOC 5 and Amendment H DOC 7 to the bottom of the list.

Representative Josephson Agreed.

Co-Chair Foster clarified that Amendment H DOC 1, Amendment H DOC 3, Amendment H DOC 4, Amendment H DOC 6, Amendment H DOC 5, and Amendment H DOC 7 were moved to the bottom of the amendment pile. They would be taken up in the following day.

[5:13:08 PM](#)

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

Education Support and Administrative Services
Executive Administration

H DOE 1 - Dyslexia Task Force Funding Reduction
Offered by Representative Carpenter
This would eliminate funding for the implementation of
Dyslexia Task Force recommendations.

Vice-Chair Ortiz OBJECTED for discussion.

Representative Carpenter reviewed the amendment. He argued that the reductions reflected in the amendment were necessary to elevate the state's fiscal standing. The funds had been added by the House Finance Subcommittee recently and were funds that were supposed to be spent towards the implementation and recommendations in the report by the Alaska Taskforce on Reading Efficiency and Dyslexia. The report was received on the House Floor in the previous week. The recommendations did not impact the ability to approve or disapprove the amendment, as the committee had not had an opportunity to discuss the recommendations. He understood that reading and combating dyslexia were essential. However, he believed there were other ways to address the issues than spend \$4.9 million.

Vice-Chair Ortiz clarified it was \$400,000.

Representative Carpenter commented that \$400,000 was still a large number.

Representative Sullivan-Leonard supported the amendment. She reported she had been on the dyslexia taskforce along with Representative Drummond. The discussion had not been about adding a funding source to solve the dyslexia problem. She understood there were other methods to work on the problem. She did not think \$400,000 was necessary. She stated that the issue started at home.

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Vice-Chair Ortiz objected to the amendment. He agreed the money had been added during the subcommittee process. He explained the addition of the funds was a result of a major reduction of \$19.5 million to education based on a program designed to implement a curriculum project. He had argued for the reduction because reductions needed to be made. A member of the body had commented that there was no question that if investments were made to early education and the ability to read, a tenfold savings would result in the future of a child's education process. He felt good about the addition of funds because they were an investment for young children to read and overcome dyslexia. He thought it was necessary to look at the issue from the perspective of the long-term costs of not making the investment early. He thought that everyone needed to recognize the importance of investing in people's education and their ability to read. It would bring savings in the future. He was opposed to the amendment.

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Co-Chair Wilson surmised that dyslexia fell under special education needs. The state paid 13 times the base student allocation for special needs children. She believed in taking care of children with dyslexia. She did not know how the \$400,000 would be spent differently than other money that went towards special needs. She clarified that voting in favor of the amendment did not mean a legislator did not care about kids.

Vice-Chair Ortiz responded that part of the money would go towards identifying at-risk students and children with dyslexia and training teachers to identify the problem. The money went hand-in-hand with the Education Challenge, a

result of the current commissioner's efforts under the prior and current administrations. The goal was for children to read by the third grade. He reiterated that the funds would help ensure that teachers had tools to identify and address children with dyslexia.

Representative Carpenter provided wrap up on the amendment. He pointed out the fallacy that the only way to encourage students to read was to spend state money. He understood the addition of the funding was well intended. However, he suggested if he was a teacher he would check out a book from the library to help with the identification of dyslexia. He would not need state funding, rather he would need to care. He reemphasized the need for cutting costs to the state budget.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Sullivan-Leonard, Tilton, Carpenter, Johnston, Knopp, LeBon, Merrick, Wilson, Foster
OPPOSED: Josephson, Ortiz

The MOTION to ADOPT Amendment H DOE 1 PASSED (9/2).

[5:24:54 PM](#)

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

Education Support and Administrative Services
Student and School Achievement

H DOE 2 - Reduce Kindergarten-3rd Grade Literacy Project
Offered by Representative Carpenter
The amount of funding is in excess of statutory requirements.

Vice-Chair Ortiz OBJECTED for discussion.

Representative Carpenter reviewed the amendment to reduce the kindergarten-3rd grade literacy project by about \$320,000. The request was part of the governor's amended budget. He conveyed that there were funds that would provide for pre and post screening assessments for students

in kindergarten through 3rd grade. He noted that mirrored funding the Department of Education and Early Development (DEED) received in the 2014 budget but was removed by the legislature in the 2016 budget. He continued that approximately 40,000 students were in grades between kindergarten and 3rd grade at an average cost of about \$8 per student. He reported that there were a number of bills before the legislature that would help to address early literacy issues. He thought the state could do a better job at cost analysis and implementation.

Vice-Chair Ortiz spoke to his objection. He was speaking in favor of the request made by the governor. The administration requested the \$320,000 increment into the budget. The literacy project would provide for pre and post screening assessments for students in kindergarten-3rd grade. The screening assessments would provide schools with early identification of students who showed signs of deficits in early literacy. Early identification needed to be intentional and systematic across the state in an effort to maintain integrity of the data. He agreed with Representative Carpenter that there were probably many places in the state where screening took place without the \$320,000, but there were other locations where it did not take place. The state needed to provide adequate education for all of its children.

Vice-Chair Ortiz continued that the data gathered from the assessments could be used locally by teachers, students, and parents to intervene as needed. The data would be entered into the department-hosted statewide system and would be available to other teachers and schools as students moved from one school to another. The appropriation mirrored funding the department received in the FY 14 budget but was removed by the legislature in the FY 16 budget. There were approximately 40,000 students in kindergarten-3rd grade at an average cost of \$8 per child. Alaska could do more pre and post screenings for children statewide. He reiterated that it also augmented the Education Challenge and the goals of reading by 3rd grade.

Representative Josephson asked whether it was Vice-Chair Ortiz's belief that the governor had sought the funds. Vice-Chair Ortiz replied in the affirmative.

Co-Chair Wilson reported that although the program was not new, it had stopped in 2016. She remarked that

kindergarteners from across the state went through the screening process in order to enter kindergarten. She wondered if school districts were mandated to screen students. She asked if the screening being discussed was different from the ones already being performed by most kindergartens.

Representative Carpenter provided wrap up on the amendment. He hoped that currently in Alaska's school teachers were able to assess whether, by the end of the year, students were able to read and communicating with parents about any needed correctional measures. He suggested that additional money was not needed for a job that should already be being done.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Tilton, Carpenter, Johnston, Knopp, LeBon, Merrick, Sullivan-Leonard, Wilson, Foster
OPPOSED: Josephson, Ortiz

The MOTION to ADOPT Amendment H DOE 2 PASSED (9/2).

[5:31:29 PM](#)

Vice-Chair Johnston MOVED to ADOPT Amendment H DOE 3 (copy on file):

Education Support and Administrative Services
Early Learning Coordination

H DOE 3 - Fund Parents as Teachers at FY 19 level
Offered by Representative Johnston This returns
funding to FY 19 level.

Vice-Chair Ortiz OBJECTED for discussion.

Vice-Chair Johnston reviewed the amendment that would return the Parents as Teachers funding to the FY 19 level. She argued that although it was a worthy program, the state could not afford additional funding presently.

Vice-Chair Ortiz rebutted Co-Chair Johnston's statement that the state could not afford to make the investment. He suggested that the amendment was essentially stating that

the legislature would rather put the state's money into a PFD than investing in Alaskan children's education.

[5:32:26 PM](#)

AT EASE

[5:34:06 PM](#)

RECONVENED

Representative Carpenter MOVED Conceptual Amendment 1 to Amendment H DOE 3. He proposed adding \$1,994,700 to \$237,000 for a total of \$2,231,700.

Representative Josephson OBJECTED for discussion.

Co-Chair Foster thought that by adding the amount it would match Amendment H DOA 4.

Representative Carpenter agreed.

Representative Sullivan-Leonard thought they should vote against Amendment H DOE 3 and support Amendment H DOE 4.

Representative Carpenter replied that it was one way to look at it.

Representative Sullivan-Leonard suggested that the makers of both amendments should talk.

Co-Chair Foster clarified that H DOE 3 in its original form would remove the increase of \$237,000 that was added in the subcommittee process. He believed Vice-Chair Johnston was wanting to remove the increment leaving the funding flat. In his amendment, Amendment H DOE 4, Representative Carpenter was seeking to eliminate Parents as Teachers, Best Beginnings, and Pre-K grants.

Representative Merrick asked if the committee would have the ability to vote on Amendment H DOE 4 if Amendment H DOE 3 were to pass.

[5:37:14 PM](#)

AT EASE

[5:45:31 PM](#)

RECONVENED

Representative Carpenter WITHDREW Conceptual Amendment 1 to Amendment H DOE 3.

Representative Josephson understood the effort to hold the budget line to address revenue concerns. He referenced a statement by Vice-Chair Ortiz that there might be a repeal of \$19.5 million in education funds. The cuts would exceed \$100 million or more. He thought the program worked and he associated his comments with those made by Vice-Chair Ortiz.

Representative Carpenter pointed out they were talking about \$237,000 spent on 50 families. He thought there was a disparity in how the funds were being distributed.

Vice-Chair Johnston provided wrap up on the amendment. She somewhat echoed comments by Representative Carpenter. She acknowledged the worthiness of the program but saw that the funding was not spread statewide as much as she thought it should. She suggested flat funding.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Carpenter, Johnston, Knopp, LeBon, Merrick, Sullivan-Leonard, Tilton, Wilson, Foster

OPPOSED: Josephson, Ortiz

The MOTION to ADOPT Amendment H DOE 3 PASSED (9/2).

Co-Chair Foster reviewed the meeting for the following day.

HB 39 was HEARD and HELD in committee for further consideration.

HB 40 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

5:49:45 PM

The meeting was adjourned at 5:49 p.m.