

HOUSE FINANCE COMMITTEE
April 4, 2019
9:22 a.m.

[9:22:55 AM](#)

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:22 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 Lance Pruitt; Representative Louise Stutes;
Representative Bryce Edgmon, Representative Grier Hopkins;
Representative Matt Claman; Representative Adam Wool;
Representative Sarah Rasmussen.

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.

#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."

[9:23:46 AM](#)

Co-Chair Foster relayed the committee was currently addressing the numbers section of amendments [note: language section and additional numbers section amendments were considered during the April 3, 2019, 9:30 a.m. meeting -see separate minutes for detail].

^AMENDMENTS

[9:24:23 AM](#)

Representative Carpenter MOVED to ADOPT Amendment H DOE 4 (copy on file):

Early Learning Coordination
Best Beginnings, and Pre-K Grants
H DOE 4 - Eliminate Parents as Teachers, Best Beginnings, and Pre-K Grants

This would eliminate all funding for Parents as Teachers, Best Beginnings, and Pre-K Grants.

1004 Gen Fund {UGF) -2.231.7

Vice-Chair Ortiz OBJECTED.

Representative Carpenter reviewed the amendment that would eliminate the Parents As Teachers, Best Beginnings, and Pre-K grants for a total of \$2.2 million. He detailed that Parents As Teachers was about \$711,000, Best Beginnings was approximately \$320,000, and the remainder was associated with Pre-K grants. He elaborated that the Parents As Teachers program served about 50 families, which equated to approximately \$4,700 per family. He did not believe the funds were fairly distributed throughout the state. He opined early learning coordination was an area of the budget that needed to be reduced in order for the state to be fiscally responsible. He noted it was not a reflection on the value of the programs.

Representative Sullivan-Leonard supported the amendment. She acknowledged that the programs were vital, but she believed there were private sector organizations that could step up and fund the services. She wanted to remove the programs from government oversight and to encourage the private sector to provide funding.

Representative Josephson strongly opposed the amendment. He stated it was unfair to say that Alaska was not accomplishing what was needed compared to other states and then eliminate Pre-K (when other states had Pre-K). He remarked that much of the issue was related to socioeconomics, which he believed was an important consideration when looking at achievement. He referenced the National Assessment of Educational Progress Scores and explained that students scored well in the eighth grade, which was a reflection of catching up. He continued that students scored poorly at the fourth grade level, which was a reflection of the state's need for the programs. He believed the funds were a great investment.

Vice-Chair Ortiz expressed opposition to the amendment. He underscored the value of Pre-K programs. He reported that 90 percent of a child's brain development occurred before age five. He expounded that for a relatively small investment, huge benefits were gained such as school readiness, stronger social skills, parental involvement, and identification and early intervention for at risk

behaviors. The immediate economic impact for parents with access to care for their children earned an increased \$2 billion in wages. He elaborated that studies showed access to Pre-K could deliver a 7 percent increase in future economic earnings; the figure jumped up to 13 percent for at-risk children. He believed the value and benefit from the investment was apparent. He stated that as funding adjustments were made, the issue was about where priorities resided. He reported he could stand up for education all day long.

[9:28:56 AM](#)

Co-Chair Foster opposed the amendment. He noted that he had supported the previous amendment the committee had considered [on 4/3/19] to increase spending to flat fund Parents As Teachers. He did not support the full elimination of funding.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

Representative Carpenter provided wrap up on the amendment. He thought the committee was faced with a false dilemma. He believed it was a personal responsibility for parents to provide early education to their kids. He stated that part of the problem he heard from teachers was about the lack of parent participation in the education system. He stated there was not a constitutional responsibility to educate Pre-K. He stressed the constitutional responsibility was to provide education for K-12. He underscored that the responsibility to educate children prior to Kindergarten resided with parents. He reasoned that the state could not afford to do everything it wanted; therefore, it was necessary to pare spending down to what was needed. He recognized the importance of Pre-K education. He suggested that people could continue to educate their Pre-K children, but the method would look different than in the past.

[9:31:16 AM](#)

AT EASE

[9:31:42 AM](#)

RECONVENED

Co-Chair Foster reported there was a technical issue with the amendment.

Co-Chair Wilson MOVED to ADOPT Amendment 1 to Amendment H DOE 4. She explained the amendment would delete the \$2,231,700 and insert a reduction of \$1,994,700. The amendment reflected the \$237,000 decrease adopted the previous day.

Co-Chair Foster stated his understanding that Amendment H DOE 4 in its original form would remove more funds than actually existed for the increment. He asked for verification that the proposed amendment to Amendment H DOE 4 would fix the error.

Co-Chair Wilson affirmed that Amendment H DOE 4 would take out money that did not exist because the committee had previously removed \$237,000. The amendment reflected the sponsor's intention with Amendment H DOE 4.

There being NO OBJECTION, Amendment 1 to Amendment H DOE 4 was ADOPTED.

[9:32:48 AM](#)

Vice-Chair Ortiz MAINTAINED his OBJECTION to the adoption of Amendment H DOE 4 as AMENDED.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H DOE 4 as amended FAILED (5/6).

[9:33:48 AM](#)

Representative Carpenter MOVED to ADOPT Amendment H DOE 5 (copy on file):

Education Support and Administrative Services
(continued) Pre-Kindergarten Grants
H DOE 5 - Pre-Kindergarten Grants Deleted

Eliminates Pre-K Grants.

1004 Gen Fund (UGF) -2,000.0

Vice-Chair Ortiz OBJECTED.

Representative Carpenter reviewed the amendment. The amendment would eliminate Pre-K grants for a total of \$2 million.

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: Knopp, Josephson, Ortiz, Johnston, Foster

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment H DOE 5 was ADOPTED. [Note: Action on Amendment H DOE 5 was later rescinded and failed to be adopted on a vote of (4/7). See 2:15 p.m. for detail.]

[9:35:32 AM](#)

Representative Carpenter MOVED to ADOPT Amendment H DOE 6 (copy on file):

Alaska State Council on the Arts
H DOE 6 - Eliminate the State Council on the Arts

This would delete all funding for the Alaska State Council on the Arts for the purposes of outsourcing or privatizing the agency.

1002 Fed Rcpts (Fed)	·806.6
1003 GF/Match (UGF)	·693.5
1005 GF/Prgm(OGF)	·10.9
1007 I/A Rcpts (Other)	·7.0
110B Stat Desig (Other)	·2,321.6
1145 AIPP Fund (Other)	·30.0

Representative Josephson OBJECTED.

Representative Carpenter reviewed the amendment. He appreciated the conversation that occurred on the subject in subcommittee. He believed the council was a great success story for the state. He pointed out that the council had done a good job finding alternate private funding resources throughout the state over time. He elaborated that private donations currently exceeded the

amounts of state and federal funding from previous years. He believed that in a time when fiscal responsibility mattered and the state was faced with difficult decisions, the organization could stand on its own via donations. He thought it made sense to reduce state funding.

Co-Chair Wilson addressed the program's success and discussed the opportunity it provided students. She detailed that the program brought in specialists to educate students about culture in Alaska in addition to the arts. She pointed out that for the \$693,500 - she hoped the department could consider looking at other funds in the future - the state received about \$3.2 million to help students improve. She reasoned that not all students were academic, and the state had cut back opportunities in schools. She encouraged the department to look at ways to increase funds from other sources in the coming year. She suggested asking schools to potentially put some funds in as well in the future. She supported the program.

[9:38:01 AM](#)

Representative Josephson opposed the amendment. He shared that in the 1960s President Johnson created the National Endowment of the Arts to form what he called the Great Society. He believed the legislature occasionally needed to have a "city on the hill" concept in its mind. He spoke to the importance of thinking about the greater good.

Representative LeBon was opposed to the amendment. He supported the program. He informed members the federal component was conditional on state support and leveraged \$9 for every \$2 in unrestricted general funds (UGF). The program had existed for over 30 years and had consistently grown its funding by securing money from the private sector. He stated the program was an example of what was working.

Representative Sullivan-Leonard supported the amendment. She believed there had been many years for the legislature to discuss which programs funded by the state worked and which did not. She stated the program was an example where philanthropy (e.g. the Rasmussen Foundation) could help support the State Council on the Arts. She stated it was not the time to say the issue had not been sufficiently discussed. She emphasized that the budget had been talked about repeatedly. She thought the council was an example

where a reduction could be made, and the private sector could assist with funding. She believed there were other sources in the private sector to fund the program. She wanted to make clear reductions to areas where the private sector could fill in.

Representative Knopp appreciated members recognizing the value of a program that was working. He was opposed to the amendment. He noted it was rare to see the state contributing one-third to a program that was funded two-thirds from other funding sources. He noted that the act passed in 1965 [National Endowment of the Arts] specified that federal funding participation was contingent on state funding participation. He explained that without state and federal participation, foundations contributing funding (over \$2 million in the case of the Alaska Council on the Arts) were disinclined to participate. He stressed that the council was one of the few programs that had worked extremely well.

[9:41:49 AM](#)

Vice-Chair Johnston noted that Representative Carpenter was on the education subcommittee and believed he understood the level of contributions the council had brought in. She detailed that the council had received private funds from sources mentioned by Representative Sullivan-Leonard. There had been active engagement by the council to bring in non-governmental funds. She appreciated the council's efforts.

Co-Chair Foster expressed his support for the Council on the Arts and the outreach work it did in rural Alaska related to suicide prevention.

Representative Carpenter stated that the council's good work could continue, but in a different form. He reasoned that just because it had been done one way did not mean it could not be done another way. He understood there were state funds tied with federal funds; however, he pointed out that the federal government was \$23 trillion in debt. He stated that the state's spending habits were carried on the backs of the children. He stressed the state was addicted to looking to state and federal entities to pay for its programs. He believed the private sector was fully capable of meeting the mission on its own. He emphasized there was a price to be paid to continue state spending.

[9:44:11 AM](#)

Vice-Chair Ortiz MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H DOE 6 FAILED (4/7).

[9:44:55 AM](#)

AT EASE

[9:45:27 AM](#)

RECONVENED

Co-Chair Wilson WITHDREW Amendment H DOE 7 (copy on file). She explained the amendment pertained to [the elimination of] funding for the aquatic center at Mount Edgecumbe. She detailed that the increment was receipt authority allowing Mount Edgecumbe to charge community members to use the pool to help fund operating costs; therefore, she withdrew the amendment.

[9:46:05 AM](#)

AT EASE

[9:54:09 AM](#)

RECONVENED

Representative Carpenter WITHDREW Amendment H DOE 8 (copy on file).

Representative Carpenter MOVED to ADOPT Amendment H DOE 9 (copy on file):

Alaska State Libraries, Archives and Museums
Library Operations
H DOE 9 - Facility Operations and Maintenance Support
Reduction

Reduce appropriation for facilities maintenance,
support and operations.

1004 Gen Fund (UGF) -215.1

Vice-Chair Ortiz OBJECTED.

Representative Carpenter reviewed the amendment that would reduce funding for facility operations and maintenance support for the Alaska State Libraries, Archives and Museums in Juneau for a total of \$215,000.

Vice-Chair Ortiz opposed the amendment. He shared that the museum had been an investment made by previous legislatures and had become a primary element in the presentation of Alaskan culture and identity to the millions of tourists who visit Juneau. He underscored that the investment was one of the community's main attractions. He stressed it was paramount to continue funding in the museum that had been invested in by the state. He explained the reduced funding would greatly reduce the state's ability to maintain its own investment.

Co-Chair Wilson asked the amendment sponsor how much revenue was raised by the library entrance fee. She asked how much the state funds offset the visitor fees. She explained that often fees went into state UGF, making it difficult for legislators to understand the fund source.

[9:57:49 AM](#)

Representative Josephson stated that he would consider supporting the amendment if the sponsor could describe in detail why the facility could survive the cut, what would not happen as a result of the cut, and why facility operations and maintenance support would be okay notwithstanding the cut.

Vice-Chair Johnston asked where the funds were coming from. She looked at the budget and observed the different allocations for library operations, archives, museum operations, and the library facilities and maintenance in Juneau.

Vice-Chair Ortiz added that the request for the money came from the administration on the last day the subcommittee met. The monies were essential to "keep the lights on" in the facility.

[9:59:32 AM](#)

Representative Carpenter was not surprised about the discussion to maintain a library with state funds because that was the way the things had always been paid for. He appreciated the point that 1 million tourists came through. He pointed out the increment under discussion was \$215,000.

Vice-Chair Ortiz interjected that the state had 1 million tourists.

Representative Carpenter believed it was a false dilemma to say there was an important museum that could only be kept open by spending state money. He stated that in the business world, the method was not appropriate. He believed there were other ways to pay for a museum including user fees. He stated the amendment was not a reflection on the museum or its importance. He stressed there was a deficit of \$1.6 billion that would be taken from individuals in the form of taxes or by reducing the PFD. He emphasized that was not what the people wanted. He believed it was possible to determine a different way to do business.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

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

[10:01:41 AM](#)

AT EASE

[10:10:35 AM](#)

RECONVENED

Vice-Chair Ortiz MOVED to ADOPT Amendment H DOE 10 (copy on file):

Education Support and Administrative Services Child Nutrition

GA 3/27 Additional Federal Receipts for Donated Commodity Fee Fund

This request increases the authority for the donated commodity fee fund, fund 1014. This fund is not a sweepable fund and was created per 7CFR section 250.17 specifically to collect and track receipts from school districts for administrative costs. Any funds that were unobligated in previous years remain in the fund. In previous years, the Department of Education and Early Development has not needed additional authority in the fund because total expenditures did not exceed revenues. The department anticipates expenditures to increase by approximately \$100.0 due to increased shipments resulting from the U.S. Trade Mitigation Program. Increasing budget authority in this fund will allow the department to properly spend out of this fund to offset these increased expenditures.

1014 Donat Comm (Fed) 100.0

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Ortiz reviewed the amendment that was a result of a request from the governor (after the subcommittee concluded) for a \$100,000 increase in federal receipt authority to support child nutrition.

Representative Tilton asked what fund code 1014 "Donat Comm" stood for in the amendment explanation.

[10:11:46 AM](#)

AT EASE

[10:12:17 AM](#)

RECONVENED

Vice-Chair Ortiz replied that "Donat Comm" stood for donated commodities.

Representative Carpenter addressed the importance of ensuring children had food. However, he highlighted that the country was paying \$500 billion in interest in the current year on its federal debt. He believed the situation was due to good ideas requiring increased spending at the federal level for myriad programs. He elaborated that it resulted from every community in the country deciding it was a good idea to spend \$100,000 on various things. He believed at some point it was necessary to say enough was enough. He wanted the state to live within its means and

quit looking to the federal and state governments for the funds. He stated that the money came from taxes, not out of thin air. He opposed the amendment because he believed the state should wean itself from federal funds.

Representative Josephson stated he could not fix Washington D.C.'s problems. He pointed out that no one in Washington would take note of Alaska choosing not to accept \$100,000. He reasoned if the logic was taken to the extreme, Alaska would choose not to accept any highway money. He stressed that former U.S. Senator Ted Stevens would have accepted the money for the state. He agreed with that philosophy.

Co-Chair Wilson read from the amendment explanation [see indented explanation above]. She was trying to figure out if there was any food provided by the funds. She thought it sounded like the state may need the funds to meet a tracking obligation required by the federal government. She had originally believed the amendment related to donated food similar to the Food Bank. She asked whether the increment provided food for children or represented funds for administrative costs for certain requirements the state was forced to comply with in order to receive federal funds.

[10:16:45 AM](#)

AT EASE

[10:18:46 AM](#)

RECONVENED

Co-Chair Foster stated his understanding that the subcommittee did not have a chance to vet the increment because the administration had submitted the amendment very recently. He asked for verification that Vice-Chair Ortiz was carrying the amendment as a courtesy for the administration.

Vice-Chair Ortiz responded affirmatively. He provided follow up to previous questions. He explained the increment was a federal block grant that provided commodities funding for food and nutrition programs such as school breakfast, national school lunch, special milk, child and adult care food programs, summer food services, education training, and emergency food assistance. The particular item was cash in lieu of donated food from the U.S. Department of

Agriculture (USDA) to help distribute food donated by the USDA.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H DOE 10 was ADOPTED.

10:20:36 AM

AT EASE

10:20:49 AM

RECONVENED

Representative Merrick MOVED to ADOPT Amendments H DEC 1, 3, 5, and 9 (copy on file):

Administration

Administrative Services

H DEC 1 - Replace Ocean Ranger Fees with Commercial Passenger Vessel Environmental Compliance Fund

A fund source change is required to maintain programs while deleting the Ocean Ranger Program.

1166 Vessel Com (Other) 19.6

1205 Oen Ranger (Other) -19.6

Administration

State Support Services

H DEC 3 - Replace Ocean Ranger Fees with Commercial Passenger Vessel Environmental Compliance Fund

A fund source change is required to maintain programs while deleting the Ocean Ranger Program.

1166 Vessel Com (Other) 87.1

1205 Oen Ranger (Other) -87.1

Environmental Health

H DEC 5 - Replace Ocean Ranger Fees with Commercial Passenger Vessel Environmental Compliance Fund

A fund source change is required to maintain programs while deleting the Ocean Ranger Program.

1166 Vessel Com (Other) 314.1
1205 Oen Ranger (Other) -314.1

Water
Water Quality, Infrastructure Support & Financing
H DEC 9 - Repeal Ocean Ranger Program

Repeal the Ocean Ranger Program.

1205 Oen Ranger (Other) -3,426.0

Vice-Chair Ortiz OBJECTED.

Co-Chair Wilson asked if the objection was to combining the amendments or to the content of the amendments.

[10:21:27 AM](#)
AT EASE

[10:21:59 AM](#)
RECONVENED

Co-Chair Foster asked for a clarification from the amendment sponsor on her motion.

Representative Merrick explained her motion was to hear the amendments as a bundle, given they all pertained to the Ocean Ranger Program. She detailed that Amendment H DEC 1 would eliminate the program and the others [Amendments H DEC 3, 5, and 9] were fund source changes.

There being NO OBJECTION, it was so ordered; the amendments would be considered together.

[10:22:48 AM](#)
AT EASE

[10:23:58 AM](#)
RECONVENED

Co-Chair Foster clarified that in the future if a member wanted to bundle amendments they did not need to make a motion to do so.

Representative Merrick Representative Merrick MOVED to ADOPT Amendments H DEC 1, 3, 5, and 9 [see indented amendments above for detail].

Vice-Chair Ortiz OBJECTED.

Representative Merrick explained that Amendment H DEC 1 would eliminate the Ocean Ranger Program. She read from a statement:

The Ocean Ranger Program was created by a ballot initiative in 2006 and is funded by a \$4 per berth fee on all commercial passenger vessels with 250 or more berths. While this initiative was well intended, the program has proven to be ineffective. Eliminating the ocean rangers will not have significant impacts on regulation of cruise ships in Alaskan waters. Using funds from the Commercial Passenger Vessel Environmental Compliance Fund, permitting and compliance staff will still monitor cruise ships for compliance with state wastewater and air quality permits, as well as, regulations through records reviews, in-port inspections, opacity monitoring, and vessel tracking.

Vice-Chair Ortiz spoke to his objection. He confirmed that the program had started as a result of a citizens' initiative in 2006. He referenced the amendment sponsor's statement that the program was proven to be ineffective. He wanted to see statistics backing up the statement that the program was ineffective. He knew that few issues had been identified when ships carrying ocean rangers were boarded. He addressed the issue with an example of a state trooper riding in a person's car. He considered whether a driver would be more likely to follow rules and regulations when a state trooper was in their car versus when a state trooper was not around. He believed logically drivers would all follow the rules more regularly if a state trooper was accompanying them. He believed the fact that the rangers had not identified many issues over the years was an indication the program was working.

Vice-Chair Ortiz addressed issues facing the oceans. He detailed that ocean temperatures had been rising and there was research into the impact of the temperature changes in relation to fish and game resources. There had been issues of illegal dumping by cruise ships in the past. He did not

believe there was evidence to back up the statement that the program was ineffective.

[10:28:08 AM](#)

Representative Josephson remarked on the sponsor's statement that the amendment would end the Ocean Ranger Program. He believed statute was necessary to eliminate a program. He noted that the amendment would defund the program, but not eliminate it.

Representative Merrick agreed and noted that the governor had a bill that would eliminate the program.

Representative Josephson noted that the program was part of a 2006 initiative and was one of the only remaining parts of the initiative. He detailed that previous legislatures and legislators had seen fit to maintain the program since 2006. His primary concern was that as with many industries, even though there were good actors contributing to the economy, they generally respond to enforcement and regulation. He noted that industry did not necessarily do the right thing without regulation and enforcement. For example, the Juneau Empire reported on September 13 [2018] that the cruise ship industry had been fined for eight air violations. He elaborated that two months back, the national media reported studies that air pollution on cruise ship decks rivaled that of Chinese cities. He believed it was incumbent on the state to have someone on the ships instead of relying only on remote enforcement.

Representative Josephson shared that he was most disturbed by the past release of photochemicals into Southeast Alaskan waters. He detailed that the industry had fought the Environmental Protection Agency on emission control areas (a 200-mile zone where heavy fuels should not be used). He underscored that the industry would push as hard as it could. He believed it was likely to push harder and get away with more without an observer on ships. He was opposed to the amendment.

[10:30:27 AM](#)

Representative Sullivan-Leonard looked at the action items from the subcommittee and did not see an elimination of the program but a transfer to the Commercial Passenger Vessel Environmental Compliance Fund.

Representative Merrick replied that rather than going into the fund for the Ocean Ranger Program the money would go to the Commercial Passenger Vessel Environmental Compliance Fund to facilitate monitoring by the department [Department of Environmental Conservation] that the ocean rangers would have done.

Representative Sullivan-Leonard supported the amendment. She explained that cruise ship oversight would not go away. She stated that there may not be an ocean ranger going out to ensure cruise ships were under compliance, but she believed monitoring would always be in place under the Department of Environmental Conservation (DEC) and through federal regulations. She remarked that cruise ships paid a high tax in Alaska, in addition to numerous regulations and rules the industry was required to follow.

Representative Tilton supported the amendment. She reported the committee had heard from DEC that in 2018 there had been 1,579 inspections conducted on cruise ships in Alaskan waters and out of those inspections, ocean rangers had identified 66 potential noncompliant items that fell under the jurisdiction of the state's cruise ship program. She reported that if the program was repealed it would not eliminate cruise ship inspections. She elaborated that permitting and compliance staff would still be monitoring cruise ships for compliance with wastewater and air quality permitting and regulations through the records review, in-port inspections, and vessel tracking.

[10:33:44 AM](#)

Representative Carpenter supported the amendment. He stated the program put one person on vessels to prevent bad behavior on large ships. He remarked that the state was spending money and requiring companies to adhere to regulation that burdened their ability to do business. At a time when the state was crunched for money and it wanted to encourage economic growth, he thought it was necessary to look for things that hindered the growth of the private sector. He stated the program was marginally effective and not necessary to prevent pollution and adhere to federal and state regulations. He supported the elimination of the program to allow businesses to thrive.

Vice-Chair Johnston stated that from a hearing in the other body [the Senate] she had the impression that the rangers were not necessarily Alaskan residents. She asked for the breakdown of Alaskan residents versus non-residents working as ocean rangers in 2018.

Representative Merrick replied she had been told the rangers were all from out of state.

[10:35:43 AM](#)

AT EASE

[10:46:39 AM](#)

RECONVENED

Vice-Chair Ortiz recognized there had been significant discussion about the Ocean Ranger Program and the amendment. He reminded members that they were not talking about any impact on state finances. The program was funded by the \$4 per passenger fee. He underscored that the amendment would not reduce the funds collected from passengers. He stated it was not a valid argument to claim that the program's elimination would make things more competitive for private enterprise because the money would be collected one way or the other. He addressed the previous question about who the ocean rangers were and whether they were all from out-of-state. He clarified there were at least four individuals living in Ketchikan who were employed by the program.

Vice-Chair Ortiz addressed the value of the program. He stated that the number of issues identified by ocean rangers reflected success. He explained that if a person was on board a ship monitoring its activities, it made sense there were not many problems on that particular ship. He acknowledged there would continue to be regulatory activities by DEC, but only in port. He stressed that no one knew what a ship was doing when it was away from port unless someone was onboard monitoring. The program was not perfect, but there was a deterrent effect by the presence of the ocean rangers. He emphasized that adopting the amendment would not save the state or cruise ship passengers funds.

[10:50:51 AM](#)

Vice-Chair Johnston highlighted her concern about how to factor in bills that were pending during the budget process. She understood from the Legislative Finance Division that if the decrement was passed there would still be enough funds in the fund for the program to continue for the remainder of the year. She continued that if the issue was not addressed in the bill form before the end of the [fiscal] year, the situation where the bill had independence from the budget system would still exist.

Co-Chair Wilson thought they needed to be careful about talking about industry. She appreciated the cruise industry and did not believe that it tried to dirty the state's waters in any way. She believed businesses did not try to break the law or go around the law. She believed some of the potential violations had probably related to paper documentation or other things. She explained that DEC would still have to monitor the industry (as required by the EPA and Alaskans). She believed the passage of the amendment would force the state to determine the good and bad things about the program and to learn how DEC would continue to monitor in a different fashion and what it would mean to industry. She voiced her appreciation for the cruise ship industry that was responsible for bringing millions of travelers to Alaska in a safe way.

[10:53:26 AM](#)

Vice-Chair Ortiz MAINTAINED his OBJECTION.

Representative Merrick provided wrap up on the amendments. She acknowledged that she had been born and raised in Southeast and cared deeply about the Alaskan waters and marine resources. She emphasized that amendments would not change the overall compliance the cruise industry would have to abide by. She stated that DEC was doing a fantastic job at monitoring the cruise ships for regulation compliance. She believed the amendments would reduce administrative burden on the department. She had faith the department would continue to do an excellent job.

A roll call vote was taken on the motion to adopt Amendments H DEC 1, 3, 5, and 9.

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

The MOTION PASSED (8/3). There being NO further OBJECTION, Amendments H DEC 1, 3, 5, and 9 were ADOPTED.

[10:55:20 AM](#)

Representative Merrick MOVED to ADOPT Amendment H DEC 2 (copy on file):

Administration
Administrative Services
H DEC 2 - Economist III Position Reduction

Delete Economist III: PCN 18-7857 and associated funding.

1003 GF/Match (UGF) -124.3

Representative Merrick explained the amendment would reduce an economist III position within the Department of Environmental Conservation. She provided details with a statement:

This position was created by a bill in 2014, HB 140. The legislature defunded that position in 2017; therefore, it's an unfunded mandate. The department was required to maintain the position and perform economic analysis as required by law. The department proposes to cease economic analysis of new regulation, delete the position, and suspend any contracts for economic analysis.

Co-Chair Wilson OBJECTED for discussion.

Representative Knopp recognized that the position had been defunded. He referenced the \$124,000 decrement in the personal services line. He wondered if there had been no funds expended, where the funding decrement was coming from.

[10:57:20 AM](#)

AT EASE

[10:59:04 AM](#)

RECONVENED

Representative Merrick replied that the personal services detail referenced by Representative Knopp was the governor's budget - it had been deleted from the section and showed as zeros. The additional \$124,000 came from UGF.

Vice-Chair Ortiz reported that the budget subcommittee had looked at the proposal to eliminate the economist III position and unanimously rejected the proposal. He explained that the economist position was in place because statute currently required public notice to include the economic analysis of new regulations. The department would still have to perform the functions if the position was eliminated.

Representative Josephson recalled that the bill [HB 140] may have been sponsored by former Representative Lora Reinbold. He pointed out that the bill had been a conservative measure designed force the departments to explain why they were doing regulations. He stated that in a sense it had been an anti-regulatory measure. He noted that the amendment would repeal a position designed to have a conservative bent.

Co-Chair Wilson asked if the position was new. Additionally, she wondered if there was only one economist in the department. She thought there was more than one. She wondered how many economists were available to do the department's work.

[11:01:28 AM](#)

Representative Merrick replied she did not know how many positions there were. She reported the department supported the amendment and it had already absorbed the loss of the economist III position. The department was already handling the work without the position.

Vice-Chair Ortiz reported that the economist III position had resulted from past legislation (HB 140) sponsored by former Representative Lora Reinbold in 2014. He read a description of the purpose of the legislation:

To provide better information about regulations that may significantly affect private individuals, businesses, and other state agencies in local governments. House Bill 140 required the regulation

notices include information about estimated costs beyond those to the agency.

Vice-Chair Ortiz explained that the bill had been in support of private businesses and individuals and their relationship with DEC.

Representative Sullivan-Leonard supported the amendment. She reasoned an economist had many different roles. She thought that if an economist was looking into how DEC could better serve the private sector, there were different avenues they could take in other divisions and through the Division of Legislative Audit. She believed the administration felt DEC did not need the position.

Vice-Chair Ortiz noted the position was currently filled.

Representative Tilton reasoned that there was no need for the position if the department was no longer doing the job. She noted that the department had already absorbed the work and was able to operate without the position.

Representative Merrick provided wrap up on the amendment. She reiterated that DEC had absorbed the position already. Additionally, the department was discontinuing conducting analysis of new regulation and was suspending any contracts for economic analysis.

Vice-Chair Ortiz MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Ortiz, Josephson, Foster

The MOTION PASSED (8/3). There being NO further OBJECTION, Amendment H DEC 2 was ADOPTED.

11:05:50 AM

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

Environmental Health
H DEC 4 - Delete Dairy Program

Delete Dairy Program

1004 Gen Fund (UGF) -179.6

Vice-Chair Ortiz OBJECTED.

Representative Merrick explained that the amendment would eliminate the dairy inspection program and one associated position. She read from a statement:

This position currently acts as the statewide dairy program coordinating expert. They are responsible for permitting, inspecting farms and manufacturing and processing facilities. Any non-dairy related work will be shifted to other staff. The elimination of this position will not increase the risk to public health as unregulated milk won't enter the market. This amendment still allows dairies to operate and sell their products to Alaskans wishing to purchase local milk through a cow-share program. The number of state dairies has declined over time from 65 to 1 operating bovine farm today. With only one farm operating in Alaska, it seems unreasonable to continue spending \$180,000 of state funds to subsidize this one business. There are no other businesses that get that kind of treatment.

11:07:08 AM

Vice-Chair Ortiz opposed the amendment. The subcommittee had unanimously rejected cutting the dairy program. He reported that the issue did not directly relate to his district; however, in the name of opportunities for economic development it had been brought to his attention there were at least two or three businesses in the Mat-Su Valley area looking to enter into the dairy industry. The elimination of the program would be detrimental to that ability. He opposed the amendment in the name of economic development and support for small business in the private sector.

Vice-Chair Johnston referred to Representative Merrick's statement that some of the position duties could be assumed by others in the division. She wondered if that meant dairy farms could continue because they could become part of a coop. She stated her understanding there could not be an exchange of raw milk. She wondered if there was any way for

the dairy industry to grow and flourish if the position was eliminated.

Vice-Chair Johnston recalled when there had been farms around the state. She remarked that the dairy industry was very labor intensive requiring attention 24/7. The only way to really make a dairy farm operate successfully was to have a large farm and sell commercially. She understood there were two or three dairies that were about to come online. She thought perhaps one of the dairies was located in Kodiak. She did not believe the dairy program made sense for one dairy, but she believed it made sense to start supporting the industry. She spoke to the importance of a local source of food. Unless the dairies could continue to open and grow without the position, she did not support the amendment.

[11:10:36 AM](#)

Representative Knopp was glad Vice-Chair Johnston had mentioned the dairies coming online. He shared that representatives from the agricultural farm bureau had visited his office recently and had reported there was a dairy in Kodiak getting ready to come online. He believed another was located in Mat-Su. He noted that Vice-Chair Johnston had highlighted that raw milk could not be exchanged. He believed the position was responsible for more than dairy services. He remarked that the state government touted being open for business. He referred to state and federal mandates and that the program was the only way to certify the milk. He did not believe the state should go down the path of eliminating the program and closing all doors. He opposed the amendment.

Representative Carpenter stated the decision was very difficult for him. He highlighted that the state sent \$2 billion of its money out of state annually because it imported up to 98 percent of its food. He addressed spoke to the goal of weathering the economic fluctuations within the oil industry and noted that increasing reliance on food grown in Alaska would either stimulate the economy or leave more money in residents' pockets as a result of growing their own food. He stressed that Alaska used to grow 50 percent of its own food and had dairies producing milk in the state, which kept the wealth in the state. He pointed to a problem with government regulations that required an inspector to stamp milk before it could be sold.

Representative Carpenter shared that his family had been purchasing milk from a cow-share program and they had probably been healthier for it. He noted there was also a produce inspector required in the agriculture industry for produce leaving state to be sold. He believed the inspector could also inspect milk prior to its sale. He believed there was room for improvement in the area. He pointed out that adding regulations added cost. He did not believe it was fiscally responsible to subsidize one particular business, but he recognized that "we have done it to ourselves."

[11:14:12 AM](#)

Vice-Chair Ortiz added that the House member from Sutton was not in support of the amendment.

Representative Sullivan-Leonard remarked that the dairy industry had been an emotional topic for many over the years. She shared that she had grown up drinking only Matanuska Maid milk. She expounded that an extra dairy had been necessary in her home district. She reported the dairy was owned by an incredible family who had worked tirelessly to continue operating. The difficult question was how much the state would subsidize one or two dairies. She asked if it was fair to other industries that would love to have a subsidy to keep their industry going. She referenced the amendment sponsor's mentioning of a coop that could provide oversight for what the position would do (possibly through the USDA or a private group). She found it necessary to put the emotional aspect aside and determine how much the state was subsidizing, if it was affordable, and whether a coop could take it on more effectively.

Co-Chair Wilson stated there had been slaughterhouses, fish processing plants, and other industry, much of which had probably closed due to regulation that made businesses' bottom line ineffective. She noted the only remaining fish processing plant in the Interior was located in her district and it was close to shutting down because of regulation. She wondered whether the legislature was willing to give money to other industries if it was willing to give money to another [the dairy industry]. She elaborated that if the business closed, locals would not have the ability to get their fish smoked or a place to have their game processed. She reasoned that if the

business closed people would smoke their fish and process game on their own, but it would still be a loss to the community.

Co-Chair Wilson considered whether the state would look at starting a program for other food product industries to help when they were negatively impacted by regulation. She remarked on the local food industry constantly competing against food that was shipped into the state from elsewhere. She elaborated that unfortunately it was possible to ship food from the Lower 48 at a much lower price, which put local farmers and food processors at a disadvantage. She did not want to see the dairy close, but she could not go to her fish processing plant and tell them that they did not rise to the same level as the dairy. She thought the state needed to address its overzealousness and consider whether all of its regulations were necessary. She pointed out that the state did not have dairies any longer because their bottom line had not penciled out. She did not know how long the subsidy had existed. She thought it should be concerning to the legislature that the state was no longer able to produce as it had in the past.

[11:19:04 AM](#)

Representative Carpenter did not view the money as a subsidy. He detailed it was a regulation requiring milk to be inspected by a state agency or government agency to certify it as healthy for commercial sale. He remarked there were other products requiring that state stamp of approval. He explained that the state's need to have the regulation, required paying for a state worker to provide the stamp of approval. He underscored it was possible to have healthy milk without stamping it; however, government regulations required the stamp. He reasoned the crux of the problem was that the business would not be able to sell its milk because the government agent did not provide a stamp.

Co-Chair Foster acknowledged Representative Jonathan Kreiss-Tompkins in the audience.

Representative Knopp underscored the funds were not a subsidy. He explained that the inspections took place because it was a public health issue. He reasoned that the state did not want manufacturers putting product on the shelves without testing. He pointed out it was the reason regulations had started to begin with. He reasoned that

going down that road meant that the state would need to do away with food inspectors and close all of the restaurants. He provided weights and measures employees at gasoline stations or in the meat department. He stressed that consumer protection and public health issues was the reason for the regulation. He reiterated the funds were not a subsidy.

Representative LeBon echoed comments by Representative Knopp and Representative Carpenter. He agreed the funds were not a subsidy where funds went directly to an industry. The funding went to verifying a healthy, safe product was being sold on the market.

Co-Chair Wilson clarified that the industry had to pay for the same stamps for approval for the product it sold. She explained the difference was those businesses paid fees to have DEC inspect their products. She detailed that the [dairy] organization did not have to pay the same fees because the state paid for the inspector. She believed it was an apples-to-apples comparison. She furthered that the department was making sure the [dairy] industry had the same stamp for the product it was selling, whereas, other industries were paying the DEC inspection fee themselves. The question was who would pay for the inspection. She believed it was an issue of fairness. She underscored that private businesses were paying in fees. She wanted to treat fish, milk, and all other producers equally.

[11:23:08 AM](#)

Co-Chair Foster acknowledged Representatives Louise Stutes and Bryce Edgmon in the audience.

Representative Merrick referenced a statement by Vice-Chair Ortiz and noted that the representative from Sutton was not on the committee. She remarked that there was no public health issue; the milk would only be available through a coop and not commercially. She believed the \$180,000 should be built into the dairy's business model. She suggested that if it were economically feasible to operate at the cost of doing business, perhaps the business should not have opened. She reasoned that 64 dairies would not have closed if it was economically viable for dairies to operate in Alaska.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Josephson, Johnston, Knopp, Ortiz, Foster

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment H DEC 4 was ADOPTED.

11:25:20 AM

Representative Merrick MOVED to ADOPT Amendments H DEC 6 and 7 (copy on file):

Environmental Health
H DEC 6 - Fund Source Change for
Shellfish Biotoxin and Growing Water Testing Program

Fund source change to allow the Department to collect the fees from shellfish growers and harvesters as required in regulation.

1005 GF/Prgm (DGF)	91.0
1166 Vessel Com (Other)	-91.0

Environmental Health
H DEC 7 - Increase Fees for Shellfish Biotoxin and Growing Water Testing Program

It is the intent of the Legislature that the Department of Environmental Conservation increase fees for the Shellfish Biotoxin and Growing Water Testing Program as necessary to support program functions.

Co-Chair Wilson OBJECTED for discussion.

Representative Merrick explained the amendments related to shellfish growers and harvesters with a prepared statement:

Shellfish growers and harvesters are required to pay a per sample fee to cover the cost of laboratory testing; however, the state has been paying these fees on their behalf, meaning that the program is 100 percent subsidized by the state. This industry has grown significantly and should now be able to shoulder

the responsibility of the cost of this required testing. The environmental health laboratory processes approximately 650 samples per year for paralytic shellfish toxin, 24 samples per year for domoic acid, and 450 samples per year of water growing for fecal coliform bacteria. The department estimates that the total revenue from fees would be \$91,000.

The first of these amendments shifts the \$91,000 from the Commercial Passenger Vessel Environmental Compliance Fund to program receipts to allow the department to collect fees from shellfish growers and harvesters. The second amendment adds intent language directing the department to raise fees as necessary to support this program.

Vice-Chair Ortiz was opposed to the amendments. He noted that the discussion had similarities to the discussion on the previous amendment. He explained that the testing occurring in the Anchorage facility was for shellfish poisoning. The shellfish harvesters paid for their product to be shipped to the Anchorage facility for testing. He agreed that the state paid for the actual tests. He thought it was important to consider whether there was a role for government to play in protecting the health and safety of its residents. Historically the answer had been yes. He noted that the amendments veered from that historical stance. He read from a statement:

The Southeast Alaska Regional Dive Fisheries Association (SARDFA), while it doesn't pay for this particular testing facility and their activities, was the only association in the state to pay for management of its fisheries by the Department of Fish and Game via a self-assessment on the ex-vessel value of the fishery. Right now, they assess themselves a 7 percent tax on geoducks in addition to a 3 percent raw fish tax that the state requests in order to pay for the management duties provided by the Department of Fish and Game. Geoducks alone average an ex-vessel value of \$4.4 million annually. The raw fish tax is assessed on this, and while that may not seem like much, that money is dumped into the UGF pot. Because testing is required in statute, SARDFA must not only pay divers to collect samples, but they also must pay for the samples to be GoldStreaked to Anchorage for testing. Not to mention, the PSP levels have been

higher over the years, so the frequency of testing has increased.

As of right now, SARDFFA has sent approximately 100 samples made up of 15 to 18 geoducks since the season opened October 1. SARDFFA pays approximately \$160,000 out of the dive fisheries' pockets to collect and ship these samples for them to harvest geoducks. If we were to adopt this amendment it would be in direct opposition to all of our goals here, which is to try to support economic development and increased economic activity within the State of Alaska.

11:30:47 AM

Co-Chair Wilson noted she did not know a significant amount about the vessel compliance fund. She asked whether organizations taxed themselves and put the funding into the compliance fund. She asked if any UGF was used for the increment. She noted the previous amendment had pertained to UGF. She wanted to verify the money was coming from the industry.

Vice-Chair Ortiz answered that the shellfish harvesters represented by SARDFFA paid for all of the Department of Fish and Game expenses for the management and monitoring of the fishery. He explained it was different than salmon seiners or trollers that paid a 3 percent landing tax that went 50 percent to communities and 50 percent to the state. He referenced the amendment sponsor's discussion about the ability of industry to carry its own weight. He agreed the actual testing process in Anchorage was paid for by the state. However, the particular industry paid for the management of their fishery through a 7 percent self-assessment that went into the Department of Fish and Game's ability to monitor.

Co-Chair Wilson asked if any UGF went into the vessel compliance fund.

Vice-Chair Ortiz replied that he did not know.

Vice-Chair Johnston asked about the size of the industry and any growth that had occurred in the past couple of years. She considered whether the industry was showing some strength and growth versus the previous industry discussed that had gone back to almost zero and was starting to grow

again. She wondered if the industry could withstand additional fees.

[11:34:18 AM](#)

AT EASE

[11:44:20 AM](#)

RECONVENED

Vice-Chair Ortiz responded to a question by Vice-Chair Johnston about whether the industry was growing or declining. He reported that the industry had great potential; currently the fishing industry brought in \$6 billion annually in economic activity in the state. He noted the fishing industry was the second largest jobs provider in the state. There was hope that with further development in shellfish and mariculture that the industry would continue to grow. He cited the Hump Island oyster farm in Ketchikan as long standing, up and coming business. He explained that the amendment would directly impact the oyster farm. He detailed that the farm was one example of businesses that sent their product for inspection to protect the health of the public. The industry had great potential and adopting the amendment would hinder it.

Representative Merrick provided wrap up on the amendment. She elucidated there were no general funds that went into the Commercial Passenger Vessel Environmental Compliance Fund.

[11:46:46 AM](#)

AT EASE

[11:46:57 AM](#)

RECONVENED

Representative Merrick emphasized the desire to have shellfish testing to ensure its safety; however, she believed businesses should pay for the testing. She stated it was another example of considering whether a business was economically viable. She remarked that the industry paid for shipping [for testing], but most businesses paid all of their fees. She stated the regulations were already in place. She continued that the businesses were supposed to be paying the fees, but the state had been covering the cost instead. She concluded that the state could no longer

afford to subsidize businesses; businesses should be economically viable on their own.

Vice-Chair Ortiz OBJECTED.

A roll call vote was taken on the motion.

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

OPPOSED: Ortiz, Josephson, Knopp, Wilson, Foster

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendments H DEC 6 and 7 were ADOPTED. [Note: The action on Amendments H DEC 6 and 7 was later rescinded by a vote of (7/4). See page 140 for details.]

11:49:03 AM

Co-Chair Wilson MOVED to ADOPT Amendment DEC 8 (copy on file):

Air Quality

H DEC 8 - Delete FNSB Air Quality Intent Language

Wordage:

Delete "It is the intent of the legislature that, with regards to the Air Quality situation in the Fairbanks North Star Borough, the Department of Environmental Conservation shall: 1. Submit a Serious State Implementation Plan (SIP) as quickly as possible that includes sufficiently stringent Best Available Control Technologies (BACT) and Best Available Control Measures (BACM) to be legally defensible and approvable by the Environmental Protection Agency (EPA). 2. Maintain adequate DEC staff in the Fairbanks North Star Borough and streamline the Notice of Violation (NOV) process to ensure compliance with current regulations in place and additional regulations implemented under the Serious SIP 3. DEC shall coordinate with local governments impacted by PM2.5 non-attainment to best utilize municipal powers for mitigation, monitoring and enforcement to the maximum extent possible under state and local law."

Explanation:

This wordage can negatively impact DEC as it negotiates with the EPA on what should and should not

be in the SIP. If this process is not done correctly energy costs could rise at such a level that it would actually cause more people to turn to utilizing wood heat.

Representative Josephson OBJECTED for discussion.

Co-Chair Wilson reviewed the amendment. She shared that the maker of the intent language was another representative from the Fairbanks North Star Borough. She reported that the borough [air quality] had been designated as serious by the Environmental Protection Agency (EPA) due to inversions and lack of wind. She was concerned that DEC could be negatively impacted as it negotiated with the EPA on what should and should not be included in the state implementation plan (SIP). She communicated that if the process was not done correctly, energy costs could rise to a level that would cause more people to utilize wood heat. Part of the SIP included looking at power plans and implementing more pollution control devices, albeit she did not believe that was part of the issue.

Co-Chair Wilson was impressed by the DEC commissioner designee who was addressing the sensitive issue of wood stoves - considering how to maintain a way of live while dealing with the EPA's stringent rules. She noted that there had been improvement in recent years. She continued that the commissioner was taking the approach to involve the community in the process and to communicate how to comment to show how the EPA what the community could and could not do economically. She cautioned that if the process was not done correctly, it would have the opposite effect (wood burning would not be reduced) if energy costs increased to due EPA regulations. She appreciated the amendment language, but she did not want to tie the commissioner's hands as he was navigating a delicate situation between meeting the EPA regulations and not fining residents trying to heat their homes. She elaborated that in many cases it came down to food, medicine, or heat as things got tighter and tighter for residents.

[11:51:54 AM](#)

Representative Tilton shared that her community was starting to have air quality issues as well. She supported the deletion of the language as proposed by the amendment.

She believed setting a precedent could be harmful to her district.

Co-Chair Foster referenced the sponsor's mention of having spoken with the maker of the intent language that was added in subcommittee. He asked if the individual was amenable to the amendment.

Co-Chair Wilson replied that she had asked the subcommittee chair who shared the Senate district she was a part of. She detailed that the representative understood why she wanted the language removed and was amenable to the change. She understood why the representative had included the language. She explained that the representative's area (unlike hers) was located in the most affected area. She quoted from the intent language: "enforcement to the maximum extent possible, under state and local law." She highlighted that the language could result in fines up to \$500,000. Currently, the agency and borough were trying to work with residents to make things better instead of merely fining individuals automatically.

Representative Sullivan-Leonard asked for clarity on the amendment language. She wondered if the entire language would be removed.

Co-Chair Wilson stated there should be quotes at the end of the statement. She confirmed that the amendment would remove the entirety of the intent language.

11:54:16 AM
AT EASE

11:56:15 AM
RECONVENED

Representative Josephson discussed that the maker of the amendment in the subcommittee had wanted to tackle the existing nonattainment problem. He understood that Fairbanks had been unable to build out its natural gas system (the issue was being worked on) and that the area was spread out. He clarified that Fairbanks was not being picked on or blamed for its circumstance. He asked if the [amendment's] goal was to put Fairbanks in a position where perhaps its air quality did not have to improve as much as it might.

Co-Chair Wilson clarified that the community would not be in the situation if it had affordable gas like Anchorage. She added that the Fairbanks area had a lot of [natural gas] pipe with nothing in it. She explained that once the SIP was put out, it would require substantial coordination to make sure there was ample interaction with residents regarding potential impacts and bringing stakeholders together to discuss impacts on utilities. She questioned the meaning of the following sentence included in the intent language: "Submit a Serious State Implementation Plan (SIP) as quickly as possible that includes sufficiently stringent Best Available Control Technologies." She was concerned it would push more stringent regulations on the district. She noted that the borough was large, but North Pole was experiencing the issues due to its geographic location in a valley. She elaborated that the population was larger than its airshed could handle. She questioned how to handle the problem and wondered if the community should use electrostatic precipitators that removed 85 percent of the PM 2.5. She stressed there were numerous factors involved.

Co-Chair Wilson believed the intent language would micromanage the department - she believed the department was doing all it could. She understood the representative who had included the intent language was not intending to do harm. She characterized her portion of the district as the "triangle of death" in regard to air quality issues.

[11:59:34 AM](#)

Vice-Chair Johnston remarked on Fairbanks' unique environment and the substantial influx of [federal] Department of Defense (DOD) funding. She elaborated that DOD's investment depended a lot on the air quality. She believed Fairbanks would work hard to avoid the loss of DOD influx. She thought the amendment would allow Fairbanks, the state, and the federal government to develop alignment in order for DOD to expand in Fairbanks to improve the air quality. She furthered that the work would mean the economic impact would not be driven to a crisis point where everything fell apart. She trusted the community for the greater good.

[12:00:59 PM](#)

AT EASE

12:01:55 PM

RECONVENED

Representative LeBon stated that his district was in the center of Fairbanks and did not have quite as many wood burners as other areas in surrounding districts; however, the issue was the top priority in the community. Everyone in Fairbanks was concerned with the need to improve the community's air quality. He emphasized that residents all wanted to breathe clean air. He elaborated that DEC, the Fairbanks North Star Borough, the City of North Pole, and the EPA were all together at the table and were making material progress. He supported the amendment.

12:02:48 PM

AT EASE

12:02:57 PM

RECONVENED

Co-Chair Wilson communicated she had erroneously thought the maker of the intent language [inserted during the subcommittee process] supported her amendment; she clarified the maker of the intent language wanted to see the language maintained.

Co-Chair Wilson provided wrap up on the amendment. She shared that she had been working with the issue for nine years and was extremely proud of the community. She disputed claims that her district was the dirtiest place on Earth. She spoke to the successes of community cooperation and education on the subject. She recalled in the past residents chopping wood in September/October to burn the following month. She clarified that it could take a year for wood to dry out for burning. Since work on the issue had begun, woodsheds had sprung up throughout the district to store wood for the following year.

Co-Chair Wilson believed the intent language could mean pushing DEC in a way that would prevent it from bringing the community along. She was concerned that when the borough had started fining residents \$500 for trying to heat their homes, people had begun losing faith in the community. She emphasized the worst scenario would be residents losing faith in the situation and starting to cut wood just beforehand (and burning things they probably should not burn) as they had in the past. The community had

been blessed that oil prices had been lower than ever before. She continued that the community may eventually have natural gas, which was part of the solution. The other part of the solution was wind, but she did not want wind when temperatures were negative 44 degrees [Fahrenheit].

Co-Chair Wilson communicated her support for her community and the desire for a community solution. She wanted to ensure DEC moved forward with a realistic, attainable plan. She did not support a plan that did not work or that involved pollution control devices by GVEA [Golden Valley Electric Association] or Aurora [Energy, LLC], which increased the cost of electricity. Additionally, food cost would increase because private industry would have to pass electricity costs off to someone. She stressed that if the solution was not done right, it would mean people would burn more wood and put more stoves in. She explained that if oil prices increased to past prices (above \$3 per gallon) the issue came down to whether a family could feed their children, purchase needed medication, and heat their home. She underscored that it was very beneficial when electricity went off that residents could continue to keep their homes warm.

Co-Chair Wilson was frustrated that the EPA put stoves on the market that hurt the community from meeting standards. She explained that the EPA did not understand that the region only had Birch and Spruce available for burning. She emphasized the community was underneath a cloud that was not the fault of Fairbanks residents. She did not want to send a message that the legislature could micromanage better than the organizations in the community working with DEC. She appreciated her counterpart's action, but she thought it implied that all of the work done by her constituents would never be enough. She could not afford the message to go forward because she needed the cooperation of residents to move ahead. She asked the committee to have faith in the department.

[12:08:27 PM](#)

Vice-Chair Ortiz WITHDREW his OBJECTION.

Representative Josephson recognized he knew less about the issue than Fairbanks residents. He pointed out that sometimes things were just exceptionally difficult. He understood they were difficult at present. He thought is

colleague from Gold Stream Valley had written the intent language for a reason, but he could see the will of the committee and would not object.

There being NO further OBJECTION, Amendment H DEC 8 was ADOPTED.

Co-Chair Foster relayed the committee would take a one-hour lunch and begin with the Department of Fish and Game (DFG) amendments upon resuming.

[12:09:53 PM](#)
RECESSED

[1:35:35 PM](#)
RECONVENED

Co-Chair Foster explained that the committee would return to items that had been set aside the previous day.

Co-Chair Wilson WITHDREW Amendment LS 1, 31-GH1905\R.11 (Bruce 3/30/19) (copy on file). She explained it had come to her attention that although students were able to utilize the pool, there were still safety issues that needed to be addressed before the pool could be opened to the public. She elaborated that without opening to the public, the pool would not be able to get the General Fund program [receipts] that had been previously discussed by the committee.

[1:36:49 PM](#)

Co-Chair Wilson asked to hear Amendment H DOC 7.

Co-Chair Foster directed members to the appropriate page number. He noted that the previous day questions had arisen related to the amendment and they had held it.

Representative Josephson MOVED to ADOPT Amendment H DOC 7 (copy on file):

DEPARTMENT: Corrections
APPROPRIATION: Population Management
ALLOCATION: Institution Director's Office

ADD: \$13,551.5 UGF (1004), Services

EXPLANATION: Partially restore Population Management to allow department to absorb cuts on a glide path. This amount is 50% of the indirect costs included in the House Finance Subcommittee's reduction to Population Management.

Co-Chair Wilson OBJECTED for discussion.

Representative Josephson reviewed the amendment. He shared that he had not sat on the Department of Corrections (DOC) subcommittee and was new to the DOC budget. He detailed that the governor had proposed a \$30 million unallocated cut to DOC and was planning to close the Wildwood Correctional Center located in the Kenai/Soldotna area. He had been told that Wildwood functioned well and was one of the better prisons. The governor's proposal would also move 500 inmates out of state, which was a policy that had changed in the past under the theory that Alaskans should take care of their own business and it was better for prisoners to be closer to family and their own social structure. The subcommittee had elected to substantially cut the population management appropriation and put funds into new appropriations for electronic monitoring (EM) and community residential centers (CRC). He did not want to rush people out of confinement into CRCs and onto EM if they were not ready. He thought it was necessary to be careful about EM because individuals received day-for-day credit. He pointed to the Schneider case as an example where the EM credit had been given pretrial and presentencing. He detailed that Mr. Schneider received credit for time served presentencing under a bill in 2015, which he opposed (he noted he had been one of the three opponents of the bill). He thought the judge had been unfairly treated in the [Schneider] case because he had limited options.

Representative Josephson had concerns about CRCs and EM, unless DOC, in its wisdom, using Title 22 (regulations) or Title 33 (statutes) makes wise decisions. He believed the regulations and statutes constrained the department relatively wisely. He agreed with the subcommittee that the proposal by the governor to close Wildwood and send prisoners out of state, was not good policy. He noted there was some belief that if part of the cuts to population management were restored that "those things may not happen." He had concerns there was a lack of certainty about the impact. He could not guarantee that prisoners

would not be transferred and that prisons would not be shuttered. The calculation of \$13.5 million had been reached by looking at the average daily rate and fixed costs. He elaborated that the calculation used a multiplier and divided by 2 to reach a midrange value of \$13.5 million.

[1:43:01 PM](#)

Co-Chair Wilson clarified that the Schneider case was under pretrial. She explained it was not a part of EM that was being spoken to; the rules were different for those on probation and parole. She did not want to confuse pretrial with those on probation and parole after they had completed their sentence.

Representative Knopp MOVED to ADOPT Conceptual Amendment 1 to Amendment H DOC 7.

Co-Chair Wilson OBJECTED for discussion.

Representative Knopp explained the amendment would remove out of state contractual allocations from the property management component and would create a new line item for appropriation. He detailed that the same money would be transferred to the appropriation. The amendment addressed Representative Josephson's concerns about how the state managed its populations. He elaborated that if the administration decided to move prisoners out of state it would be required to come to the legislature for an appropriation. He reported it would address Co-Chair Wilson's concerns about contracts the legislature had not seen but was asked to ratify. The administration would have to come to the legislature to explain the details of an RFQ [request for quotation] or RFP [request for proposal] for a supplemental appropriation if necessary.

Representative Knopp explained that the amendment would help manage the [prison] population and gave the legislature input on whether it was wise to move inmates out of state or not. The goal of the conceptual amendment was to remove the contractual language, services and allocation to population management, and create a new appropriation \$300,000. The amendment would transfer the money already allocated to the line item. The amendment aligned with and enforced intent language on page 7 of the

budget document specifying the legislature's intent for inmates to be housed in-state.

[1:45:32 PM](#)

Representative Carpenter asked for clarification on where money was coming from.

Representative Knopp replied the money was already in DOC's budget under the population management allocation. The conceptual amendment would leave the money in the budget but moved it to an appropriation. He explained the change meant the department would have to use the money for contractual services. The amendment would not add any additional money and would not take anything from general funds.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Conceptual Amendment 1 to Amendment H DOC 7 was ADOPTED.

[1:47:01 PM](#)

Co-Chair Wilson thanked Representative Josephson for his work on the amendment. She remarked on the difficulty of the work without having all of the needed numbers; however, she believed the compromise made would send a good message to the administration that it was not only the subcommittee that was against sending Alaskans out of state. She believed the lesson had been learned the last time [prisoners had been sent out of state]. She appreciated the conceptual amendment offered by Representative Knopp. She reiterated her thanks to Representative Josephson and stressed it was a compromise. She did not want to rush the program - she wanted to make sure that if inmates could go to halfway houses and then onto EM, that it would be done with thoughtfulness and by following regulation and statute. The goal was to ensure a step-down mode for Alaskans that would help Alaskans get back on their feet after being released from jail. She hoped that recidivism would not revert back to 67 percent [as it had been in the past]. She did not want more Alaskans to be violated because the legislature/state could not get their act together. She believed the amendment provided a strong message to the department that the way things had been going was not working. When prisoners had been sent out of

state in the past, they had come back worse off than when they left. She expressed appreciation for the work.

Representative Carpenter stated it was no surprise to any Alaskan the state's criminal justice system was broken. He elaborated that the criminal justice process involved multiple departments including the Department of Public Safety, the Alaska Court System, the Department of Health and Social Services, and DOC. He spoke to the difficulty of addressing the problem. One of the things that the state needed to do was to keep people who needed to stay in prison, in prison. He clarified that the intent was not to move people into CRCs or EM through political shenanigans. He stated that only the individuals who by their constitutional right to reformation were choosing to reform themselves based on a list of requirements specified by the prison system. He believed that only under those circumstances did people warrant going to a CRC or onto EM. He furthered it had been the intent, but due to politics it had not happened. He explained that the legislature was trying to fix the problem.

Representative Carpenter understood that the amendment tied the administration's hands in some ways, but the people were tired of having criminals only get "slaps on the hand." He believed most of the pain being felt derived from presentenced people being released. The amendment did not pertain to that group. He continued that it would still be a problem that the legislature needed to work towards solving. The amendment addressed one component of the issue and he believed the fix was worthwhile.

[1:51:04 PM](#)

Representative Sullivan-Leonard appreciated the compromise. Her hopes had been that funding would go back into population management. She believed that SB 91 [crime reform legislation passed in 2016] had proven that criminals needed to be behind bars. She continued there was a failed system under SB 91 with the CRC and EM system; even though a certain amount of money was going back into population management, she hoped the funds in CRC and EM would be a key piece in helping former inmates reintegrate into society as rehabilitated, productive citizens. She appreciated the compromise and emphasized that criminals who offended would be put behind bars.

Co-Chair Wilson WITHDREW her OBJECTION to Amendment H DOC 7 as AMENDED.

Representative Josephson clarified there had been a comment that the individuals the amendment applied to would be on parole and probation. He did not believe that was accurate. He explained that individuals on parole or probation were not typically in a halfway house. He supposed being in a halfway house could be a condition of probation or parole. He stated that typically the individuals were in custody for credit for time served. He wanted to ensure the legislature was making the changes soberly. He took comfort there would be some custodial time before the movement to CRCs and halfway houses. He noted that if an individual did not qualify, they did not qualify, and he would ask that the department come back to the legislature for a supplemental.

[1:53:51 PM](#)

Co-Chair Wilson clarified there were two programs. The pretrial program (under its own allocation) involving unsentenced individuals was not under discussion. The amendment applied to individuals who had been sentenced to jailtime. She elaborated that if an individual got within two to three years of release, they would normally go to a halfway house as part of the transition towards their release date. She explained that the courts could require an individual to go on EM if they were unsure the individual needed continued supervision. The point of the amendment was to keep Alaskans in-state, to punish individuals who committed crimes, and once individuals were released there would be programs available to make their reentry successful and reduce the number of victims.

There being NO further OBJECTION, Amendment H DOC 7 was ADOPTED as AMENDED.

[1:55:53 PM](#)

Co-Chair Wilson MOVED to RESCIND the adoption of H DOE 5 related to Pre-K grants totaling \$2 million [see 9:33 a.m. for detail].

Representative Carpenter OBJECTED.

Co-Chair Wilson stated that during the break she had learned more information about where the grants were going. She relayed that the grants were going to Pre-K programs 4-5-year-olds in areas that were part of the Moore settlement in order for kids to get a head start in life. She elaborated that the communities receiving the grants did not have the Head Start program or other types of Pre-K. She stated that the grants under discussion were different than Pre-K grants because 4-5-year-olds were receiving the services in areas with challenging test scores.

Co-Chair Foster clarified the motion before the committee was to rescind action taken on Amendment H DOE 5, which would remove \$2 million from Pre-K grants.

Representative Carpenter noted there had been a thorough discussion on the issue earlier in the day. He stated there had been agreement to prioritize things that were necessary and required, given the current fiscal climate. He believed the item was not necessary or required. He thought it was a false statement 4-5-year-olds would only get educated if the \$2 million was spent. He opined it was necessary to learn not to look to the state for the funds to solve the problem of educating kids. He stated using the funds meant taking the PFDs from other kids to pay for it.

[1:59:20 PM](#)

Vice-Chair Johnston shared she had been on the House Education Committee the previous year. She remarked that the committee had passed legislation [in 2018] to implement more measured outcomes that had not been there in the past. As a result, she felt better about the grants than she had in the past. She supported the motion.

Representative Sullivan-Leonard was curious about what the grants were. She stated the committee had decided on the issue previously. She wondered where the legislature would be at the end of the operating budget process if it could not even reduce the budget by barely \$2 million. She stressed the legislature could not continue to consider the grants for passage. She believed people were approving the funds based on emotion, not fact. She opined there were no facts that the grants would help prepare children for school. She did not support the motion.

Representative Knopp asked if the committee was currently debating the motion to rescind [Amendment H DOE 5].

Co-Chair Foster clarified the committee was addressing the motion to rescind [its earlier action].

2:01:06 PM

AT EASE

2:02:22 PM

RECONVENED

Co-Chair Foster requested a vote on the motion to rescind action on Amendment H DOE 5.

Representative Carpenter MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Johnston, Knopp, LeBon, Ortiz, Wilson, Foster

OPPOSED: Merrick, Sullivan-Leonard, Tilton, Carpenter

The MOTION to RESCIND action on Amendment H DOE 5 PASSED (7/4). There being NO further OBJECTION, it was so ordered.

Co-Chair Wilson addressed Amendment H DOE 5. She reported that during the [lunch] break she had been able to determine where some of the grants went. She disagreed with the sentiment that children who received the PFD would not want to give to children who were less fortunate and may not have as much opportunity. Additionally, she disagreed with the statement that all programs were treated the same. She underscored that all programs were not the same. She reported there was another program for \$1.2 million. The program under discussion (costing \$2 million) had been done as a pilot project approximately eight years earlier. She elaborated it had been kept as a pilot program because the legislature was not receiving the answers on whether the children were getting anything out of the program.

Co-Chair Wilson clarified she was not going to speak to all Pre-K programs because each program was done differently with different types of resources. She emphasized that the grants under discussion were monitored - the children were tested before, during, and after the program (all the way into Kindergarten) to determine the program's success. She

explained it was a competitive grant program; therefore, if a program was not getting the results the Department of Education and Early Development (DEED) expected, it was likely the program would not continue to receive the grant. The funding was not automatic - testing and parameters were in place. She detailed that the information was recorded by DEED to determine results. She reiterated that the grants went to some of the state's less fortunate areas without the same resources as some urban areas. She cautioned against teaching children it was not important to take care of those who may need a little extra that unfortunately they did not have.

2:05:30 PM

Co-Chair Foster believed the \$2 million had been in the prior year's budget; if the funds were not removed it would be flat funding of the grants. He pointed out they were not increasing funds to the program.

Representative Carpenter stated that in a year where revenues did not match expenditures, it was necessary to make tough decisions. He appreciated the opportunity to contrast what could be done with additional resources coming from the pockets of residents. He stated that "our children will not have the opportunity to give to the less fortunate" because the current generation would already have made the decision for them by taking their PFD. He furthered that in doing so, it implied that current leaders knew best how to spend the money coming from the investment earnings of the Permanent Fund. He believed it was a fundamental problem. He reasoned they were teaching kids to look to the state to solve "our problems." He continued that the lesson being taught was to grow the state.

Representative LeBon shared that based upon information provided by Co-Chair Wilson he would reverse his vote on Amendment H DOE 5. He supported the Pre-K grant program.

Representative Knopp gave kudos to Co-Chair Wilson for the information she had provided on the program. He pointed to the value of the information on the competitive nature of the prescreening process [by the department]. He stated that the more information the committee had about how programs worked made it easier to support or oppose something.

Representative Sullivan-Leonard did not believe there was sufficient information on the grant program to vote on the issue. She furthered it was a \$2 million grant going to particular Pre-K programs throughout the state, but she had no indication who the recipients were. She questioned whether the grants went through Head Start or another educational program. She did not believe the state should currently be giving \$2 million grants given its state of fiscal crisis. She did not support the funding.

Representative Josephson countered that he did not believe the state was in fiscal crisis. He believed Alaska was a very fortunate state and people. He detailed the state had no broad-based tax and provided a Permanent Fund Dividend to residents. While the state had a deficit on paper, it was imperative to have revenue to cover its expenses. He stated it was guaranteed there would be revenue to cover the state's expenses. He addressed the topic of children's choices and believed it was counterintuitive to say the amendment to restore [Pre-K] funds somehow ran counter to helping children and their choices.

Representative Tilton understood the program was important to someone and clarified the amendment did not pass judgement on the program. She highlighted that the grants had been created eight years earlier when the state had been in a different fiscal situation. She believed it was necessary to reduce the budget given the state's budget. She considered that despite the good the program may be doing, it was necessary to look at the fiscal situation and make hard decisions.

Co-Chair Wilson clarified that the money was not affiliated with Head Start. She detailed that the grant recipient information was available online - the funding moved around depending on the need. She referred to comments that providing the funds was not the state's responsibility and that government should not be doing education. She stated that it was in the Alaska Constitution for a reason. She continued that not all things were included in the constitution [as funding requirements]. The funds would go towards 4-5-year-olds going to school. She stressed that sometimes there were programs that rose to the top as long as parameters were applied. She detailed that the funds went towards providing a service to less fortunate children with fewer resources.

Co-Chair Wilson continued it was the state's responsibility to ensure the children were getting the help they needed and that outcomes could be measured. She highlighted that when the program had been implemented eight years back, it was supposed to grow from \$2 million per year to \$10 million per year over time. She noted it had not grown to \$10 million. She believed it showed the legislature's diligence to work with the program and ensure it was working. She noted that instead of making communities dependent on the funds, the grants moved from place to place to help locations get started.

[2:12:41 PM](#)

AT EASE

[2:13:01 PM](#)

RECONVENED

Co-Chair Foster clarified the motion being considered by the committee. The amendment would cut \$2 million from Pre-K.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H DOE 5 FAILED (4/7). [Note: this roll call was voided at 2:15 p.m. and a second roll call was taken for clarity.]

[2:14:47 PM](#)

AT EASE

[2:15:22 PM](#)

RECONVENED

Co-Chair Foster VOIDED previous action.

A roll call vote was taken on the motion to adopt Amendment H DOE 5.

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

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

Representative Merrick asked if a committee member could move to rescind a previous vote at any time during the amendment process.

Co-Chair Wilson replied in the affirmative and clarified that action on an amendment could only be rescinded one time.

Representative Josephson Representative Josephson communicated that he did not intend to offer Amendment H DOC 5 (copy on file).

[2:16:55 PM](#)

AT EASE

[2:19:27 PM](#)

RECONVENED

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

Commercial Fisheries
Southeast Region Fisheries Management
H DFG 1 - 50% reduction to travel

Restores FY20 GOV Amend reduction to travel.

1002 Fed Rcpts (Fed)	-26.9
1003 GF/Match (UGF)	-1.5
1004 Gen Fund (UGF}	-51.5
1007 I/A Rcpts (Other)	-1.5
1024 Fish/Game (Other)	-3.3
1108 Stat Oesig (Other)	-7.4
1109 Test Fish (DGF)	-7.2
1201 CFEC Rcpts (DGF)	-2.4

Vice-Chair Ortiz OBJECTED.

Representative Carpenter reviewed the amendment. The amendment reflected a reduction of \$101,000 to the Department of Fish and Game (DFG) travel budget as proposed in the governor's budget. He elaborated the department was taking a hard look at how it organized and developed its travel budget. He communicated DFG believed it could reduce its travel footprint and have the flexibility to move other line items if needed.

Representative Knopp thought the amendment should be taken up after the other Amendments H DFG 2, 3, 4, and 5. He explained that if those amendments were adopted the fisheries management would be eliminated and Amendment H DFG 1 would be unnecessary.

Co-Chair Wilson OBJECTED.

[2:20:59 PM](#)

AT EASE

[2:25:18 PM](#)

RECONVENED

Representative Carpenter WITHDREW Amendment H DFG 1 pending several other amendments [note: the amendment was offered again at 2:40 p.m.].

Representative Carpenter MOVED to ADOPT Amendments H DFG 2, 3, 4, and 5 (copy on file):

Commercial Fisheries
H DFG 2 - Reduce Funding for Southeast
Region Fisheries Management

Reduce funding for surveys and assessments in the
Southeast Region Fisheries Management.

1004 Gen Fund (UGF) -257.8

Commercial Fisheries
Central Region Fisheries Management
H DFG 3 - Central Region Fisheries Management
Reduction

Delete funding for Central Region Fisheries
Management.

1004 Gen Fund (UGF) -239.2

Commercial Fisheries
AYK Region Fisheries Management
H DFG 4 - AYK Region Fisheries Management Reduction
Reduce Funding for Fisheries Management

1004 Gen Fund (UGF) -300.0

Commercial Fisheries
Westward Region Fisheries Management
H DFG 5 - Westward Region Fisheries Management
Reduction

Reduce funding for surveys and assessments.

1004 Gen Fund (UGF) -200.00

Co-Chair Wilson OBJECTED for discussion.

Representative Carpenter reviewed the amendments that would cut approximately \$1 million from the General Fund. He reported that the previous fiscal year funding for the select projects had been added as an increment during the budget process. He elaborated that the projects had been funded with the Charter Revolving Loan Fund. He stated that the fund source was not sustainable and had been decremented from the governor's amended budget. He relayed the funding had been added by the finance subcommittee. He did not believe the projects rose to a priority level that warranted continuation.

Representative Carpenter shared that the four fisheries management components that received an increment were the Southeast region, Central region, AYK region, and Westward region. The amendment would result in a decrement of \$239,000 for the Central region, \$257,000 to the Southeast region, \$300,000 to the AYK region, and \$200,000 to the Westward region.

Vice-Chair Ortiz spoke to his opposition to the amendments. He detailed that when he had started with the legislature the Department of Fish and Game had the reputation of being the best at developing policies that resulted in the best overall management of fisheries resources. He elaborated that the success required investment. He pointed to the vast Alaska coastline and explained it was not a cheap venture to conduct the management. He stressed that UGF resources going into fish and game management was down 35 percent since 2015, which did not include the proposed amendments. He explained a reduction in resources meant the department could not move forward with projects, aerial

surveys, and projects used to promote the management of the state's resources.

Vice-Chair Ortiz reported that DFG was constitutionally mandated to manage the state's resources to the maximum sustainable yield. He elaborated that fishermen were allowed to catch the maximum amount possible without endangering the future fish resource. He stressed the importance of the task. The fishing industry was a \$6 billion per year industry and was the second leading job provider in the state. He underscored the fishing industry was the number one economic driver in his district. He spoke to the importance of fisheries management in terms of future sustainability of the resource. When the funds for management were reduced it meant DFG could not conduct surveys or assessments. If the department did not get the information it had to manage on a more conservative basis, meaning it had to reduce the allowable catch for fishermen. The projects had been added in the subcommittee in the past session and were all intended to create more opportunity for fishermen statewide in order to produce more revenue for themselves, crew, and the economy.

[2:33:16 PM](#)

Vice-Chair Ortiz continued to address the reason for the projects. The funds had been put forward as UGF in the past legislative session and the other legislative body had changed the fund source to a one-time payment from the Commercial Charter Fisheries Revolving Loan Fund. He explained the fund source had been expended. He explained that putting the funds in the budget was not an addition from the House side to UGF resources. He stressed that adopting the amendments would prevent the department from conducting valuable projects and potentially disallow fishermen from catching the maximum sustainable yield. He provided an example with a written statement:

If these funds were cut, the otolith program measures stock harvest composition of hatchery and wild salmon. It's an invaluable tool for in-season management and research. The Commercial Fisheries Division receives a positive return on investment in funding these projects that will lead directly to increased revenue for our fishermen, local communities, and the state. Conversely, without this data the department will manage more conservatively, resulting in decreased

revenue for our fishermen, local communities, and the state.

Vice-Chair Ortiz explained the information was one example of one project. He noted that the otolith came from a fish's ear and provided information about where the fish came from, whether it was a hatchery or wild fish, and other detail.

Representative Knopp agreed with sentiments expressed by Vice-Chair Ortiz. He stressed there was no greater natural resource for the state [than fisheries]. He referenced the constitutionality of having to manage the state's fisheries for greater sustainable yield. He found the idea of not managing the state's fisheries unconscionable. He specifically addressed Amendment H DFG 3 and pointed out that funding would be deleted entirely for the [Central] region, whereas funding was reduced for other regions in the separate amendments. He stressed there was likely no more important region to manage.

Representative Knopp referenced the coded wire tag program that allowed the department to distinguish hatchery versus wild fish. He highlighted that the hatchery pink salmon return had saved commercial fishermen in Prince William Sound the previous season. Additionally, the amendments would cut out the weir operational times. He explained that weirs were perhaps the most critical tool for assessing escapement for in-season management. He stressed that without the tools the department would have to manage more conservatively, and great opportunities would be missed for commercial and sport fishing. He questioned how it would be possible to not manage fisheries across the state including Unalaska, Bristol Bay, Cook Inlet, and Prince William Sound. He found the amendments unsettling, particularly due to the importance of the fishing industry in Alaska. He remarked the state spent more on the Department of Natural Resources and oil and gas surveys.

[2:37:50 PM](#)

Vice-Chair Ortiz MAINTAINED his OBJECTION.

Representative Carpenter provided wrap up on the amendments. He noted the legislature had a reputation for being unable to control state spending. He stressed it was one of the big factors responsible for slowing Alaska's

economic growth. He believed the reduction was necessary to avoid putting the state's future fiscal condition at risk. He noted an argument could be made for keeping every state funded program. He underscored the importance of keeping the bigger picture in mind. He stated that if the budget was not cut to an affordable level and Permanent Fund savings were used, the state would be left to increase taxes. He made a distinction between funding what was necessary versus funding what was wanted. He supported funding what was necessary.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendments H DFG 2, 3, 4, and 5 FAILED (4/7).

[2:40:06 PM](#)

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

Commercial Fisheries
Southeast Region Fisheries Management
H DFG 1 - 50% reduction to travel

Restores FY20 GOV Amend reduction to travel.
1002 Fed Rcpts (Fed) -26.9
1003 GF/Match (UGF) -1.5
1004 Gen Fund (UGF} -51.5
1007 I/A Rcpts (Other) -1.5
1024 Fish/Game (Other) -3.3
1108 Stat Oesig (Other) -7.4
1109 Test Fish (DGF) -7.2
1201 CFEC Rcpts (DGF) -2.4

Co-Chair Wilson OBJECTED for discussion.

Representative Carpenter stated the amendment was a 50 percent travel reduction [to DFG], which he believed was necessary.

Representative Knopp opposed the amendment. He reported the proposal had been made to the DFG subcommittee and had been

rejected. He remarked on the committee's decision to support fisheries management and believed it was appropriate to leave the funding for travel in place.

Co-Chair Wilson clarified that a 50 percent reduction to travel was not a 50 percent reduction to each division; the reduction was 50 percent to the entire department. She requested a breakout of the reduction per division.

Vice-Chair Ortiz asked for clarification. He stated the 50 percent travel reduction fell under the category of Southeast region fisheries management. He asked if the 50 percent reduction was specific to the Southeast region.

[2:41:47 PM](#)

AT EASE

[2:46:16 PM](#)

RECONVENED

Representative Carpenter replied the reduction was specific to the Southeast region fisheries management. He clarified it had not been his intent to single out the specific region. He detailed that the subcommittee did not approve any of the travel reductions. He explained it was an error to only focus on one fisheries management region; therefore, he WITHDREW Amendment H DFG 1.

[2:47:16 PM](#)

AT EASE

[2:47:54 PM](#)

RECONVENED

Vice-Chair Ortiz MOVED to ADOPT Amendment DFG 6 (copy on file):

Wildlife Conservation

H DFG 6 - Add Fish and Game Fund Authority to Provide Match for Pittman-Robertson Funds

Fish and Game fund authority is provided exclusively for the purpose of matching Federal Pittman-Robertson (P-R) funds and establishing sufficient safety margin for the department so as to avoid reversion of P-R funds in future years.

1024 Fish/Game (Other) 200.0

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Ortiz reviewed the amendment that would allow DFG to take better advantage of full federal Pittman-Robertson funds for wildlife management and conservation. He read from a prepared statement:

Fish and Game's fund authority is provided exclusively for the purpose of matching federal Pittman-Robertson funds and establishing a sufficient safety margin for the department so as to avoid reversion of Pittman-Robertson funds in future years. Providing an additional \$200,000 brings the total match up to \$1 million fish and game, which allows the department to leverage \$3 million in Pittman-Robertson funds. This means that the department will not be turning away any money this year and will establish a small \$200,000 safety margin. While this prevents the department from turning away federal fiscal year 19 funds that would have otherwise expired in fiscal year FY 20, they have two years to obligate funds. Fiscal year runs from October 1 through September 30.

Representative Sullivan-Leonard asked for detail on Pittman-Robertson funds.

Vice-Chair Ortiz replied that he was not the best person to explain the funds. He detailed that Pittman-Robertson funds were used to help DFG manage the state's wildlife resources more effectively throughout the state.

[2:50:44 PM](#)

Vice-Chair Johnston recalled that the federal funds were derived from a fee charged on ammunition purchases. She believed the money went back to the state - she noted it was not a UGF fund. The funds were used for things like hunting safety and bear management. She stated it was a shame to leave federal receipts on the table.

Vice-Chair Ortiz added that accessing the funds had the full support of the guiding and hunting lodge industry. He noted the issue was more relevant to the Interior than Southeast.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H DFG 6 was ADOPTED.

[2:52:29 PM](#)

Vice-Chair Ortiz MOVED to ADOPT Amendment DFG 7 (copy on file):

STRUCTURAL CHANGE:

New Structure:

DEPARTMENT: Fish and Game

APPROPRIATION: Habitat

ALLOCATION: Habitat

Existing Structure:

DEPARTMENT: Fish and Game

APPROPRIATION: Statewide Support Services

ALLOCATION: Habitat

EXPLANATION: The Division of Habitat is moved into its own appropriation to prevent funds from being moved outside of this program.

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Ortiz reported that currently the DFG budget was set up with four appropriations including commercial fisheries, sport fish, wildlife conservation, and statewide support services. He explained that the Division of Subsistence Research and the Division of Habitat were housed as allocations under the statewide support service appropriation. The amendment had no fiscal impact on the budget. He elaborated that the amendment would create appropriations instead of allocations for the Division of Subsistence Research and the Division of Habitat just like the other DFG divisions.

Representative Josephson asked what concern the sponsor had that monies could be moved from the allocations for programs outside their purpose.

Vice-Chair Ortiz answered that as funding adjustments to all agencies moved forward the amendment was to ensure that

there would be no move away from subsistence management and wildlife conservation.

Representative Tilton asked if the issue had been discussed in the subcommittee process.

Vice-Chair Ortiz explained there had been significant discussion about a variety of other things, but the subcommittee had spoken about the particular topic at some level.

[2:55:07 PM](#)

Representative Sullivan-Leonard asked if the amendment was in response to a request by the administration for habitat to have its own division.

Vice-Chair Ortiz answered that he could not say definitively that the amendment was a request of the administration. The amendment was in response to the intent of the subcommittee to ensure that the state did not ignore the issue of subsistence and wildlife conservation. He added that subsistence was a substantial issue for rural communities throughout the state.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H DFG 7 was ADOPTED.

[2:56:21 PM](#)

AT EASE

[3:01:02 PM](#)

RECONVENED

Vice-Chair Ortiz MOVED to ADOPT Amendment DFG 8 (copy on file):

STRUCTURAL CHANGE:

New Structure:

DEPARTMENT: Fish and Game

APPROPRIATION: State Subsistence Research

ALLOCATION: State Subsistence Research

Existing Structure:

DEPARTMENT: Fish and Game
APPROPRIATION: Statewide Support Services
ALLOCATION: State Subsistence Research

EXPLANATION: The Subsistence Division is moved into its own appropriation to prevent funds from being moved outside of this program.

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Ortiz noted that he should have bundled Amendments 7 and 8. He detailed that the subsistence portion of his explanation for Amendment H DFG 7 applied to Amendment H DFG 8; the arguments were the same for both amendments. The amendment would create a separate appropriation for the Division of Subsistence Research.

Co-Chair Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment H DFG 8 was ADOPTED.

[3:02:15 PM](#)

Vice-Chair Ortiz MOVED to ADOPT Amendments H DFG 9 and 10 (copy on file):

Commercial Fisheries
Southeast Region Fisheries Management
Amendment H DFG 9

GA 3/27 United States and Canada Pacific Salmon Treaty

Increased federal receipt authority will cover funding coming to Alaska due to financial commitments made between the US and Canada as part of the recently renegotiated US and Canada Pacific Salmon Treaty Annex which establishes catch sharing agreements in the salmon fisheries off of the coasts of Alaska, British Columbia and the Pacific Northwest states (Washington, Oregon, and California). Alaska is a significant harvester of these fish.

The department is a party to this international treaty to ensure conservation and access to this valuable resource that is vitally important to the regional economy of Southeast Alaska. Increased funding to Alaska is intended to support several in-person meetings of Treaty stakeholder panels and technical

committees which occur annually to establish pre-season harvest limits and harvest sharing arrangements, provide for interagency coordination, assessment of stock status, and evaluation of postseason fishery performance in accordance with Treaty provisions. The incoming grant increment also pays for fishery stock assessment and management programs needed to implement the Treaty, as well as meeting participation and all travel costs.

1002 Fed Rcpts (Fed) 500.0

Sport Fisheries Sport Fisheries
GA 3/27 United States and Canada Pacific Salmon Treaty
Amendment H DFG 10

Increased federal receipt authority will cover funding coming to Alaska due to financial commitments made between the US and Canada as part of the recently renegotiated US and Canada Pacific Salmon Treaty Annex which establishes catch sharing agreements in the salmon fisheries off of the coasts of Alaska, British Columbia and the Pacific Northwest states (Washington, Oregon, and California). Alaska is a significant harvester of these fish.

The department is a party to this international treaty to ensure conservation and access to this valuable resource that is vitally important to the regional economy of Southeast Alaska. Increased funding to Alaska is intended to support several in-person meetings of Treaty stakeholder panels and technical committees which occur annually to establish pre-season harvest limits and harvest sharing arrangements, provide for interagency coordination, assessment of stock status, and evaluation of postseason fishery performance in accordance with Treaty provisions. The incoming grant increment also pays for fishery stock assessment and management programs needed to implement the Treaty, as well as meeting participation and all travel costs.

1002 Fed Rcpts (Fed) 500.0

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Ortiz reviewed the amendments that had been requested by the governor. The amendments would include a \$500,000 increment in federal receipt authority for Southeast commercial fisheries management and \$500,000 in federal receipt authority for sports fish management. He elaborated the money was from the federal government to meet the Pacific Salmon Treaty obligations.

Co-Chair Foster surmised the amendments were at the request of the governor.

Vice-Chair Ortiz agreed.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendments H DFG 9 and 10 were ADOPTED.

[3:03:28 PM](#)

Co-Chair Wilson MOVED to ADOPT Amendment H GOV 1 (copy on file):

Commissions/Special Offices Human Rights Commission
Agency: Office of the Governor
H GOV 1 - Reduce Field Representatives

The Human Rights Commission currently has 9 Field Representatives. This would decrease 3 of 9 positions all located in Anchorage.

1004 Gen Fund (UGF) -371.2

Representative Josephson OBJECTED.

Co-Chair Wilson reviewed the amendment. The amendment was in response to her frustration about a recent incident. She explained that an individual from the Human Rights Commission had put their business card on a vehicle in response to a bumper sticker they opposed. She thought if the individual had that much time to take such an action, perhaps the commission did not need all of the money it had. She hoped there was further investigation going on within the commission to take care of the incident. She WITHDREW Amendment H GOV 1.

Co-Chair Wilson MOVED to ADOPT Amendment H GOV 2 (copy on file):

Office of Management and Budget Office of Management and Budget
H GOV 2 - Delete two full-time positions.

Delete two new positions in the Office of Management and Budget.

1004 Gen Fund (UGF) -398.3

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Wilson reviewed the amendment. She explained that the two full-time positions were originally going to be moved from DFG and put into the Office of the Governor. She noted the positions would have nothing to do with fishing and would be under the Office of Management and Budget (OMB) within the Office of the Governor. She detailed that the Legislative Finance Division had specified the positions could not be moved because they would have to be related to fishing. She elaborated that instead there were now two new positions and new funding in OMB [proposed by the administration]. The legislature had been told the new positions were to create efficiency. She did not know how adding two new positions to a growing budget would increase efficiency. The subcommittee had asked if OMB had vacancies and the answer had been yes. She did not know why two new positions would be added when one person could do the job.

[3:05:46 PM](#)

Representative Sullivan-Leonard asked for more detail on the positions. She noted that the administrative services director (ASD) positions had been moved to OMB. She asked if the positions were part of the ASD move to OMB.

Co-Chair Wilson answered that the positions were a part of the ASD move from agencies to OMB. She stated the positions would be directors not tied to any agency.

Representative Sullivan-Leonard noted that previously, the ASDs had been housed within departments and had performed operations and accounting work with the commissioner. She asked if the positions were part of that group that was now within OMB and their work would be on behalf of the

division. She wondered if they were taking away a component that would help DFG.

Co-Chair Wilson clarified that the ASD positions now had two offices - one located in OMB and one in their own agency. She elaborated that there had been one person in charge of ASDs and now three positions were being proposed for some reason. She explained that two positions had been added to provide oversight to the ASDs. She emphasized the addition created budget growth.

Representative Carpenter wondered how they were creating two new administrative directors if no new departments had been created. He did not understand the shift.

Co-Chair Wilson agreed. She questioned why two positions were being added when one person had done the job in the past. She did not think it was efficient to add two new positions and she did not think there had been discussion showing the positions were needed. She asked whether members wanted to give part of the Permanent Fund Dividend to grow two new positions in the governor's office.

[3:08:42 PM](#)

Co-Chair Foster had been under the impression that two positions were supposed to have been taken from DFG and added to the governor's office, which would have been an offset, but he thought the request had been denied. He believed the two positions had remained in DFG and two new positions were proposed for OMB.

Co-Chair Wilson affirmed. She explained that taking the DFG positions related to subsistence and hatcheries would have required a connection to be maintained to fisheries. She was glad there were parameters that prevented grabbing PCNs [position control numbers] from somewhere. She reiterated the positions were brand new and would mean additional funding going into the budget.

Vice-Chair Ortiz WITHDREW his OBJECTION.

There being NO further OBJECTION, Amendment H GOV 2 was ADOPTED.

[3:10:21 PM](#)

Representative Knopp MOVED to ADOPT Amendment GOV 3 (copy on file):

Office of Management and Budget
H GOV 3 - Add intent that OMB remove all AOMs and Division Op Managers

Wordage:

It is the intent of the legislature that the Office of Management and Budget submit the FY21 Budget with decrements that reflect cost-savings and efficiencies related to the work and operations of all Administrative Operations Managers and Division Operations Managers throughout all State Departments/Agencies; up to the elimination of all positions identified.

Explanation:

Through review of all Organization Charts and PCNs under the title of Administrative Operations Manager and Division Operations Manager, there appears to be redundancies in responsibilities and operations. It is the intent of this amendment to hear from the all departments/divisions as to why they will or will not seek to retain these positions.

Representative Sullivan-Leonard OBJECTED for discussion.

Representative Knopp reviewed the amendment that would insert intent language into the budget asking the administration to look at the positions. He explained that at the start of the budget process he had seen attempts by the administration to cost-shift and pull in revenue from fisheries and oil and gas taxes to achieve a balanced budget. He had not seen any attempts at looking within organizations for reductions. He noted that the public had been asking for a reduction in government. He had reviewed organizational charts and had found operations and division managers in the low 70s range across departments. He noted that in some cases the positions were redundant. Additionally, in some cases there were no employees below the managers on the organizational charts. The intent of the language was to ask the administration to look at the positions in the next budget cycle to determine whether reductions could be made.

Representative Knopp recalled that during the past [Frank] Murkowski administration the deputy director positions had been eliminated. He explained that much of those positions had been hired back later in operational manager positions. He noted that since that time, deputy director positions had been reinstated. When accounting for the 74 positions the cost was approximately \$13 million to \$14 million.

Representative Sullivan-Leonard WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H GOV 3 was ADOPTED.

3:12:51 PM

AT EASE

3:27:25 PM

RECONVENED

Co-Chair Foster gave members a few moments to come back into the room.

Vice-Chair Johnston MOVED to ADOPT Amendment HSS A (copy on file):

DEPARTMENT: Health and Social Services
APPROPRIATION: Medicaid Services
ALLOCATION: (new) Medicaid Services

STRUCTURE CHANGE TO CONSOLIDATE MEDICAID SERVICES
APPROPRIATION: This amendment adopts the Governor's proposed structure change to the Medicaid Services appropriation creating a new Medicaid Services allocation. This structure change includes the transfer of the following three allocations with funding into this new, single allocation:

1. Health Care Medicaid Services
2. Behavioral Health Medicaid Services
3. Senior and Disabilities Medicaid Services

EXPLANATION: This action reflects the Governor's proposal to consolidate all Medicaid allocations into one allocation for administrative efficiencies. The Adult Preventative Dental Medicaid Services allocation is not included.

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Johnston reviewed the amendment that would mean a consolidation of services, which was something the Department of Health and Social Services (DHSS) had been considering for some time. She noted the previous administration had also discussed the idea. She highlighted a concern that one of the three services would be in jeopardy if consolidation occurred. She explained that in discussions with the department and OMB, the amendment reflected more of an efficiency measure between DHSS and OMB and less of a consolidation of services. She detailed it was a consolidation of the budget process.

Vice-Chair Johnston elaborated that in the coming year, the subcommittees would still be able to determine how much each of the three services (Health Care Medicaid Services, Behavioral Health Medicaid Services, Senior and Disabilities Medicaid Services) cost. She furthered that none of the services could be cut; they had to be fully paid according to law and the state's management plan. She explained that the only way to cut any of the services would be if the state management plan changed in the Medicaid reform process. The one other concern was that in the past there were a couple of years where the legislature short-funded Medicaid. The services had not received a cut at that time, but they had been paid late via the supplemental budget. She underscored that the services were legally required to be paid according to the management plan. The amendment did not include the adult preventative dental Medicaid services because it had been allocated differently in the subcommittee report.

Representative Tilton thanked the amendment sponsor for putting the amendment forward. She reported the amendment would save the department about 2,000 hours annually that were spent moving transactions back and forth to do cleanup work. She supported the amendment.

Co-Chair Wilson WITHDREW her OBJECTION.

Representative Josephson OBJECTED. He stated there were individuals in the senior and disabilities Medicaid services stakeholder group who had opposed being commingled - that it was unnecessary and would be detrimental to individuals. He asked the sponsor to explain why that was untrue.

Vice-Chair Johnston replied the state legally had to pay what the state management plan designated the state would pay. She understood their angst because the last couple of years the payments had been delayed for all three groups due to legislative issues. She emphasized that the groups all had to be made whole. She underscored that the amendment was not an effort to "pull a fast one." She explained the amendment would result in allowing DHSS to work more efficiently with OMB and would save money and time.

Representative Josephson WITHDREW his OBJECTION.

There being NO further OBJECTION, Amendment HSS A was ADOPTED.

[3:33:26 PM](#)

Vice-Chair Johnston MOVED to ADOPT Amendment HSS B (copy on file):

DEPARTMENT: Health and Social Services
APPROPRIATION: Medicaid Services
ALLOCATION: (new, consolidated) Medicaid Services

DELETE: \$58,009.6 GF Match/code 1003, grants line

EXPLANATION: This action deletes partial funding associated with the Governor's proposed Medicaid Phase One Reductions (\$90,907.1 UGF).

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Johnston reviewed the amendment. She noted that the committee had previously been given a Medicaid reform presentation highlighting the process DHSS was currently involved in. She explained that DHSS had come to the subcommittee hoping to find \$103 million in savings, but the number had been reduced to \$91 million because the original figure had included a \$12 million Behavioral Health grant, which was not part of Medicaid savings. The co-chairs of the subcommittee policy group had spent significant time determining what they were comfortable with. She explained that the reduction was either an unallocated cut or an advisory vote because the items were all things the department could do without the

legislature's authorization. She elaborated that the items were under regulation and involved negotiations with the federal government with the state management plan.

Vice-Chair Johnston reported the amendment represented what the subcommittee chairs felt comfortable with in terms of Medicaid adjustments. The list included a 915K enhanced federal match for \$123,000, electronic visit verification for \$440,000, end stage renal disease rate with methodology for \$1 million, expand lock-in program for \$210 million, high-cost drug reimbursement for \$2.1 million, implemented hospital diagnosis related groups for \$ 4.5 million, implement nurses' hotline for \$500,000, implement nurses' home acuity levels for \$2 million, limited physical occupational speech therapy visits to 12 per year for \$1 million, reduce timely filing for \$10 million, travel reclaiming for \$6.7 million, tribal reclaiming for Medicare part A and B for \$1.95 million, withholding inflation for healthcare services for \$4.5 million, withholding inflation for the Division of Behavioral Health for \$1.5 million, and withholding inflation for Senior and Disability Services for \$4.9 million, for a total cut of \$58.96 million.

[3:37:21 PM](#)

Representative Tilton MOVED to ADOPT Amendment 1 to Amendment HSS B. The amendment would bring the total cut up to the \$102,907,000 that had been brought to the full committee in a DHSS presentation. She elaborated that the committee had been told by the department that it could handle cuts to the items to reduce the Medicaid cost to the state. She highlighted the department could move forward with cuts without the legislature's authorization. She thought the legislature should believe the department when it was trying to find ways to help save money.

Co-Chair Wilson OBJECTED.

Vice-Chair Johnston asked for verification that the proposed amendment to Amendment HSS B would include the \$12 million Behavioral Health grant that was not part of Medicaid.

Representative Tilton replied affirmatively.

Co-Chair Foster stated the amendment would reduce Medicaid by \$102 million.

Representative Sullivan-Leonard supported the amendment to the amendment. She recalled the department had been clear it could handle the reduction from the Medicaid budget. She noted that in a time of fiscal crisis, the proposed amendment by Representative Tilton was a small portion of the DHSS and Medicaid budgets. She believed the legislature needed to continue reducing costs. She appreciated the original amendment but did not believe the cuts went far enough. She reiterated that DHSS had told the committee it could withstand the cuts. She reported that David Teal, Director of the Legislative Finance Division had also told the committee the cuts could be made without repercussions.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment 1 to Amendment HSS B FAILED (4/7).

[3:41:15 PM](#)

Representative Tilton MOVED to ADOPT Amendment 2 to Amendment HSS B. The amendment would remove the \$12 million Behavioral Health grant from the \$102 million.

Co-Chair Wilson OBJECTED for discussion.

Co-Chair Wilson asked if the amendment would be a \$90 million reduction.

Representative Tilton replied the reduction would be \$90.907 million.

Vice-Chair Ortiz asked about the impact of the amendment to Amendment HSS B.

Representative Tilton answered that Amendment 2 to Amendment HSS B would remove the \$12 million piece [for Behavioral Health grants]. The total reduction would be \$90.907 million.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment 2 to Amendment HSS B FAILED (4/7).

[3:43:51 PM](#)

Representative Tilton MOVED to ADOPT Amendment 3 to Amendment HSS B. The amendment would increase the proposed reduction to \$82,633,400.

Co-Chair Wilson OBJECTED.

Representative Tilton explained the amendment would remove the \$8 million for adult preventative dental care from Medicaid Services.

Vice-Chair Johnston opposed the amendment to Amendment HSS B. She reported that in the past the legislature had underfunded Medicaid. She had hopeful anticipation the department and administration could find the savings. However, she felt the legislature would have some liability if it took an unallocated cut that was too large. She was concerned about a scenario where the legislature underfunded Medicaid and the administration could not meet its goal. She did not want the situation to result in late payments to the three groups [Health Care Medicaid Services, Behavioral Health Medicaid Services, and Senior and Disabilities Medicaid Services] as had occurred in the past.

[3:45:41 PM](#)

AT EASE

[3:46:20 PM](#)

RECONVENED

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Tilton provided wrap up on the amendment. She recalled that Mr. Teal had testified to the committee

that the department could make reductions on its own. She noted the department had also told the committee it could withstand the cut. She did not want to communicate to the department that the legislature did not believe its information was accurate.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment 3 to Amendment HSS B FAILED (4/7).

[3:48:15 PM](#)

Representative Tilton addressed the original Amendment HSS B that would reduce Medicaid by \$58 million as proposed by the subcommittee chairs. She was disappointed the committee would not move forward with the department's proposed cut. She reiterated her earlier statement that Mr. Teal had told the committee the department would have the ability to make the reduction without the legislature's authorization. She supported the \$58 million cut that she believed was moving in the right direction.

Co-Chair Foster explained that the [subcommittee] policy co-chairs represented urban and rural Alaska. He felt confident the proposed number was appropriate and could be tolerated by his district. He supported the amendment.

Representative Sullivan-Leonard appreciated the amendment sponsor's efforts to reduce the DHSS budget. She remarked that the department had a two to three-year plan to make reductions of hundreds of millions of dollars. She stated that when a department's budget was in the billions of dollars, it was necessary to determine how reductions could be made.

Representative Josephson thanked the amendment sponsor for reaching the compromise amendment. He relayed there had been word earlier in the day that the director of the Health Care Services Division had stepped down, which was giving him pause about the administration's position moving forward. He believed there were some reforms contained in the amendment that may work, but he was concerned about the

withholding of inflation component for acuity-based nursing and the timely filing allowance. He appreciated that much work had gone into the amendment and that Medicaid was a very expensive part of the budget.

Co-Chair Wilson shared that she had just found out that Margaret Brodie was no longer with Medicaid Services within DHSS. She stressed it would be a huge loss for the state. She thanked Ms. Brodie for her excellent work during a difficult time.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment HSS B was ADOPTED.

[3:51:50 PM](#)

Co-Chair Foster reported his intention to get through the amendments during the current day.

Representative Tilton WITHDREW HSS C (copy on file).

Representative Tilton MOVED to ADOPT Amendment H HSS 1 (copy on file):

Alaska Psychiatric Institute
H HSS 1 - Remove Intent Language due pending
legislation

Remove the following intent language:

It is the intent of the legislature that the Department of Health and Social Services abide by all provisions of collective bargaining agreements and adhere to the laws of the State Procurement. Code (AS 36.30.005-36.30.995) in the contracting of services for the Alaska Psychiatric Institute.

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton reviewed the amendment that would remove intent language added during the subcommittee process. She explained there was pending legislation (HB 86) that would speak to the issue.

Representative Josephson opposed the amendment. He thought the intent language was of vital importance. He reasoned that they did not know what was going to happen with the legislation [mentioned by Representative Tilton]. He detailed that a number of House members were working tirelessly to find out the virtue of an out-of-state company taking over management of the state's only psychiatric hospital that was caring for Alaskans struggling with mental health concerns. He thought the investigation should be given a chance to continue. He referenced a recent joint hearing on the topic and believed the group had unearthed some concerns relative to procurement (the amendment addressed procurement). He continued that the group had worked mightily in the interest of Alaskans. He considered it was possible that things were so damaged at the hospital that the administration's path was the proper one. He explained the intent language merely stated that the law needed to be followed and it highlighted some concerns of numerous members in the legislature.

[3:54:52 PM](#)

AT EASE

[3:58:39 PM](#)

RECONVENED

Co-Chair Wilson WITHDREW her OBJECTION.

Vice-Chair Ortiz and Representative Josephson OBJECTED.

Representative Josephson noted he had already spoken to his objection.

Representative Tilton provided wrap up on the amendment. She read from the intent language [see above]. She relayed HB 86 covered the topics included in the intent language. She elaborated that the bill stated that mental health was a public trust that should remain rightfully the duty of the state to exercise care over mental health when it involved involuntary admittance. The bill would continue public management of the state's mental health system and would ensure the interests of the patient were paramount in a public process. She believed departments followed procurement law. She asked to remove the intent language from the budget.

A roll call vote was taken on the motion.

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

OPPOSED: Josephson, Merrick, Ortiz, Foster

The MOTION PASSED (7/4). There being NO further OBJECTION,
Amendment HSS 1 was ADOPTED.

[4:01:46 PM](#)

AT EASE

[4:02:11 PM](#)

RECONVENED

Representative Tilton MOVED to ADOPT Amendment H HSS 2
(copy on file):

Juvenile Justice
Nome Youth Facility
H HSS 2 - Eliminate Youth Detention and Treatment in
Nome Youth Facility

The Division of Juvenile Justice will eliminate Youth
Detention and Treatment in the Nome Youth Facility and
provide escorted transportation to a detention
facility in Anchorage, Bethel, or Fairbanks. The
facility has historically been underutilized with
youth detained 64 times in FY2018. This would
eliminate 16 full-time and two part-time positions.
The facility would continue to provide probation
services and retain two permanent full-time and one
temporary position.

1004 Gen Fund (UGF) -2,000.0

Co-Chair Wilson OBJECTED.

Representative Tilton reviewed the amendment that would
eliminate detention and treatment in the Nome Youth
Facility. She detailed that the facility would provide
escorted transportation to the detention facilities in
Anchorage, Bethel, and Fairbanks.

Co-Chair Wilson spoke to her opposition. She was frustrated
by the situation that had been before the committee in the
past. She believed there were options, but for some reason

the department had not utilized them. She furthered that being in detention could be the result of a minor to major crime, but she was opposed to taking youth away from their home [town] and putting them in a position where they had potential to learn more bad behavior. She did not know how to better get the point to the department that there were better options available. She wanted to be able to vote for the amendment because she did not believe funding the facility was utilizing the funds in the best way, but she also did not agree with sending youth out of Nome. She believed sending youth out of Nome to Anchorage was akin to sending adult prisoner's out of state. She thought providing services within the community and family would mean youth would be more likely to learn from the experience. She did not know whether intent language should be included, but she hoped to have a plan from the department the following year on how to better serve the youth more efficiently and cost-effectively.

Vice-Chair Johnston noted she had some good discussions with the department and commissioner about the topic. She reported the department would be looking rather aggressively at how best to approach the situation. She agreed there were other alternatives - including partnerships that could be developed - without sending youth to Anchorage or Fairbanks where they could pick up undesirable habits.

[4:05:07 PM](#)

Representative Sullivan-Leonard shared that in the past she had served on the board of juvenile justice advisory commission within DHSS. She reported that the Nome Youth Facility had been discussed many times. Some of the discussion in the past was there were fewer youth in the facility because they were doing such a good job in Nome. She believed it had been part of the recent discussion as well. She shared that the board had toured facilities across the state, and she had been surprised how many family members were spread between Fairbanks, Anchorage, Nome, and other areas. She had learned there were many support families nearby. She supported the amendment. She thought that youth could be moved to other areas efficiently. She thought the facility in Nome could be used for something else like a behavioral or treatment center for the community.

Co-Chair Foster opposed the amendment. He was not asking to increase funds, but was requesting to flat fund the item at the FY 19 level. He detailed that the amendment would shut down the Nome Youth Facility and cut \$2 million from the budget. He reported that in the past couple of years he had looked at another scenario that involved the closure of the Mat-Su Youth Facility. He reasoned it would be much easier to drive Mat-Su youth to a facility like McLaughlin in Anchorage. He elaborated that the youth would be close to their families and the court of jurisdiction. The closure of the Nome facility meant youths would have to be flown to McLaughlin; the youths would be far away from their support groups. For the same reason that he did not want to close Wildwood or send 500 inmates out of state he did not support sending Nome youth to other areas in the state. He did not support the closure of the Nome facility. He had not pursued the closure of the Mat-Su facility because he felt both facilities were important to rehabilitating youth. He pointed out that the legislature and administration had both made public safety a priority. He reasoned closing the facility would weaken the legislature's arguments it had prioritized public safety.

Representative Carpenter supported the amendment. He spoke to the importance of mentorship for youth who were struggling with many different issues - issues he thought probably primarily stemmed problems in their families. He understood that due to the distance it would be difficult for children to be moved from Nome to other locations. He stated there were 16 full-time and 2 part-time positions dedicated to 64 youth in the past year at a cost of \$2 million. He understood that things were more expensive in rural areas. He did not know whether there were other facilities to provide care for individuals in distress in Nome. He thought the expenditure was irresponsible fiscal policy.

[4:10:22 PM](#)

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Tilton provided wrap up on the amendment. She agreed it was difficult when thinking about youth in the situation. She believed sometimes punishment prevented youths from being offenders in the future. The idea of closing the facility did not make her happy but she thought it was necessary to look at the budget situation. She

pointed out the facility had historically been underutilized. She relayed that in 2018, 64 youth had been detained at a cost of \$2 million. She understood the look the co-chair had taken at closing the Mat-Su facility because it was on the road system and would make transportation to and from Anchorage easier; however, the closure would be an increase in the budget due to the number of employees it would take. She explained that the Mat-Su facility was over capacity; the number of additional employees that would be needed at McLaughlin would cost more.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H HSS 2 FAILED (4/7).

[4:13:30 PM](#)

Co-Chair Foster noted that Amendment H HSS 3 would not be offered (copy on file).

Representative Tilton MOVED to ADOPT Amendment H HSS 4 (copy on file):

Public Assistance
General Relief Assistance
H HSS 4 - Reduce General Relief Assistance Payment

This amendment caps the General Relief Assistance burial payment to \$1000.00 per application. Previously, there was not a cap on this benefit. In FY18, there were 294 applications for this program.

1004 Gen Fund (UGF) -600.0

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton reviewed the amendment that would cap the General Relief Burial Assistance Program to \$1,000 per applicant. She explained there previously had not been a cap on the benefit. In FY 18 there had been 294 applications for the program, which was down from 440 in FY 17 (a decrease of over 33 percent).

Representative Josephson stated the issue was about exceptionally poor people who had died. He asked what it cost to bury a person.

Representative Tilton answered that she did not have the number. The amendment would cap the program, not eliminate it.

Representative LeBon asked about the average cost of a burial.

Representative Tilton answered that an average cremation was about \$1,500.

[4:15:43 PM](#)

Representative Knopp reported that he had paid \$1,000 for the burial of a homeless person a couple of years back. He detailed the cost could range from \$1,000 to \$10,000. He had found the mortuaries and funeral homes were negotiable in the types of services offered. He speculated there was probably no limit to what a person could spend.

Representative LeBon MOVED to ADOPT Amendment 1 to HSS 4 to increase the cap to \$1,500.

Co-Chair Wilson OBJECTED for discussion.

Representative Sullivan-Leonard asked for verification the motion was to increase the cap to \$1,500.

Representative LeBon replied he was moving to raise the amount to \$1,500 based on the information.

Vice-Chair Ortiz asked for the average amount of assistance given per application.

Representative Tilton replied that she did not have the information on hand. The number in FY 18 had been 294 applicants with no cap. She stated a burial could range from simple to more elaborate. She added that the number of applicants had decreased from 440 in FY 17.

[4:18:35 PM](#)

Vice-Chair Johnston clarified that because there was no cap, the menu of free burial services had expanded; therefore, the department felt a cap was necessary. There were opportunities for providing less expensive services for individuals who may need them versus individuals who may have insurance to carry the full cost. The industry had a range of prices and the cap allowed some structure.

Co-Chair Wilson asked if the department had a recommendation for the cap.

Vice-Chair Johnston replied \$1,000.

Co-Chair Wilson noted she knew nothing about the issue. She considered who was responsible for a burial if someone was homeless and had no family. She did not know whether the state had some type of responsibility. She surmised that if the department thought \$1,000 was the right amount, she would go with that amount.

Representative LeBon found both numbers [\$1,000 and \$1,500] to be very low. He thought if the average cost was \$1,500, it should probably be the cap. He pointed out that in time the figure would have to be increased. He suggested starting at \$1,500 to get a few years' time out of it.

Co-Chair Wilson MAINTAINED her OBJECTION.

[4:21:08 PM](#)

AT EASE

[4:25:05 PM](#)

RECONVENED

Representative LeBon replied that based on an increase from a cap of \$1,000 to \$1,500 an adjustment to the UGF number was needed. He asked to reduce the UGF number from \$600,000 to \$463,000.

Co-Chair Foster asked Representative LeBon to withdraw Amendment 1 and offer Amendment 2 for clarification.

Representative Knopp replied that thought the cap needed to remain [Amendment 1 was not withdrawn].

Co-Chair Wilson WITHDREW her OBJECTION to Amendment 1 to Amendment H HSS 4. There being NO further OBJECTION, Amendment 1 to HSS 4 was ADOPTED.

Co-Chair Foster asked Representative LeBon to move Amendment 2.

Representative LeBon explained that Amendment 2 would line up the cap number with the number of applications in the prior fiscal year. He detailed that if every service cost was \$1,500 and there were approximately 294 applications, the fiscal note would be \$463,000 [UGF].

Co-Chair Wilson noted that the amendment needed to be offered. She MOVED to ADOPT Amendment 2 to Amendment H HSS 4. The amendment would delete the \$600,000 reduction and replace it with a reduction of \$463,000 UGF.

[4:26:55 PM](#)

AT EASE

[4:27:41 PM](#)

RECONVENED

Co-Chair Wilson restated her motion. She MOVED to ADOPT Amendment 2 to Amendment H HSS 4. The amendment would delete the \$600,000 reduction and replace it with a reduction of \$453,000 UGF to reflect the \$1,500 cap included in Amendment 1.

Representative Tilton OBJECTED. She believed the figure provided by Representative LeBon was \$463,000 instead of \$453,000.

Co-Chair Wilson WITHDREW Amendment 2. She MOVED to ADOPT Amendment 3 to Amendment H HSS 4. The amendment would delete the \$600,000 reduction and replace it with a reduction of \$463,000 UGF to reflect the \$1,500 cap included in Amendment 1.

There being NO OBJECTION, Amendment 3 to Amendment H HSS 4 was ADOPTED.

Co-Chair Wilson WITHDREW her OBJECTION to Amendment H HSS 4 as AMENDED.

There being NO further OBJECTION, Amendment H HSS 4 was ADOPTED as AMENDED.

4:29:38 PM

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

Public Health Nursing
H HSS 5 - Increase Public Health Nursing Services

Public Health Nursing has been the target of many cuts over the past few years taking a hit of more than \$4 million from FY16 to FY19. This increment will help the Public Health Nursing allocation increase services to meet increasing incidence of flu and STDS and decreased immunization rates.

1004 Gen Fund (UGF) 1,000.0

Co-Chair Wilson OBJECTED for discussion.

Representative Josephson reviewed the amendment. He shared that he had attended about four town hall meetings (one or two in Juneau, two in Anchorage, and one in Bethel). He discussed that typically the legislature heard generalized commentary about need or want - to cut the budget, raise the budget, protect schools, etcetera. He remarked that it was all important. He highlighted public testimony from March 25 [2019] Jane Andreen, a Juneau nurse who provided a specific case about the need to grow public nursing. He reported the amendment was his only amendment to add funds. He noted that currently public health nursing had fees set on a sliding scale based on family income and size. He stated that no one was ever refused; however, there had been a cut of 40 positions since FY 16 in the range of \$5 million. He elaborated that the hope had been to fill the cut with DGF funds, but that had not materialized.

Representative Josephson provided the figures reported by Ms. Andreen during public testimony: 27 percent of existing public health centers had been closed, staff was down 21 percent, flu cases rose 1,955 to 6,515 in Alaska, there had been a reduction in immunizations from 33,000 to 16,000. He believed Alaska was the worst state for gonorrhea and syphilis. He thought Ms. Andreen had made an air-tight case for a funding increment. He felt that when a concrete

example was proposed, it would be negligent for him to not bring it before the whole committee. He highlighted that health was a constitutional obligation. The amendment would spend an extra \$1 million on the public health of the Alaskan people.

Representative Sullivan-Leonard asked if there had been a discussion about the public health nursing budget in the HSS subcommittee. She asked if the particular allocation had been reduced.

Representative Josephson replied that he did not know. He believed it was a status quo budget. He noted an affirmative response from Vice-Chair Johnston. He explained that Ms. Andreen had testified about previous cuts and what she viewed as the impact of those cuts.

[4:33:21 PM](#)

Representative Sullivan-Leonard asked Vice-Chair Johnston for history on public health nursing.

Vice-Chair Johnston replied that Representative Josephson had accurately listed the cuts that had been made to the division from FY 14 to FY 19. She explained that the subcommittee had not accepted a proposed cut of \$2 million and had thus maintained status quo. She recognized the importance of public health nursing and reported great work had been done to find efficiencies. She detailed that much of public health nursing involved education - nurses had been able to reach out through education other than only doing personal visits. She acknowledged that centers had been closed, which she recognized was not ideal. She stated public health nursing was doing a heroic job providing services, which was the reason the subcommittee had not proposed any additional cuts.

Representative Tilton shared that in FY 18 actuals the public health budget had been \$26,504,300 and was proposed to increase to \$29,953,900 in FY 20 - an increase of \$3,449,600, which was \$2,389,500 above the consumer price index (CPI) of 4 percent. She explained that even if public health nursing was reduced, it would be maintained at FY 18 levels adjusted for CPI.

[4:35:39 PM](#)

AT EASE

4:36:29 PM

RECONVENED

Vice-Chair Johnston read the decrements to the department as follows: \$1.4 million and \$0.4 million in FY 16; \$3.7 million in FY 17; and over \$1.1 million in FY 18. There had been an increment in FY 18 for the amount that had been removed for over \$1.1 million; the funds had been temporary for a three-year plan. There had been an increment again for the three-year plan for \$757,000 in FY 19 and \$379,000 in FY 20. She noted a \$2 million [reduction] had been proposed in the FY 20 budget. The total base change from FY 16 to FY 19 was \$4.8 million. She explained that if the legislature accepted the suggested \$2 million decrement, the total reduction since FY 16 would be \$6.8 million.

Representative Tilton added that the Division of Public Health and Nursing had come before the committee and had testified it was confident the budget could be reduced, while maintaining needed services. She reported that consolidating the regions would reduce the division's administrative cost by 25 percent. She detailed that the division could reduce its leasing facilities and cost and could contract with community centers. The division was looking at developing innovative service delivery models with different partners.

Vice-Chair Ortiz supported the amendment. He reported that the island community of Wrangell had lost its public health nurse and center due to the cuts. He pointed out that residents could not drive to access services elsewhere.

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Josephson provided wrap up. He addressed the consolidation and efficiencies discussed by Representative Tilton and noted the state had a top-down government. He countered that public health nurses were telling a different story. He stated that no one had controverted the statistics provided. For example, gonorrhea had increased 31 percent between 2015 and 2017. He stressed that the state was not going in the right direction on fundamental, basic healthcare in Alaska. He believed the state would pay for it in other ways. He underscored that the data was defensible.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Ortiz, Foster

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

The MOTION to adopt Amendment H HSS 5 FAILED (3/8).

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

Public Health Nursing
H HSS 6 - Reduce Public Health Nursing

Reduce Public Health Nursing

1003 GF/Match (UGF) -2,000.0

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton reviewed the amendment that would reduce public health nursing by \$2 million. She reported the division had told the committee it was confident the reduction could be made through the consolidation of regions. She noted it was an administrative reduction, not a reduction to services. She detailed the division could reduce leasing and contract with community centers to develop innovative service delivery models with different partners. She added that within DHSS, 163 months had been allocated for public health nurse positions that were vacant, which totaled \$1.6 million UGF-only.

[4:42:33 PM](#)

Vice-Chair Johnston relayed the subcommittee had not accepted the [\$2 million] decrement due to decrements made over the years. She did not support the amendment.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Sullivan-Leonard, Tilton, Carpenter

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

The MOTION to adopt Amendment H HSS 6 FAILED (3/8).

4:43:40 PM

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

Human Services Community Matching Grant
H HSS 7 - Eliminate Human Services Community Matching
Grants

Eliminate Human Services Community Matching Grants

1004 Gen Fund (UGF) -1.387.0

Representative Josephson and Co-Chair Wilson OBJECTED.

Representative Tilton reviewed the amendment that would eliminate \$1.4 million in human services community matching grants outlined in AS 29.60.600. She reported that funding the grant annually was not statutorily required. She explained the statute outlined the requirements if funds were appropriated. She remarked that in the past, when the state had money, numerous programs had been created without thinking about the ability to fund the items in the future. She emphasized the importance of prioritizing spending. She encouraged grant recipients to look for outside funding.

Representative LeBon spoke against the amendment. He relayed the human services matching grant program had been in place since 1992. The program required a 30 percent matching participation by the community receiving the grant. He reported that Fairbanks was happy to provide its 30 percent match. He elaborated that grant recipients in Fairbanks included the Fairbanks Community Food Bank; Love Inc, provided emergency support to clients; North Star Council on Aging supported the senior Meals on Wheels program; and the Interior Community Health Center provided basic primary healthcare services for low income individuals. He reported the program was working and deserved support.

Representative Sullivan-Leonard supported the amendment. She had seen good work provided by the Mat-Su Health Foundation and other community groups such as chambers and rotary programs rising to help those in need including the local food bank and Meals on Wheels program. She supported the reduction, which she believed was needed. She thought

it was important to move more towards private entities to pick up where the state had been in the past.

Representative Josephson opposed the amendment. He thought the food banks were doing well due to state matching funds. Additionally, he did not believe it was viable to ask the private sector to pick up the load for myriad items unless there was a tracking system to make sure it happened. He had received an email earlier in the day from a woman in Ketchikan working for Women in Safe Homes (WISH). The woman had reported a domestic violence clinic aided by the grant had saved a woman's life. He elaborated that the woman had been provided emergency transportation utilizing community initiative matching grants. He supported maintaining the grant.

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Tilton provided wrap up. She acknowledged that all programs were good to someone. She highlighted the state's budgetary challenges and was concerned about what would happen when the state was not available to provide the funds.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H HSS 7 FAILED (5/6).

[4:49:54 PM](#)

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

Community Initiative Matching Grants (non-statutory grants)

H HSS 8 - Eliminate Community Initiative Matching Grants

Eliminate Community Initiative Matching Grants

1004 Gen Fund (UGF) -861.0

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton reviewed the amendment that applied to the rural piece of the grants. The amendment would eliminate funding for the community initiative matching grants. She reported the funding was not statutorily required. She elaborated that the funds could be eliminated while keeping the program in place.

Co-Chair Wilson asked if the program had the same match as the previous program discussed by the committee [human services community matching grants].

Representative Tilton did not believe so. She did not have the information on hand.

Vice-Chair Ortiz asked if the sponsor had said it was the rural side of the matching grant program.

Representative Tilton answered that the human services community matching grant was the urban grant and the community initiative matching grant was the rural counterpart.

Representative LeBon asked if there was a match requirement for a rural community to access the funds.

[4:51:49 PM](#)

AT EASE

[4:56:12 PM](#)

RECONVENED

Representative Tilton reported she had been provided information showing there was no match requirement.

Co-Chair Wilson WITHDREW her OBJECTION.

Vice-Chair Ortiz OBJECTED.

A roll call vote was taken on the motion.

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

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

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

4:57:32 PM

Co-Chair Foster asked when members wanted to break for dinner.

Co-Chair Wilson requested to finish the remainder of Department of Health and Social Services before a dinner break.

Representative Knopp thought that would take some time.

Co-Chair Foster thought it could take a while. He suggested taking a break in an hour.

4:59:11 PM

Vice-Chair Johnston MOVED to ADOPT Amendment H HSS 9 (copy on file):

Medicaid Services
H HSS 9 - Intent Language

Wordage:

It is the intent of the legislature that the department work with the statewide professional hospital association to develop strategies and methodologies for implementation of hospital diagnosis related groups, acuity-based skilled nursing facility rates, rate reductions, and timely filing provisions to mitigate unintended consequences.

The department shall submit quarterly progress reports on cost containment efforts to the co-chairs of the House and Senate Finance Committees and the Legislative Finance Division.

Explanation:

This amendment gives the department direction and expectations for cost containment strategies and requires quarterly updates.

Representative Josephson OBJECTED for discussion.

Vice-Chair Johnston explained the intent language would let the department know the legislature would like the providers via the state hospital association to be at the table helping to inform the department on implementation of

the Medicaid intent language. The other part of the intent language included progress reporting requirements to inform the legislature whether the department was achieving savings or if a supplemental should be anticipated.

Representative Josephson asked if the amendment would allow the statewide professional hospital association to say it could not make the reduction due to too many rate reductions. He surmised the association would be free to speak its piece with regards to reforms. He asked if his statements were accurate.

Vice-Chair Johnston replied it was partially correct. She explained the issue was more that legislators knew cuts needed to be made. The association had some ideas to save money. The intent language would bring the association to the table to work with all parties and determine if cost savings could be made.

Representative Sullivan-Leonard understood the amendment pertained to Alaska State Hospital and Nursing Home Association (ASHNHA). She thought the entity was already part of the discussion. She wondered why the intent language was necessary. She thought it would set a precedent where association groups would be an active part of the division as a mandate.

Vice-Chair Johnston replied the intent language was in response to poor communication between health services and the department. She explained the parties could do whatever they wanted with the communication. The amendment encouraged the department to bring healthcare providers into the discussion to see if there were efficiencies. At the end of the day the department could do what it wanted, but the intent language suggested there could be some cost savings by bringing the providers to the table or including them in conversations.

[5:02:09 PM](#)

Representative Sullivan-Leonard felt there were already ongoing discussions between the department and various hospitals across the state. She did not believe it was necessary.

Representative Josephson supported the intent language because it was balanced. He detailed that on the one hand

it talked about being mindful for the state to mitigate unintended consequences to providers, on the other hand it talked about the need for cost containment.

Representative Tilton considered the amendment's requirement for the department to submit quarterly progress reports. She agreed reporting was needed, but she noted costs that came with producing reports. She wondered if quarterly reporting was the right number.

Vice-Chair Johnston cited separate legislation - SB 74 - and explained it was her understanding quarterly reporting had been used in that bill. She pointed out quarterly figures provided trend lines. She reasoned it should be fairly easy to query if data was available.

Representative Knopp spoke in support of the amendment. He thought it seemed appropriate with the expansion of Medicaid and the Affordable Care Act hospitals and skilled nursing homes had become more reliant on "that type of revenue source." He elaborated that although the department administered healthcare, it was not necessarily in the healthcare business. He was not sure the department was completely aware of the consequences or changes it made. He believed consulting with providers was a good idea.

[5:04:14 PM](#)

Representative Carpenter asked if the amendment was an attempt to improve organizational processes.

Vice-Chair Johnston replied in the affirmative.

Representative Carpenter asked if the amendment sponsor would be open to an amendment that focused the department's attention on a way to think through process improvement rather than pulling more people into a group ad hoc. He argued there were existing business models for process improvement that may or may not be being used at present. He reasoned if the legislature directed a particular process improvement model it could force the department to do its process improvement.

Vice-Chair Johnston appreciated the intent but thought that approach [suggested by Representative Carpenter] would micromanage the department. She did not want to be that prescriptive.

Representative Josephson WITHDREW his OBJECTION to the amendment.

There being NO further OBJECTION, Amendment H HSS 9 was ADOPTED.

5:06:05 PM

Representative Knopp MOVED to ADOPT Amendment H HSS 10 (copy on file):

Medicaid Services

H HSS 10 - Exclude long term care facilities from Medicaid provider rate reductions

It is the intent of the legislature that long-term care facilities are exempt from Medicaid provider rate reductions.

Explanation:

This amendment would exclude long term care (skilled nursing) facilities from proposed Medicaid provider rate reductions.

Co-Chair Wilson OBJECTED for discussion.

Representative Knopp reviewed the amendment that would include intent language to exempt long-term care facilities from the Medicaid provider rate reductions - at least for the current budget cycle. He explained that some long-term skilled nursing facilities were very dependent on the Medicaid system. He reported the following figures from a study provided by ASHNA: Wildflower Court was 91 percent dependent; Petersburg Medical Center was 100 percent dependent; Heritage Place was 85 percent dependent; Wrangell Medical Center was 99 percent dependent; and South Penn Hospital was 93 percent dependent. Any reductions to the services would put the entities out of business. He requested no changes made to Medicaid for skilled nursing facilities.

5:07:39 PM

Co-Chair Wilson asked for clarification. She noted that the wordage provided a suggestion to the department, but it did

not prevent the department from excluding long-term care facilities.

Representative Knopp agreed. The amendment included intent language. He had corresponded with ASHNA and ASHNA had corresponded with the department. The department had recommended the intent language and had communicated it would more than likely comply. He explained the department recognized the need for the skilled nursing facilities.

Representative Carpenter thought there was a fine line with the intent language being offered. He considered that if the legislature could not prescribe process improvement methodology to help organizations improve their thinking, he thought telling the department it should not consider rate reductions for a particular portion would also be prescriptive and micromanaging. He did not understand where the committee was going if it was picking and choosing which prescriptive suggestion moved forward. He thought they were micromanaging in one area and not another.

Co-Chair Wilson WITHDREW her OBJECTION.

Representative Carpenter OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Johnston, Knopp, LeBon, Wilson, Foster

OPPOSED: Sullivan-Leonard, Tilton, Carpenter, Merrick

The MOTION PASSED (7/4). There being NO further OBJECTION, Amendment H HSS 10 was ADOPTED.

[5:10:36 PM](#)

Representative LeBon MOVED to ADOPT Amendment H HSS 11 (copy on file):

Medicaid Services

H HSS 11 - Medicaid - Hospital Rate Reduction Exemption

Wordage:

It is the intent of the legislature to exempt hospitals with the dual federal designation of Sole Community Hospital and Rural Referral Center in

addition to Critical Access Hospitals from the 5% Medicaid rate reduction.

Explanation:

Fairbanks Memorial Hospital (FMH) is the only Sole Community Hospital and Rural Referral Center dual federally designated hospital in the state as well as only one of 133 in the country. Given its proximity to other communities, FMH is often utilized by rural areas since the nearest like hospital is approximately 400 miles away; the requirement to be considered SCH is only 35 miles. FMH has a high case-mix and high discharge volume.

Co-Chair Wilson OBJECTED for discussion.

Representative LeBon reviewed the amendment that would clarify the status of the Fairbanks Memorial Hospital (FMH) as being worthy of "critical access" hospital designation. He explained FMH was the only hospital in Alaska that had a designation of a sole community hospital and a rural referral center. He detailed there were only 133 (out of 4,700) of such hospitals in the country. He believed the designation was worthy given the remote location of FMH in relationship to the rest of the state.

[5:11:32 PM](#)

AT EASE

[5:21:22 PM](#)

RECONVENED

Representative LeBon reiterated his explanation of Amendment H HSS 11. The amendment would publicly the status of FMH as the only sole community hospital and rural referral center in Alaska. The amendment clarified the hospital should be entitled to the designation of a critical access hospital. He acknowledged the budget adopted by the committee had retained the Medicaid funding; however, he wanted the information in Amendment H HSS 11 to be on the record because he did not know what the department may do.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H HSS 11 was ADOPTED.

5:22:40 PM

Representative Tilton MOVED to ADOPT Amendment H HSS 12 (copy on file):

Medicaid Services (continued)

H HSS 12 - Remove Department level \$30 million transfer wordage between non-Medicaid Services appropriations

This transfer authority is unnecessary and is counter to truth in budgeting.

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton reviewed the amendment that would remove departmental intent language that was at the commissioner's discretion to transfer up to \$30 million between appropriation lines within the DHSS budget. She noted there was a caveat that the Medicaid Services appropriation could not be removed. The language had been first incorporated in FY 14 as a temporary measure when the legislature had made the first reductions to the Medicaid budget. She shared that she had been staff when the intent language came forward and recalled it had been intended as very temporary. She cautioned to be careful what was asked because it could keep coming back in the future. She read from a legal opinion she had received from Legislative Legal Services:

Allowing the commissioner to transfer funds between appropriations is most likely unlawful delegation of the legislature's appropriation power. A violation of the separation of powers doctrine, a violation of the prohibition on transfers between appropriations under AS 37.07.080, and a violation of the confinement clause under Article 2, Section 13 of the constitution.

Co-Chair Wilson supported the amendment. She reminded subcommittee chairs that they had all removed similar language out of their agencies. She noted that it was not the agency's purview to transfer between appropriations. She added that the legislature had divided appropriations even more for many agencies because it wanted to ensure funds were spent on what the legislature intended. She

noted that the language was no different than what had already been removed. She had been frustrated the previous year when the legislature had been told departments could spend money wherever they wanted. She stressed that was not her intent.

Representative Josephson mentioned Vice-Chair Johnston's amendment to collapse appropriations. He asked how that interplayed with the current amendment.

Vice-Chair Johnston replied it was her amendment because she was concerned about how aggressively the department was trying to make changes. She realized the process addressed in Amendment H HSS 12 was not legal and should not occur. She supported the amendment.

[5:26:23 PM](#)

Representative Sullivan-Leonard noted the issue had been discussed the previous year. She had been concerned to see that money could be moved as the department deemed fit. She noted she had offered a \$25 million reduction amendment the prior year. She supported the amendment.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H HSS 12 was ADOPTED.

[5:27:09 PM](#)

Representative Josephson MOVED to ADOPT Amendment H HSS 13 (copy on file):

Adult Preventative Dental Medicaid Services
H HSS 13 - Maintain Full Funding for Adult
Preventative Medicaid Dental Services

Wordage:

It is the intent of the legislature that the Department of Health and Social Services maintain full funding for adult preventative dental Medicaid services

Explanation:

Ensures the adult preventative Medicaid dental program will be maintained

Co-Chair Wilson OBJECTED for discussion.

Representative Josephson referenced an amendment by Vice-Chair Johnston that her amendment cutting \$58 million kept adult dental intact. He offered the amendment in the same vein that Representative LeBon had offered his recent amendment. He could not know without great expertise, what the department would do; however, the committee had been told that the department may respond to intent language. The committee had heard that an \$8 million investment would bring \$18 million from the federal government. He underscored that if the department cut adult preventative dental, Alaska would join only three states that did not offer the service. He emphasized the importance of the service.

Representative Sullivan-Leonard recalled from a DHSS presentation that individuals needing dental care would receive it if the situation was an emergency. She did not recall that the dental program would go away.

Vice-Chair Johnston clarified there were two programs - emergency dental and adult preventative dental. The emergency dental program more than likely caused hospitalization and was for individuals in trauma who were losing teeth. Whereas, the preventative dental program caught numerous systemic issues. She cited diabetes as one of the most important things that could be identified by preventative dental services. Additionally, systemic infections could be identified. For those reasons, she had not included preventative dental in the Medicaid cuts [in Amendment HSS B].

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Johnston, Knopp, LeBon, Ortiz, Wilson, Foster

OPPOSED: Sullivan-Leonard, Tilton, Carpenter, Merrick

The MOTION PASSED (7/4). There being NO further OBJECTION, Amendment H HSS 13 was ADOPTED.

[5:30:34 PM](#)

Representative Josephson WITHDREW Amendment H HSS 14 (copy on file) related to Medicaid reductions.

Representative Sullivan-Leonard asked why the amendment was not being offered.

Vice-Chair Johnston replied the amendment would not be offered because the committee had already approved a \$58 million reduction to Medicaid Services.

[5:31:15 PM](#)

Representative Josephson WITHDREW Amendments H HSS 15 and H HSS 16 (copy on file).

Representative Josephson MOVED to ADOPT Amendment H HSS 17 (copy on file):

Medicaid Services
H HSS 17 - Honor the Small Facilities

Wordage:

It is the intent of the legislature that the department of Health and social services honor the terms, conditions, and rate schedules set out in the already signed "Small Facility Medicaid Payment Rate Agreements" with all facilities.

Co-Chair Wilson OBJECTED for discussion.

Representative Josephson reviewed the amendment that would honor small facilities contracts. He read from a prepared statement:

This amendment again deals with Medicaid rates and directs DHSS to honor the contracts it has already signed with critical access hospitals. The department told us that critical access hospitals would be protected under the drastic Medicaid proposal that - in my view it was drastic, and we've scaled it back. According to several experts who have come to us, the department may be able to hold critical access hospitals harmless from outpatient rate cuts, but they can not guarantee with any level of comfort that these hospitals will not be impacted by the proposed cuts.

Critical access hospitals operate both acute care and long-term care services under one administrative structure. The fact that DHSS has signed one small facility agreement that includes rates for both acute care and long term care demonstrates an integrated facility. A cut to one part of the facility will certainly impact the other part of the facility. Since the department has no way of confidently articulating, in my opinion, the harm that might be caused to critical access hospitals through rate cuts, the best way to protect critical access hospitals is to honor the small facility agreements that DHSS has signed.

Representative Josephson noted that the contracts were referred to in 7 AAC 150.190. He explained that DHSS had come to the hospitals and asked them to enter into the agreements. He did not want Medicaid reforms to interfere with the agreements. He detailed that the agreements outlined the payment rate and inflationary adjustment a facility would receive annually for the four-year period of the agreement, which would provide the hospitals with a stable payment environment to meet community needs.

[5:33:48 PM](#)

Vice-Chair Johnston asked if the amendment precluded reopening an agreement from both parties in the event of a new rate structure or block grant.

Representative Josephson replied it was a good question. He stated the four-year contracts should be abided by; if both parties agreed to renew the contract, they could enter into such a discussion.

Representative Carpenter opposed the amendment. He stated the committee had not wanted to take many of the administration's recommendations on budget cuts, but the committee was willing to pass intent language on policy matters. He thought the committee should focus its attention on fiscal matters and have the courage to address the budget deficit with meaningful cuts. He stated the committee had cut approximately \$59 million from a \$3 billion budget.

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Josephson provided wrap up on the amendment. He clarified that the committee had cut much more than \$59 million. He pointed out the committee had cut more than that in the cut to school bond debt reimbursement alone. The committee had heard from the department about hospitals covering two functions. He noted that Representative Knopp had spoken about long-term care functions, which were also functions of critical access hospitals. He stressed that the department had approached the entities and had entered into the contracts in good faith. He believed the department should be required to comply with the contracts.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Johnston, Knopp, LeBon, Merrick, Ortiz, Wilson, Foster

OPPOSED: Tilton, Carpenter, Sullivan-Leonard

The MOTION PASSED (8/3). There being NO further OBJECTION, Amendment H HSS 17 was ADOPTED.

[5:37:17 PM](#)

Representative Tilton WITHDREW Amendment H HSS 18 (copy on file).

Representative Tilton MOVED to ADOPT Amendments H HSS 19 and H HSS 20 (copy on file):

Medicaid Services

H HSS 19 - Limitation on Medicaid funding for abortions.

Wordage:

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

Explanation:

Leg. Legal Memo 31-GH1905R.5 attached

Medicaid Services

H HSS 20 - Decrement the UGF amount expended on abortions in FY18

In FY2018 the Alaska Medicaid program paid for abortions for 805 women at a cost of \$334,669.11 (per the Department of Health and Social Services).

1004 Gen Fund {UGF} -334.7

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton reviewed the amendments. The amendments would add intent language into the budget to put limitations on Medicaid spending for abortions. The amendments would also remove \$334,000 that had been paid as the state portion for abortions that were not medically necessary.

Representative Merrick supported the amendments. She shared that she had been adopted at birth from an unwed teenager. She stated that it broke her heart the state had paid for 805 babies to not get the chance she had. She shared that her father and mother had passed away and she could not think of a better way to honor their legacy than to advocate for those babies. She believed using state funds for abortions was morally and ethically wrong.

[5:39:08 PM](#)

Representative Carpenter was in favor of the amendments. He shared that two days back marked the anniversary of his family losing its first grandbaby. He expressed his belief that abortion was wrong. He thought there was a better way to deal with the problems in people's lives. He stated people had a choice and could choose to adopt.

[5:40:48 PM](#)

Representative Sullivan-Leonard supported the amendments. She recalled Alaskans testifying they wanted to see a moral budget. She argued that the state's budget was not moral. She believed the amendments were moral. She did not support using state funds for abortions. She spoke about people who would have loved to adopt a baby. She questioned when it was the government's role to be involved with moral issues.

Representative Knopp expressed support for the amendments. He shared that as a Catholic he was pro-life, but he characterized his views as "pro-life with a slant." He thought there was substantial value in a women's right to choose. However, his preference was there would be no abortions. He thought the use of public funds and Medicaid services made it almost too convenient to have an abortion. He would not oppose abortions and believed there were different circumstances for everyone. However, he thought the use of public funds may cause abortions to run rampant.

[5:43:12 PM](#)

Vice-Chair Ortiz agreed on the difficulty of the topic. He associated his comments with comments made by Representative Knopp. He shared that he came from a Catholic family and was pro-life. He pointed out that the particular amendments were not about ending abortions, but about reducing access to abortions for those who were less advantaged.

Co-Chair Wilson discussed that a few years ago there had been a bill before the legislature, and she recalled the same argument had been made - that passing the bill would prevent individuals from finding the resources. She disputed that claim. She pointed to Planned Parenthood as a resource. She thought the organization made it too easy for people, but it was the organization's choice. She believed the amendments were not about whether a woman had a choice. She would vote for the amendments because she liked Representative Merrick and because it was public money going to something that was not medically necessary. She believed that sometimes if the choice was made a little harder, people had to think more about a decision. She stated it did not necessarily mean someone could not find the service. She believed there should be parameters around the subject. She thanked Representative Merrick for sharing her story.

[5:45:40 PM](#)

Vice-Chair Johnston stated her only concern was about whether the amendment would survive a legal challenge.

Representative Tilton answered that the dollars had been decreased from the budget for several years and the decreases had survived.

Vice-Chair Johnston had seen it the last two years. She was concerned "it has yet to pass and be signed." She asked if she was accurate.

Representative Tilton answered that the increment had been included in the budget and the budget had been reduced.

Vice-Chair Johnston observed that in FY 18 there had been 805 [abortions via the Medicaid program]. She asked if the item passed the prior year.

Representative Tilton replied the funding had been in the budget for FY 19, "not, the dollar amount was reduced in FY 19."

Vice-Chair Johnston shared that she would never personally have an abortion. She believed the best thing the state could do was to always offer birth control. There was an aspect of having public funds used for abortions that she found concerning.

Representative LeBon thanked the sponsor for bringing the amendments forward. He expressed his support.

Co-Chair Wilson WITHDREW her OBJECTION to Amendments H HSS 19 and H HSS 20.

Representative Josephson OBJECTED.

[5:48:29 PM](#)

Representative Josephson recognized the validity of the positions espoused by other members and would never engage in a debate about those positions. However, the language had been tested and found unconstitutional. He clarified that did not mean he believed members should not support the amendment. He needed a roll call to be taken on the amendments.

Representative Tilton thanked members for sharing their personal stories. She asked for members' support.

A roll call vote was taken on the motion.

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

The MOTION PASSED (9/2). There being NO further OBJECTION,
Amendments H HSS 19 and H HSS 20 were ADOPTED.

5:50:25 PM

Vice-Chair Johnston MOVED to ADOPT Amendment H HSS 21 (copy
on file):

Alaska Pioneer Homes Pioneer Homes
GA 3/27 Implement Alaska Pioneer Homes Rate Increase

This fund source adjustment decreases the federal receipt authority in the Pioneer Homes to align the amount requested with what the Department believes is realizable. There are also adjustments to the interagency receipt authority in recognition of initiatives to increase Medicaid reimbursement rates in tandem with private-pay rate increases reflected as general fund program receipts. This fund change reverses a portion fund change reflected in the original FY2020 Governor's Amended request.

1002 Fed Rcpts (Fed)	-3,741.0
1005 GF/Prgm (DGF)	-5,855.4
10071/A Rcpts (Other)	9,596.4

Co-Chair Wilson OBJECTED for discussion.

Vice-Chair Johnston reviewed the amendment related to interagency receipt authority of \$9,596,400 to anticipate increased Medicaid reimbursement and private pay receipts.

Co-Chair Wilson understood it was a governor's amendment. She assumed the Medicaid portion would be [paid with] the federal receipts. She asked if the General Fund program funds were related to insurance. She asked for verification the amendment would not do anything for those people who did not have the funds.

Vice-Chair Johnston agreed.

Representative Josephson asked Co-Chair Wilson to repeat her question.

Co-Chair Wilson complied. She believed the General Fund program must be receipts for the anticipation of those with long care insurance. She assumed the federal receipts related to Medicaid for the increase to the Pioneer Homes. She wanted to make sure "that what we weren't looking at, with people who didn't have the funds, that this somehow was an increase on those individuals." She had been told the amendment would not affect those individuals who currently did not have insurance and were not on Medicaid.

[5:52:30 PM](#)

AT EASE

[5:55:33 PM](#)

RECONVENED

Representative Josephson reported his question had been answered.

Co-Chair Wilson WITHDREW her OBJECTION to the amendment.

There being NO further OBJECTION, H HSS 21 was ADOPTED.

Representative Tilton WITHDREW H HSS 22 (copy on file).

[5:57:07 PM](#)

RECESSED

[6:46:34 PM](#)

RECONVENED

Co-Chair Foster explained the committee would hear a language section amendment.

Representative Carpenter MOVED to ADOPT Language Section Amendment 16, 31-GH1905\R.32 (Bruce, 4/1/19) (copy on file):

Agency: Education & Early Dev
Appropriation: K-12 Aid to School Districts
Allocation: Additional Foundation Funding

Transaction Details
Title: Delete \$30 Million Outside BSA

Section: Language
Type: Dec

Grants: -30,000.0

Funding
1004 Gen Fund -30,000.0

Delete additional \$30 million outside of the BSA.

Page 76, line 27:
Delete all material and insert:
"* Sec. 30. Section 4, ch. 6, SLA 2018, and sec.
27(c), ch. 19, SLA 2018, are repealed."

Co-Chair Wilson OBJECTED.

Representative Carpenter explained the amendment was a repeal of the \$30 million funding outside the Base Student Allocation (BSA) from the previous session.

Representative Josephson explained that the funding was part of a settlement of the legislative session in FY 18 that included passage of SB 287 (curriculum monies and other features). The BSA had not been raised in a number of years and instead of fighting over the BSA (due to the perceived permanency it created in the budget) the legislature had added the money. He opposed changing course and believed the money was necessary.

[6:49:25 PM](#)

Representative Knopp spoke against the amendment. He relayed he had crafted the same amendment and had considered introducing it. He noted that he did not expect the state's fiscal situation to improve in the next couple of years and he had been concerned about the \$20 million for the FY 18 and FY 19 and the \$30 million for FY 20. He did not want schools to start to count on the funds going forward. He reasoned that because the budget needed to be reduced and the increment had not yet been appropriated or spent by districts, he thought making the reduction was appropriate. However, since the school bond debt reimbursement had been repealed, he would not support the amendment. He explained that his district's percentage of the [\$30 million] amount was around \$1 million. He believed districts would feel the impact in the local contributions

that the borough provided the school district. He hoped the [\$30 million] increment would offset the reduction [to school bond debt reimbursement].

Representative Sullivan-Leonard directed a question to Vice-Chair Ortiz, the DEED subcommittee chair, and asked what the education budget had been for FY 18, FY 19, and FY 20.

Co-Chair Wilson replied that in FY 18 there had been no additional funds outside of the BSA. The total had been about \$1.3 billion. An additional \$20 million had been added for FY 19, although it had not yet been given to districts - she remarked the funds were "still being held hostage." The last figure she had seen was about \$1.3 billion to education - the total amount fluctuated. They had kept the BSA to the same amount for FY 20 with the addition of the \$30 million [one-time] funding outside the BSA.

Representative Sullivan-Leonard was trying to determine how much education funding had increased over the past three years or whether funding had remained stable. She stated she was interested in total cost.

Co-Chair Wilson assumed Representative Sullivan-Leonard was interested in funds going to school districts and not the budget for the department. She referenced the approximately \$1.2 billion for the BSA and explained that student numbers had decreased but special needs had increased; therefore, the cost had been fairly steady from year-to-year. The only increases to districts had been in the BSA.

[6:53:14 PM](#)

AT EASE

[6:55:48 PM](#)

RECONVENED

Representative Sullivan-Leonard reported her question had been answered.

Co-Chair Wilson would not support the amendment at present. She saw the \$30 million as an opportunity. She stated currently there was \$20 million going in. She considered that perhaps the money could be split. She wondered about incentivizing behavior the legislature may want to see. She

believed there was an opportunity to do so with the \$30 million. She did not know what that incentivization would look like at present; therefore, she was not prepared to offer an amendment related to the subject. She thought the legislature needed to address the situation with the DEED commissioner. She noted the commissioner had a plan and was looking for ways to incentivize things such as 3rd grade reading. She continued it would not be ongoing operating items, but things that may need some capital help such as curriculum, testing, or other. She stated the legislature had done the same thing in the past with security - items that were capital projects.

Co-Chair Wilson considered whether there was an opportunity to step down from the \$20 million that was already in the school budgets and get some better data in the next couple of years for things like 3rd grade reading, high school outcomes, graduation rates, and other. She stated it was tied to SB 26 [Permanent Fund percent of market value (POMV) legislation that passed the legislature in 2018] and she had not voted for the bill because of the \$30 million. She clarified it was not because she did not want schools to have money. She recalled listening to everyone talk about wanting different outcomes. She thought perhaps it was a good way to utilize the funds to jump start something that schools did not have the opportunity to do because of a lack of funds. She reasoned there was still more time in the process to consider those avenues.

[6:58:12 PM](#)

Representative Carpenter provided wrap up on the amendment. He spoke to the need to address the state's budget deficit through spending cuts. He understood the concept of incentivizing one action for another. He stated that "we get the POMV and the reduction of Permanent Fund Dividends to give \$30 million to schools." He continued the past legislative body had opted against the difficult task of fixing the BSA. He added he had not been in the legislature at the time and it was hard to criticize action taken before he was in the legislature. He pointed out the action tied the hands of a future legislature. He thought budget items needed to be within an election cycle, but currently the legislature's hands were tied with forward funding by a past legislature. He stated that conditions had changed, and the legislature needed to have the ability to address the budget deficit. He had a philosophical problem with

incentivizing schools to do something they should be doing already. He was opposed to tying better results to more money, but he was open to creative solutions.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Sullivan-Leonard, Tilton, Carpenter

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

The MOTION to adopt Amendment LS 16 FAILED (3/8).

[7:00:44 PM](#)

Co-Chair Wilson MOVED to ADOPT Amendments H LAW 1, 2, 3, 4, 5, and 6 (copy on file):

Criminal Division
First Judicial District
H LAW 1 - First Judicial District Reduction

Remove one prosecutor and one support staff in Juneau,
and one support staff in Ketchikan.

1004 Gen Fund (UGF) -337.8

Second Judicial District
H LAW 2 - Delete one support staff in Nome

Delete one support staff (97.8)

1004 Gen Fund (UGF) -97.8

Third Judicial District: Anchorage
H LAW 3 - Delete two prosecutors and one support staff
in Anchorage

Delete two prosecutors and one support staff in the
Third Judicial District.

1004 Gen Fund (UGF) -426.9

Third Judicial District: Outside Anchorage
H LAW 4 - Delete Positions from Third Judicial District

Delete two support staff from the Third Judicial District.

1004 Gen Fund (UGF) -183.9

Fourth Judicial District
H LAW 5 - Delete one prosecutor and one support staff in Fairbanks and one support staff in Bethel

Delete one prosecutor and one support staff in Fairbanks and one support staff in Bethel.

1004 Gen Fund (UGF) -260.1

Criminal Appeals/Special Litigation
H LAW 6 - Delete one prosecutor and two support staff in Anchorage

Delete one prosecutor and two support staff in Anchorage.

1004 Gen Fund (UGF) -292.0

Representative Josephson OBJECTED.

Co-Chair Wilson reviewed the amendments. She explained the amendments pertained to additions that had been made to the Department of Law (DOL) with the anticipation they may never see the light of day "because of where the crime bills currently are." She had committed to working with Representative Josephson on looking at the positions when the committee received the crime bill. She stated that the committee had never added positions in anticipation of seeing or not seeing a bill. She was concerned about adding positions to one department, but not another. She thought adding the positions to one department may be nice for that department, but harder for others. She wanted to begin looking at things outside of silos. She believed the best way to do so would be when a crime bill came to the committee. She was asking to remove the positions for the

aforementioned reasons. She planned to revisit the issue in the near future, hopefully prior to May 15.

Representative Josephson explained that the funds had not been designed to supplant or replace anything that would come from the crime bills (either SB 32 or HB 49 - the bills that carried larger fiscal notes due to increased sentencing that would result). He stressed that even if there were no crime bills, the individuals impacted by the amendments were needed, due to "absurdly great" caseloads. Additionally, the U.S. Department of Justice had taken (with \$10,000 incentives) prosecutors from the district attorney's office. He read from a recent letter from the Department of Law addressed to Senator Bert Stedman: "The overall turnover rate in for the Criminal Division in calendar year 2018 - 93 of 213 positions." He emphasized that the number reflected a 44 percent turnover rate (37 percent of prosecutors, 41 percent of paralegals, and 66 percent of legal support staff). He pointed out that two-thirds of the support staff wanted out because they were given an impossible task. He had never seen anything like it. He reported the subcommittee had heard that in FY 14, the Criminal Division had 245 budgeted positions; the division currently had 212 budgeted positions.

[7:04:43 PM](#)

Representative Josephson read an excerpt from the governor's proposed operating budget DOL agency narrative:

"With fewer staff, the Criminal Division must screen case referrals to focus on the most serious crimes, with an emphasis on sexual assault and other violent crimes and taking fewer cases to trial. At the same time that the Criminal Division's budget was being reduced, the Criminal Division saw a dramatic increase in the number of felony prosecutions filed in court. Felony filings have increased by 18 percent between 2017 and 2018. While all types of felonies have increased, the largest increases have been in the more serious types of crime - felony assaults and robberies. In addition to an increase in the felony workload, the number of misdemeanors being filed has also increased. With such dramatic increases in workload, combined with staffing reductions, the Criminal Division has been forced to resolve cases

short of trial and often at a lower level than originally charged."

Representative Josephson noted the DOL agency narrative also talked about morale issues and reductions in plea, which he recognized was a way to resolve a case. He submitted that the department was in a state of crisis. The positions were not connected to a bill but were connected to the budget. He stated the positions were part of what the previous administration had said was needed as part of the Public Safety Action Plan. The action plan recommended five prosecutor positions per year for a three-year period. The amendment would impact those five positions.

7:06:20 PM

AT EASE

7:08:01 PM

RECONVENED

Representative LeBon asked if the positions were proposed or filled.

Co-Chair Wilson answered the positions were new and had not yet been filled.

Representative Sullivan-Leonard had heard from the administration that it wanted to repeal SB 91, that prosecutors were needed, and that the state needed to prosecute criminals. She wanted to know how the amendments helped the cause to get criminals prosecuted and behind bars.

Co-Chair Wilson replied that was exactly her point - that the issue did not only involve one agency. She discussed that part of the current governor's public safety plan was to address the concerns within whatever [crime] bills may come before the committee. She elaborated the concerns were addressed and considered multiple needs such as more prosecutors and conflict attorneys, and whether courts should stay open on Fridays. She emphasized it could not be a silo issue. She thought the positions the amendments would eliminate addressed the issue in a silo. She clarified she was not claiming the positions were unnecessary, but she thought taking care of only one agency would not make things work any quicker.

7:10:02 PM

Representative Sullivan-Leonard wondered why the positions would be removed if they were connected to the governor's crime bills.

Co-Chair Wilson answered that was not the way the process worked. She clarified the committee needed to wait until it had the bills to know exactly what the bills would do (i.e. if the bills would increase jail sentences or change more penalties from misdemeanors to felonies). She explained the changes would all fall into the fiscal notes. She continued that if the committee decided to pass a crime bill, there would be discussion about the number of prosecutors needed and other. There would be a discussion with all involved agencies present to ensure they had the desired number of positions. She highlighted that the bills were not currently in the committee's possession.

Representative Carpenter found it difficult to have conversations about future things. He pointed to the Department of Corrections problem the legislature was trying to solve - contingent on future action. He was frustrated that the current political climate was indicating that most of the governor's requests were being challenged by the [House] majority. He questioned whether the committee would see crime bills come forward. He wondered where the issues would be addressed if the committee did not address them in the budget. He feared the public would be left scratching their heads at the end of session as to why the legislature failed to act.

7:12:24 PM

Representative Knopp was uncertain how he would vote on the amendment. He did not like adding positions. He stated that the issue of justice reform was part of a broader package. He shared that the DOC deputy commissioner had told him there were over 2,000 people on currently out on pretrial release. He considered the request for prosecutors and staff and asked what happened to the right to a speedy trial. He thought there was no such thing anymore. He wondered how long the 2,000 individuals would be out on pretrial release before their trial took place. He wondered about the reason they were not in trial. He had been surprised to learn about the number of individuals out on

pretrial release. He considered that the program was fairly new.

Representative Josephson asked for a repeat of the question.

Representative Knopp clarified there were 2,000 people out on the pretrial program that had been in place for approximately one year. He thought that number seemed high. He asked if adding the positions would expedite the process to get through trials more quickly. He asked if a lack of prosecutors was a barrier to getting work done.

Representative Josephson answered the state had always had pretrial because people had been released. He affirmed there were more people released (which had been the point under SB 91), although SB 54 [crime reform legislation passed in 2017] reined some of that in. He explained that typically it was the defense that postponed trial. There was a 90-day or 120-day speedy trial rule called Rule 45 and prosecutors could not generally ask for an extension of the clock (the clock began when a person was charged). He detailed that the defense could delay trial for various reasons (e.g. a search warrant should have been filed, a stop had been made illegally, etcetera). He explained that prosecutors could not delay trial - they were required to have a court room available for before trial if they wanted the fastest trial possible. He added that if prosecutors did not settle cases there would be more trials.

[7:15:19 PM](#)

Representative Knopp replied the answer was helpful, but he speculated it may not be helpful in the way Representative Josephson would like. He detailed that Representative Josephson had indicated it was the defense attorneys causing delays, not the prosecutors. He had been trying to discern where the problem resided.

Representative Sullivan-Leonard found it to be surprising that the arts and humanities seemed to be more important than getting prosecutors into DOL. She did not believe the arts were more important than prosecutors and fighting crime. She did not support the amendment.

Representative Tilton agreed that increasing the number of prosecutors was needed. She noted she had been one of the

original "no votes" on SB 91 and public safety was at the forefront of her thoughts. She clarified that the addition of the positions was not a request of the current administration but had come from a Public Safety Action Plan from the previous administration.

Co-Chair Wilson confirmed that the positions had not been requested by the governor; they had been added in subcommittee after discussions with DOL. She stated that the Public Safety Action Plan was the former governor's plan.

7:17:33 PM

AT EASE

7:26:36 PM

RECONVENED

Representative Carpenter highlighted the House had not yet seen a bill that would result in a comprehensive improvement to the criminal justice problem. He was opposed to throwing a small amount of money and few positions at the problem without a comprehensive plan. He thought the public was communicating its desire for the legislature to address crime in a major way. He believed it would be fiscally responsible to spend money on a comprehensive plan, not on a piecemeal approach. He supported the amendment.

Representative Josephson MAINTAINED his OBJECTION.

Co-Chair Wilson provided wrap up on the amendments. She reported that the current pretrial population was 1,075. She believed the number was still too large. She reiterated her earlier statements that she did not support addressing the problem in silos. She stated the positions were only one portion of a much bigger picture. She did not know whether the positions were needed because it was not possible to fix only one part of the problem and expect "all the wheels to start turning." She stated the committee had heard the same thing from prosecutors. She thought it was likely one of the reasons why "admin" had not talked about prosecutors because they knew some type of crime bill would be addressed by the committee.

Co-Chair Wilson stated her constituents wanted the crime bill [SB 91] changed. She referenced an earlier statement

that there were numerous DOL employees who had left. The subject reminded her of a conversation with DOC where there had been 70 vacancies and the department had wanted to add 10 more positions. She thought the idea was backwards. She questioned how filling the positions would impact cases. She spoke to the importance of fixing the overall system. She highlighted that 45 percent of the state's inmates were unsentenced sitting in jail. She emphasized there was a system problem. She was requesting to focus on the system as a whole, instead of on one part. She wanted to see if the department was able to fill vacancies to see how it would impact caseloads.

A roll call vote was taken on the motion.

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

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendments H LAW 1, 2, 3, 4, 5, and 6 were ADOPTED.

[7:31:19 PM](#)

Representative Merrick MOVED to ADOPT Amendment H DNR 1 (copy on file):

Administration & Support Services
Recorder's Office/Uniform Commercial Code
H DNR 1 - Recorder's Office Consolidation and
Efficiencies-Full

Restore Governor's FY2020 request to realize additional efficiencies by consolidating the Recorder's Offices. Delete five positions (two from Juneau, two from Palmer, one from Fairbanks), and relocate seven positions to Anchorage for centralization (two from Juneau, one from Palmer, two from Fairbanks, two from Kenai)

1005 GF/Prgm (DGF) -408.0

Representative Josephson OBJECTED.

Representative Merrick reviewed the amendment with a prepared statement:

This amendment restores the governor's FY 2020 request to realize additional efficiencies by consolidating the Recorder's Offices. This will build on consolidation efforts started in FY 16 and 18 by closing the Fairbanks, Kenai, Juneau, and Palmer Recording Offices. Offices will close for over the counter customers and research and customers can continue to record electronically by mail and in person in Anchorage. Electronic recording, or e-recording was first implemented in 2012 and available statewide in 2013. Each year the percentage of e-recording goes up, reducing the need to maintain expensive offices throughout the state. Currently, 55 percent of documents are e-recorded, and 70 percent of the revenue brought in is via e-recording. In FY 2016, six single staff offices were closed, and five positions deleted. Revenue generated from recordings and filings were not affected by the closures as e-recording and mail-in recording are still available. Efforts in FY 2017 continued the promotion of e-recording and streamlining process in the main offices, which were Anchorage, Fairbanks, Palmer, Juneau, and Kenai. The FY 2018 deleted seven positions further consolidating offices. This FY 2020 reduction would result in the deletion of five positions, two from Juneau, two from Palmer, and one from Fairbanks; and the relocation of seven positions to Anchorage for centralization: two from Juneau, one from Palmer, two from Fairbanks, two from Kenai.

[7:33:23 PM](#)

Co-Chair Foster asked whether Representative Merrick had wanted to bundle two amendments [the answer was no].

Representative Knopp opposed the amendment. He reported the issue had been heard in the Department of Natural Resources (DNR) subcommittee and the subcommittee had overwhelmingly supported the Recorder's Office increment. He shared that he had supported the Kenai office and had worked with the senator from Fairbanks who wanted to keep that office as well. He noted representatives from Mat-Su and Juneau chose to keep those offices as well. He did not believe the proposed consolidation made sense. He explained that the department was net-positive - it generated about \$5.1 million annually and spent about \$3.8 million annually. He pointed out it sent about \$1.5 million to the General Fund;

it paid for itself and generated additional revenue. He recognized that 55 to 60 percent of the recording could be done online, but about 40 to 45 percent could not be done online (surveyors had to manually record their paper and hand deliver it). He detailed that in Fairbanks and other locations miners had to go to the Recorder's Office to file their permit paperwork.

Representative Knopp pointed out that the administration had acknowledged the need and considered a temporary office in Mat-Su. He stated that some of the positions being transferred would be part-time and move to full-time. He explained they wanted to move the Kenai office to save on lease space. He looked at the cost of lease space per square foot - he noted there was room in the Kenai LIO office. They had considered moving the Recorder's Office, but it turned out the state charged itself more per square foot for interagency receipts - \$1.75 per square foot versus \$1.56 that they paid to lease the space. He underscored the amendment would take services away from people - about 40 percent of the services could not be done online and there was no net gain in the change. He reiterated having offices around the state was broadly supported by legislators in those districts.

[7:36:51 PM](#)

Representative Carpenter stated it was an opportunity to not do things as usual. He understood that recording was computer-based and could be done by the private sector. He continued that the policies and procedures were similar to how the Division of Motor Vehicles (DMV) was working with the private sector to provide services. He stated it was an opportunity to move a profit center to the private sector, which would grow the private sector. He believed it was the right thing to do to get the state's economy going.

Representative LeBon floated the idea of a friendly amendment to complete the consolidation of the offices in Fairbanks.

[7:37:51 PM](#)

AT EASE

[7:39:05 PM](#)

RECONVENED

Representative Merrick did not support the proposal suggested by Representative LeBon.

Co-Chair Wilson MAINTAINED the OBJECTION.

Representative Merrick provided wrap up on the amendment. She detailed that all of the incoming revenue would continue to come in, but at a greater percentage. She emphasized that at a time when the state was looking to increase revenue and decrease expenses, the consolidation was a great opportunity to do so. She stressed that everything could be done online, with the exception of plats, which could be done by the Postal Service. She detailed that any recording could be printed out, signed, and mailed. She believed the consolidation was a great opportunity to save money and increase revenues.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H DNR 2 FAILED (5/6).

[7:41:18 PM](#)

Representative Merrick MOVED to ADOPT Amendment H DNR 2 (copy on file):

Administration & Support Services
Recorder's Office/Uniform Commercial Code
H DNR 2 - Recorder's Office Consolidation and
Efficiencies-Partial

Restore part of Governor's FY2020 request to realize additional efficiencies by consolidating the Recorder's Offices. Delete four positions (two from Juneau, two from Palmer), and relocate three positions to Anchorage for centralization (two from Juneau, one from Palmer).

1005 GF/Prgm (DGF) -301.0

Co-Chair Wilson OBJECTED for discussion.

Representative Merrick reviewed the amendment with a prepared statement:

This amendment modifies the governor's FY 2020 request to realize additional efficiencies by consolidating the Recorder's Offices as proposed in the amendment just discussed. Similarly, this will build on prior consolidation efforts, but will close two of the four Recording Offices - Juneau and Palmer, leaving offices in Fairbanks and Kenai open. This should address the concerns that the committee raised about seasonal need for recording in these areas. This FY 2020 reduction will result in the deletion of four positions - two from Juneau and two from Palmer - and the relocation of three positions to Anchorage for centralization (two from Juneau, one from Palmer).

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H DNR 2 was ADOPTED.

[7:42:53 PM](#)

Representative LeBon MOVED to ADOPT Amendments H DNR 3, H DNR 4, and H UA 5 [motion subsequently corrected to Amendment H UA 6] (copy on file):

Agriculture
Agricultural Development
H DNR 3 - Transfer of Similar Services from Division of Agriculture to UA Cooperative Extension Service

Linked to H UOA 6 - Transfer of Similar Services from Division of Agriculture to UA Cooperative Extension Service

This would transfer 591.7 and 3PFT positions from the Division of Agriculture, Agricultural Development to the University of Alaska, Fairbanks Campus with the intended destination of the Cooperative Extension Service (CES). CES and the Division of Agriculture perform similar tasks in respect to marketing, education, and outreach.

This is the marketing only leaving all other functions in the division. It does not affect the Plant

Materials Center or Agricultural Revolving Loan Fund. The functions of the marketing program align with the functions of CES. CES has a greater reach statewide with more office locations and resources than the Division of Agriculture's limited locations. This transfer is done with the intent of expanded service with more efficient use of state resources

1002 Fed Repts (Fed) -424.4
1004 Gen Fund (UGF) -162.3
1005 GF/Prgm {DGF} -5.0

Agriculture
Agricultural Development
H DNR 4 - Deletion of Division of Agriculture Positions

This deletes Publication Specialist II (PCN 10-3074) and Development Specialist II (PCN 10-3072).

The Publication Specialist II is a vacant position with responsibilities and functions already delivered by Cooperative Extension Service.

The Development Specialist II is a management position that would no longer be necessary with the transfer of the marketing office to the University of Alaska Cooperative Extension Service.

1004 Gen Fund (UGF) -229.2

University of Alaska
Fairbanks Campus
H UOA 6 - Transfer of Similar Services from Division of Agriculture to UA Cooperative Extension Service

Linked to H DNR 3 - Transfer of Similar Services from Division of Agriculture to UA Cooperative Extension Service ATrout 355777

This would transfer 591.7 and 3PFT positions from the Division of Agriculture, Agricultural Development to the University of Alaska, Fairbanks Campus with the intended destination of the Cooperative Extension Service(CES). CES and the Division of Agriculture perform similar tasks in respect to marketing,

education, and outreach. This is the marketing only leaving all other functions in the division. It does not affect the Plant Materials Center or Agricultural Revolving Loan Fund. The functions of the marketing program align with the functions of CES. CES has a greater reach statewide with more office locations and resources than the Division of Agriculture's limited locations. This transfer is done with the intent of expanded service with more efficient use of state resources

1002 Fed Repts (Fed) 424.4
1004 Gen Fund (UGF) 162.3
1005 GF/Prgm (DGF) 5.0

Co-Chair Wilson OBJECTED for discussion.

Representative LeBon explained the amendments. He referenced a recent presentation to the committee by DNR that included a suggestion to eliminate the Division of Agriculture. He thought the suggestion by the administration had been a little bold. The amendments aimed to take essential services from the Division of Agriculture and protect them under the University of Alaska Cooperative Extension Service. He had received feedback on his suggestion and reported that there was some opposition to the idea. He highlighted Alaska Housing Finance Corporation (AHFC) and Alaska Industrial Development and Export Authority (AIDEA) as an example of two worlds that balanced but did not overlap. He explained that the worlds of the Division of Agriculture and Cooperative Extension Service overlapped. He reported there was significant commonality in services provided. He shared that he had reached out to the University and had received a response from the Chancellor's Office. He requested an "at ease."

[7:46:24 PM](#)

AT EASE

[7:47:20 PM](#)

RECONVENED

Representative LeBon corrected his earlier motion to include Amendment H UA 6 instead of Amendment H UA 5.

Co-Chair Foster clarified the motion currently being considered.

Representative LeBon believed a deeper dive was needed on the issue. He reported he had heard back from the University of Alaska - Fairbanks (UAF) chancellor who had communicated that UAF was prepared to accept the positions, but they had some concerns that needed vetting. He planned to make it a summer project to dig into the Division of Agriculture and the Cooperative Extension Service to identify the commonality in services they provide and determine the clientele of both entities. He thought he could also take a look at their revolving loan program. He thought the issue deserved additional study. He thought Representative Carpenter may want to join him in taking a look at the issue, given his knowledge about the farming industry. He added the USDA [United States Department of Agriculture] was also a player. He wanted to determine the existing duplication in services. He WITHDREW Amendments H DNR 3, H DNR 4, and H UA 6.

[7:49:26 PM](#)

Representative Merrick MOVED to ADOPT Amendments H DNR 5 and H DNR 6 (copy on file). She explained that DNR had told her it was not possible to have one of the amendments without the other due to overlap.

Agriculture
Agricultural Development
H DNR 5 - Reduce Lower Priority Programs in
Agricultural Development

Allow the Department of Natural Resources to focus on its core mission and preserve the highest priority programs in the Division of Agriculture.

1002 Fed Rcpts (Fed)	- 724.2
1004 Gen Fund {UGF}	-525.9
1005 GF/Prgm (DGF)	-6.5
1007 I/A Rcpts (other)	-20.0
1021 Agric RLF (DGF)	-79.3
1153 State Land (DGF)	-176.9

Agriculture
North Latitude Plant Material Center
H DNR 6 - Reduce Lower Priority Programs in the North
Latitude Plant Material Center

Allow the Department of Natural Resources to focus on its core mission and preserve the highest priority programs in the Division of Agriculture

1002 Fed Rcpts {Fed)	-148.4
1004 Gen Fund {UGF)	-840.2
1005 GF/Prgm (OGF)	-0.2
1007 I/A Rcpts (Other)	-70.3
1108 Stat Desig (Other)	-2.0

Representative Merrick clarified that there was not a move to eliminate the Division of Agriculture. The effort was to reduce lower priority programs in the division. She reviewed the amendments with a prepared statement:

This amendment allows the Department of Natural Resources to focus on its core mission and preserve priority programs in the Division of Agriculture. DNR's priorities are developing Alaska's resources, fire protection, and natural disaster protection. The department ranked programs high, medium, or low, based on these priorities. Programs that will be maintained include phytosanitary timber inspections, invasive plants and pests, seed protection, cleaning and testing, and agricultural land sales. Programs that will be removed are agricultural marketing and the farm to institution program. These reductions would shift the economics of agriculture operations back to market driven rather than state supported.

Co-Chair Wilson OBJECTED for discussion.

Representative Carpenter declared a conflict of interest related to the phytosanitary inspections. He shared that he owned a peony farm that would potentially use the inspection service. He was intrigued by the cost savings brought by the amendments and was in support.

[7:51:42 PM](#)

Representative Knopp did not support the amendments. He reported the issue had been discussed by the DNR budget subcommittee. He found it ironic many of the amendments reflected the governor's requests that had resoundingly been rejected by the budget subcommittees. He noted he had no conflict of interest. He estimated the subcommittee had

received 150 to 200 letters, emails, phone calls, and office visits regarding their concern about what was being done to agriculture.

Representative Knopp recalled 15 to 20 years earlier the state did not have much agriculture - the state had come a long way. He thought the program was working in a sense. He pointed to products going to the state's schools and the Alaska Grown marketing that was state supported. He thought that in a state that was open for business, he believed agriculture was one of the industries slowly moving forward. He noted it was not currently a major profit maker, but some people were making money off agriculture. He shared he had received emails from people in Southeast, the Interior, Mat-Su, Kenai, and places in the state he had not known agriculture was an issue.

[7:53:52 PM](#)

Co-Chair Wilson asked if the cut was unallocated and would tell the Division of Agriculture to cut a certain number of programs out of a list. Alternatively, she asked if it was the sponsor's intent to specify the programs to be deleted.

Representative Merrick answered that the priorities from the department.

Co-Chair Wilson asked for the priorities.

Representative Merrick relayed programs that would be maintained included phytosanitary timber inspections, invasive plants and pests, seed protection, cleaning and testing, and agricultural land sales. Programs that would be removed were agricultural marketing and the farm to institution program.

Co-Chair Wilson asked if the farm to institutional program was connected to the correctional center. She asked if they were talking about closing a farm for corrections that had one of the lowest costs in terms of inmates. She asked if that farm would be closed. Alternatively, she wondered if the amendment addressed a farm where the state was paying private vendors to bring produce into correctional institutions or schools.

Representative Merrick answered that the farm to institution program promoted the use of Alaskan grown

specialty crops in institutions including schools, correctional facilities, and hospitals. She clarified the amendment did not pertain to the farm itself, it was related to the marketing of farms.

Representative LeBon stated he planned to do a deeper dive in the interim related to farmers, the cooperative extension, and how the USDA intermingled with all of the programs. He would oppose the amendment because he wanted to find out more about the issues.

Representative Josephson was disinclined to support the amendments. He was told that some of the many duties of the marketing team included working on developing institutional and international retail markets for Alaska's agricultural industry, the enforcement of proper labeling Alaskan products, the federally required country of origin labeling in grocery stores, and managing grants (including the specialty crop block grant) to industry for enhancing markets and competitiveness of products. He stated that the subject was not his forte. He spoke to the need to diversify the state's economy and to reward strong efforts and devoted people.

[7:57:43 PM](#)

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Merrick provided wrap up on the amendments. She reiterated the amendments would remove agricultural marketing and the farm to institution programs only. The amendments would save the state \$2.5 million, which she believed was a good investment. She spoke to an earlier statement that the amendments had been rejected in subcommittee and pointed out that the legislative process allowed for offering the amendments to the full committee in order for all members to participate in the vote. She believed the savings were worthwhile.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendments H DNR 5 and H DNR 6 FAILED (5/6).

7:59:15 PM

Co-Chair Foster recognized Representative Sarah Rasmussen in the audience.

Co-Chair Wilson MOVED to ADOPT Amendment H DNR 7 (copy on file):

Agriculture
Agriculture Revolving Loan Program Administration
H DNR 7 - Reduce the funding for programs in the
Agriculture Revolving Loan Program.

This reduces the Agriculture Revolving Loan Fund by approximately 50%.

1021 Agric RLF (DGF) -204.6

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Wilson reviewed the amendment that would reduce the Agriculture Revolving Loan Program by approximately 50 percent. She explained it had been some time since the program had made any loans; the amendment would leave half of the funds available for the program, in addition to any incoming funds from existing loans. She recalled that during her first year in the legislature all of the money had been depleted and no one seemed to know where it had gone. She remarked there must not have been good accounting. She clarified she was not blaming the loan program as she believed the funds had been used elsewhere in DNR. She reported the legislature had appropriated more funds to the program that year in order to have funds available to loan out. She did not believe it was time for the fund to completely go away. She detailed that reducing the balance to \$204,600 would still allow loans to be made and the legislature could consider whether the program still needed that amount in the following year. She suggested that Representative LeBon may consider how the change would interplay with his ideas [over the interim].

Representative Josephson asked for verification there was about \$400,000 in a fund that loaned money to people interested in agriculture development, yet people were not seeking to borrow from the fund.

Co-Chair Wilson clarified that it was only possible to borrow from the fund if a person had been rejected for a loan by a bank. She elaborated there were currently quite a few loans that were bringing money back into the fund. She remarked there were many regulations on agriculture, which she believed needed to be reviewed if the goal was to see the agriculture industry grow. She did not believe there were as many people going into the agriculture business as there had been in the past. She thought it was likely family farms would begin to disappear. She communicated that individuals had not utilized the fund as they had in the past.

Representative Josephson asked if the \$204,000 would be repurposed to the General Fund.

Co-Chair Wilson replied in the affirmative. She noted the funds had originally come from the General Fund.

Vice-Chair Ortiz asked when the revolving loan program for agriculture had started, what the original balance had been, and how many requests for loans there had been in the past two years.

[8:02:43 PM](#)

Co-Chair Wilson replied she did not know the detailed history of the fund. She reported it had been a couple of years since any loans had gone out from the program. She elaborated that the proposed reduction would cut the balance in half, but there were quite a few past loans being repaid and bringing additional money into the fund.

Representative Knopp shared that he had opposed the proposal in subcommittee. He thought he may have been the only opposition as it had passed almost unanimously. He recognized the need to pull back the budget and understood the fund had not been frequently utilized in recent years. He pointed out that it had been used in the past. He thought it was a reasonable compromise to reduce the balance, while maintaining the program. He would support the amendment.

Representative LeBon stated that in theory a revolving loan amount did not go away, it revolved. He elaborated that a loan was made for a purpose such as putting in a crop, financing a piece of equipment, or for another working

capital need. He explained that when the money was paid back it was reutilized by returning it to borrowers; the cycle continued to repeat itself. He planned to look into how the loan program was managed. He was interested in who the borrowers were and to learn about their performance, default rate, and delinquency rate.

Representative LeBon referenced Co-Chair Wilson's comment that in the past money seemed to be missing from the fund. He expressed doubt the money was actually missing, but thought it may be lost because it had never been paid back. He planned to find that information out as well. He believed the program must have sets of policies, procedures, standards, and underwriting rules and conditions. He shared that he had made many loans in his 42 years as a banker, but he had never learned much about the particular revolving loan program. He had done participation loans with AIDEA, AHFC, the Bureau of Indian Affairs, and more. He planned to vote against the amendment in order to spend time looking into the whole picture.

[8:05:44 PM](#)

Vice-Chair Ortiz referenced Co-Chair Wilson's statement that the funds had disappeared in the past. He asked if there had been another reseeding of the program or if the funds had reappeared.

Co-Chair Wilson replied that new money had been put in the fund. She addressed Representative LeBon and highlighted that the amendment would leave half the fund balance intact. She shared that about 10 years back the funds had disappeared because someone in the legislature had used them. She did not believe the disappearance of funds had anything to do with mismanagement of the program. She believed the funds had been utilized for a DNR project. She still wondered what happened to the money.

Representative LeBon stated the amount of money in the program was secondary to the program. He considered the quality of the program, how borrowers were treated, whether credit decisions were sound, and what the terms and conditions of a loan through the program were. He believed those things were the most important component of the process.

[8:07:21 PM](#)

Vice-Chair Ortiz MAINTAINED his OBJECTION.

Co-Chair Wilson provided wrap up on the amendment. She had not taken all of the money from the fund because she believed there was a purpose for the funds - there was \$200,000 remaining plus the money being repaid monthly. She highlighted that the money had not been utilized and she questioned why the money was sitting there when it could be utilized for other projects unrelated to agriculture.

A roll call vote was taken on the motion.

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

The MOTION PASSED (11/0). There being NO further OBJECTION, Amendment H DNR 7 was ADOPTED.

[8:09:14 PM](#)

Representative Merrick MOVED to ADOPT Amendment H DNR 8 (copy on file):

Parks & Outdoor Recreation Parks Management & Access
H DNR 8 - Reorganization of Recreational Trails Program

The Recreational Trails Program (RTP) administers a \$1,500.0 federal grant program for trail infrastructure throughout the state. The RTP also administers the snowmobile trail grooming grant program. This decrement eliminates one position associated with the program, streamlining the process for efficiencies and administering the grant programs through existing administrative and management positions. This decrement of \$100.0 capital improvement project receipts has a corresponding \$100.0 general fund reduction in the capital budget.

1061 GIP Rcpts (Other) -100.0

Co-Chair Wilson OBJECTED for discussion.

Representative Merrick reviewed the amendment with a prepared statement:

The Recreational Trails Program administers a \$1,500.0 federal grant program for trail infrastructure throughout the state. The RTP also administers the snowmobile trail grooming grant program - this amendment does not affect that program at all; that's part of the capital budget. This will not affect it; they just administer the grant. This amendment eliminates one position in the Parks Management Department. The department has indicated that they would be able to absorb this decrement going from two employees to one.

Vice-Chair Johnston asked if the position was in or out of the office.

Representative Merrick believed it was in-office.

Co-Chair Wilson WITHDREW her OBJECTION.

Representative LeBon OBJECTED. He thought the program was valuable and did not consume a significant amount of money. He wanted the committee to go on the record with a vote on the subject.

Representative Knopp reported the issue had been discussed thoroughly in subcommittee. He noted that the subcommittee had not felt one position was enough.

Co-Chair Wilson stated it was her understanding that the program would not go away and would have one person administering a grant, not two. The funds would still be there. She had been curious why there had been funds for the program in the operating budget because it all pertained to capital grants. She believed there should be one administrator for the grant. She thought the program staff had likely grown when the state had money. She concluded that because the state no longer had money, the program could likely shrink down to a more appropriate size with one administrator.

Representative LeBon MAINTAINED his OBJECTION.

Representative Merrick provided wrap up on the amendment. She emphasized the amendment would not eliminate the Recreational Trail Program but would eliminate one position. The department had communicated it could absorb

the decrement. Additionally, DNR had shared that part of the position's responsibility was counting money. She explained that due to increases in technology, much of the counting of money would no longer be necessary. The workload would be decreased, and she believed one staff could handle the responsibility.

[8:12:47 PM](#)

A roll call vote was taken on the motion.

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

The MOTION PASSED (8/3). There being NO further OBJECTION, Amendment H DNR 8 was ADOPTED.

[8:13:38 PM](#)

Co-Chair Foster MOVED to ADOPT Amendment H DPS 1 (copy on file):

Alaska State Troopers
Alaska State Trooper Detachments
H DPS 1 - Remove incorrect fund source added in a salary adjustment

This is a technical correction that removes a fund source that should not be included in the AST Detachments' budget.

1055 IA/OIL HAZ (Other) -0.1

Co-Chair Wilson OBJECTED for discussion.

Co-Chair Foster explained the amendment was a technical correction that would remove an improperly used fund source. The Oil and Hazardous Fund could not be used to fund trooper detachments; it was used to clean up oil spills and hazardous waste spills. He detailed the fund source had mistakenly been used by the Office of Management and Budget and salary adjustments to spill prevention and response in the Department of Public Safety.

Co-Chair Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendment H DPS 1 was ADOPTED.

8:14:42 PM

Representative Merrick MOVED to ADOPT Amendment H DPS 2
(copy on file):

Alaska State Troopers
Alaska Bureau of Investigation
H DPS 2 - Reverse Full-Funding for Two New State
Trooper/Investigator Positions Added in FY19

Reverse additional funding to fully fund two new State
Trooper/Investigator positions added in FY19.

1004 Gen Fund (UGF) -125.3

Representative Josephson OBJECTED.

Representative Merrick reviewed the amendment that would reverse full funding for two new state trooper/investigator positions added in FY 19. She explained the two positions had been created the previous year and had been funded at 75 percent in FY 19 because the department did not believe it would be able to fill the positions by July 1. The [DPS] subcommittee had added the balance of the funding for FY 20. The amendment would reverse the 25 percent increment. She reported the subcommittee had been told DPS had significant vacancies (approximately 40) and could absorb the personnel costs with existing resources.

Representative LeBon objected to the amendment.

Representative Sullivan-Leonard asked if the two positions had been filled. Alternatively, she wondered if the funding was for potentially two positions.

Representative Merrick replied the positions were in the process of being filled. They had been funded at 75 percent [initially] because the department did not believe it would need the full funding given it currently had 40 vacancies. The department communicated it could absorb the extra 25 percent with the vacancies. She noted one position was located in Fairbanks - the department was in the process of filling the position and planned to have it filled by July 1. The second position, located in Bethel, was still vacant.

Representative Sullivan-Leonard wanted to ensure they were not reducing trooper positions when they were vitally needed statewide.

Representative Josephson referenced Representative Merrick's statement that there were 40 vacancies. He stated the implication had been that money was sent to DPS to pay for the 40 vacancies (notwithstanding their being filled). He asked if that was the process.

Co-Chair Wilson replied that the positions were budgeted for DPS. She furthered that hopefully the department would give the money back if it was not spent, but it could also spend it on something else. The money was readily available to the department through the budget process.

[8:17:38 PM](#)

Vice-Chair Ortiz asked if it had been common in the past several years for the department to return money associated with the unfilled positions to the General Fund.

Co-Chair Wilson replied that the Alaska State Troopers had returned \$2 million in the last year because they had been unable to fill the positions.

[8:18:12 PM](#)

AT EASE

[8:20:20 PM](#)

RECONVENED

Representative Josephson stated that a couple of things may change the scenario. He mentioned HB 79 [peace officer/firefighter retirement benefits legislation introduced in 2019] and believed the bill would make the [vacant] positions more attractive. He discussed that the troopers had seen a well deserved increase in [salary] steps or ranges. He hoped the jobs would become more attractive and would bring in the talent needed to protect the public.

Co-Chair Wilson clarified the 7.5 percent had been added in October or November 2018 and there were still 40 open positions. She speculated the increase had not resulted in many new recruits. She understood HB 79 related to retirement and noted it may or may not get to the

committee. She reasoned that in the worst case scenario, if the 42 positions were all filled, there may be a small supplemental to cover the 25 percent [to cover the two positions]. She referenced the \$2 million the department had given back in the recent past and noted the 40 vacancies was a higher number than in the past. She believed the division could cover the [two] positions and utilize "people into the investigations versus just troopers on the street." She wanted to see the 40 [vacant] positions filled before adding more.

Representative Merrick reported it was her understanding that in the past few years DPS had lapsed several million dollars. However, she believed most recently the department had used the extra money to buy capital.

Representative Knopp supported the amendment. He believed the amendment aligned with a bigger plan Representative Carpenter and others had talked about earlier when discussing the Department of Law and the Department of Corrections. He shared he had met with the deputy commissioner of DPS earlier in the year and had talked about the idea of utilizing park rangers in DPS because they ran through the same academy and cost the same amount to go through the academy. He had wondered whether the idea was a better use of the resource. At the time he had been made aware of the department's empty positions and associated extra funding. He agreed that the department was fine [in terms of funding]. He reported DPS had indicated there were currently 60 new recruits in the academy and it was hoping to fill the vacancies rather quickly.

[8:24:03 PM](#)

Representative LeBon reported that the subcommittee had voted to establish the positions. He opposed the amendment.

Co-Chair Wilson MAINTAINED the OBJECTION.

Representative Merrick clarified that the amendment would not remove the two positions. The amendment would remove 25 percent of the funding for each of the positions. She elaborated that even if HB 79 passed, it was highly unlikely the positions would be filled along with the 40 others. The amendment was a decrement of \$125,000 (25 percent of the full funded trooper positions).

A roll call vote was taken on the motion.

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

OPPOSED: Josephson, Ortiz, LeBon, Foster

The MOTION PASSED (7/4). There being NO further OBJECTION, Amendment H DPS 2 was ADOPTED.

[8:25:58 PM](#)

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

Village Public Safety Officer Program
H DPS 3 - Align Village Public Safety Officer Funding
Reduce the Village Public Safety Officer (VPSO)
program funding to align with vacancy rate.

1004 Gen Fund (UGF) -2.143.0

Co-Chair Wilson OBJECTED for discussion.

Representative Merrick reviewed the amendment. She indicated that the Village Public Safety Officer (VPSO) program had historically lapsed funds, primarily due to unfilled positions. She reported that at the end of December 2018, 10 of the 55 (18 percent) of the authorized positions were vacant. The amendment proposed to reduce the VPSO grant by 18 percent, which would account for the unspent money due to the vacancies. The total was less than the \$3 million decrement requested in the governor's proposed budget.

Representative LeBon opposed the amendment.

Co-Chair Wilson referred to Amendments DPS 3 and DPS 4 and noted that both would reduce VPSO program funding to align with vacancy rates. She asked which amendment aligned with the vacancy rate.

Representative Merrick answered that DPS 4 was a reduction of 10 percent as opposed to 18 percent. She reiterated that the program lapsed funds each year and the amendment attempted to accurately reflect the funding necessary with expenditures. She believed the matter was a truth in budgeting issue. She emphasized the public was closely

watching the legislature's budget to see where it was spending money. She stressed the importance of giving the public an accurate picture of where the money was being spent.

Co-Chair Foster did not support the amendment. He highlighted that there were villages lacking any public safety component or ability to ensure the safety of residents. He explained that in the previous year the legislature had passed intent language to allow excess funding for recruitment and retention. He did not believe that recruitment and retention efforts had been occurring. He remarked the vacancies existed and yet there was money intended to try to attract individuals into the jobs.

Co-Chair Wilson stated that improved language had been included and there appeared to be a disconnect between the DPS and the VPSO program. She elaborated they were supposed to allow better housing and other things that did not happen. She knew a substantial amount of money had been given back; therefore, she understood where the amendment was coming from. She noted the commissioner-designee was looking at the program much differently than the previous commissioner. She considered what needed to be done and reasoned it was not only about hiring someone, but pointed out housing was a necessary component. She shared that she travelled to [undecipherable] in the past year and had observed that the houses had little to no insulation and had no facilities for holding detainees. She did not think that was the way the state wanted to do business. She remarked "there appears to be cuts here." She wondered whether the new commissioner would view the program differently and ensure that an officer would be safe. She did not believe the state should make it the practice for a VPSO to stay all night to watch a potentially dangerous detainee until the next plane. She thought there was disconnect that was currently being worked on.

Representative LeBon opposed the amendment. shared that the DPS subcommittee had heard from VPSO grant recipients who had been concerned the original budget cut of \$3 million was very harsh. He speculated that committee members could probably all agree. He was inclined to give the program another year to fill open positions and have the funding available to do so.

Representative Josephson voiced strong opposition to the amendment. He detailed that Alaska had roughly 230 villages and approximately 230 troopers. He deduced that if one trooper was placed in each village there would be no troopers left in urban areas. He wanted to illustrate the scope of the state. He shared that when he had lived in a Yupik village for several years, he had only seen a trooper once or twice. As a prosecutor in Kotzebue he had relied on the VPSOs to provide assessments in the event of a death (accidental or involving criminal activity) - VPSOs were sometimes witnesses. He believed the real problem was that VPSOs were not treated with the stature they should be treated. He cited a trooper death benefits bill he had sponsored two years ago and explained that VPSOs had not been covered by the legislation. He explained VPSOs were often short-changed. He wanted the problem solved and felt the amendment prevented a solution.

[8:32:21 PM](#)

Vice-Chair Ortiz reported that the Tribal Affairs Committee had heard about the VPSO issue from the DPS commissioner-designee. He agreed with Co-Chair Wilson that the commissioner-designee had spoken about a different vision and had been clear of her intent to meet with the different tribal groups to talk about their vision for the program. He felt that eliminating the funds might prohibit implementation of necessary changes to the program.

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Merrick provided wrap up on the amendment. She related that she had met with DPS and talked about recruitment and retention problems for the VPSO program, she had asked why VPSOs were not part of the state troopers. She had been told it was too expensive to pay the benefits. She thought that it was up to the legislature to decide whether village public safety was of that importance. She personally believed it the answer was yes, but she stressed the state could not continue to give money for the program if it would not be spent. She stated there was intent language the previous year for the department to spend the money, but it had not been spent. She reasoned that if all of the money was used, the department could come back for a supplemental [budget request]. She thought being a VPSO would be an incredibly difficult job. She speculated that VPSOs likely were related to much of the

community they lived in and were responsible for being law enforcement agents. She had been told the job of a VPSO was to act as a first responder and not a law enforcement agent. She respected the individuals doing the job and if the department demonstrated that the funds were needed, she would support a supplemental appropriation. She characterized the issue as "truth in budgeting."

[8:34:52 PM](#)

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H DPS 3 FAILED (4/7).

[8:35:32 PM](#)

Representative Merrick MOVED to ADOPT Amendment H DPS 4 (copy on file):

Village Public Safety Officer Program
H DPS 4 - Align Village Public Safety Officer Funding

Reduce the Village Public Safety Officer (VPSO) program funding to align with vacancy rate

1004 Gen Fund (UGF) -1,190.0

Co-Chair Wilson OBJECTED for discussion.

Representative Merrick reviewed the amendment that would reduce the VPSO funding by 10 percent versus 18 percent [as in the previous offered amendment]. She indicated that the amendment left a cushion of 8 percent for other grant funding that may be used for things other than salaries. She stated the decrement of \$1.2 million would leave a cushion if the department needed to fill any of the vacancies. She highlighted that supplemental funding could be requested by the department if positions were filled.

Representative LeBon opposed the amendment due to lengthy discussion held in subcommittee. He relayed that DPS and VPSOs had testified to the subcommittee and subcommittee members had felt strongly about protecting the program. He

reported that at the end of the subcommittee process, unfortunately for the Alaska State Troopers, their budget had been reduced; however, the subcommittee had not reduced the VPSO budget.

Co-Chair Foster opposed the amendment. He voiced that he could not imagine what living in Juneau would be like without law enforcement. He pointed out there was law enforcement present in the Capitol Building. He could not imagine what it was like to live in a village without law enforcement.

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Merrick provided wrap up on the amendment. She commended the hard work of VPSOs. She noted that the subcommittee added the intent language to fully utilize the funds. She hoped the department would expend all of the funds on needs such as housing and/or a rate increase to fill the positions. She observed that village public safety was obviously important to everyone on the committee.

A roll call vote was taken on the motion.

IN FAVOR: Carpenter, Merrick, Tilton

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

The MOTION to adopt Amendment H DPS 4 FAILED (3/8).

[8:39:49 PM](#)

AT EASE

[8:58:00 PM](#)

RECONVENED

Vice-Chair Ortiz MOVED to RESCIND action on Amendments H DEC 6 and 7 [see pages 28 through 32 for amendment details].

Representative Carpenter OBJECTED.

Vice-Chair Ortiz spoke to his proposal. He reminded the committee the funds [for the Shellfish Biotoxin and Growing Water Testing Program] came from the Commercial Passenger Vessel Environmental Compliance Fund for the past ten years. He believed rescinding the committee's previous

action would be positive for the development of the state's mariculture industry, which had significant promise.

Representative Carpenter MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to RESCIND action on Amendments H DEC 6 and 7 PASSED (7/4). [Note: Representative Merrick made a motion to adopt the amendments at 9:02 p.m. The motion failed on a vote of (4/7). See pages 142 and 143 for detail.]

Co-Chair Foster clarified that the money would remain in the budget.

[9:00:16 PM](#)

Representative LeBon MOVED to ADOPT Amendments H DPS 5 and 6 (copy on file):

Fire and Life Safety Fire and Life Safety
H DPS 5

GA 3/27 Inc/Dec Pair: Transfer from Administrative Services to Align Budget Authority with Operational Needs

This transfer of \$90.0 UGF from Administrative Services is to align budget authority with operational needs. The department recognizes the need to address significant building plan review backlogs, especially during the months leading up to the summer construction season. The department will expand the use of third-party contractors to alleviate the backlog and reduce turnaround times. The department anticipates that this need can be met with current resources. A related supplemental amendment has been requested to address immediate needs for FY2019.

1004 Gen Fund (UGF) 90.0

Statewide Support
Administrative Services
H DPS 6

GA 3/27: Inc/Dec Pair: Transfer to Fire and Life Safety to Align Budget Authority with Operational Needs

This transfer of \$90.0 UGF to Fire & Life Safety is to align budget authority with operational needs. The department recognizes the need to address significant building plan review backlogs, especially during the months leading up to the summer construction season. The department will expand the use of third-party contractors to alleviate the backlog and reduce turnaround times. The department anticipates that this need can be met with current resources. A related supplemental amendment has been requested to address immediate needs for FY2019.

1004 Gen Fund (UGF) -90.0

Co-Chair Wilson OBJECTED for discussion.

Representative LeBon reviewed the amendments that was a transfer from Administrative Services to align budget authority with operational needs. The amendments would transfer \$90,000 UGF from Administrative Services to align with budgetary needs connected to Fire and Life Safety (fire marshal review of plans). He explained there was a backlog of 17 weeks for plan reviews; the intent was to cut the time in half. The governor's office had submitted the change to the DPS subcommittee after it had closed out its budget. He elaborated that the Building Plan Review Office, which performed the critical functions for approval of plans for construction projects needed a quicker turnaround. The hope was to be responsive to plan review for construction projects to allow projects to get moving quickly and to get people working.

[9:02:20 PM](#)

Co-Chair Wilson stated her understanding of the amendments. She believed Administrative Services had \$90,000 it did not need and Fire and Life Safety wanted the funds. She surmised the amendments resulted in a net zero.

Representative LeBon agreed.

Co-Chair Wilson WITHDREW her OBJECTION. There being NO further OBJECTION, Amendments H DPS 5 and 6 were ADOPTED.

[9:02:55 PM](#)

Representative Merrick MOVED to ADOPT Amendments H DEC 6 and 7. [Note: Amendments H DEC 6 and 7 were adopted at 11:49 a.m. (see page 32). Action on the amendments was subsequently rescinded at 8:58 p.m. (see page 140).]

Co-Chair Wilson OBJECTED and MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendments H DEC 6 and 7 FAILED (4/7).

[9:05:20 PM](#)

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

Taxation and Treasury Tax Division
H DOR 1 - Delete 2 gaming positions

Delete gaming positions (08-2059 and 08-2064)

1061 CIP Rcpts (Other) -212.2

Representative Sullivan-Leonard OBJECTED.

Co-Chair Wilson reported the amendment would delete two gaming positions that were no longer needed.

Representative Sullivan-Leonard asked if there would still be oversight for charitable gaming funding and for organizations governed under the positions.

[9:06:16 PM](#)

AT EASE

[9:07:08 PM](#)

RECONVENED

Co-Chair Wilson WITHDREW Amendment H DOR 1 because she had not realized a separate bill (HB 73) would deal with the two positions if passed.

[9:07:43 PM](#)

Representative Tilton MOVED to ADOPT Amendment DOR 2 (copy on file):

Alaska Mental Health Trust Authority Mental Health Trust Operations

H DOR 2 - 50% reduction in executive travel

Restore FY20GOVAmend reduction to executive travel.

1094 MHT Admin (Other) -40.0

Representative Josephson OBJECTED.

Representative Tilton reviewed the amendment that was part of the 50 percent travel reductions to the agencies. She stated that the reductions were made to discretionary travel and did not impair the mission or primary function of the agency.

Representative Josephson asked if it was customary for the legislature intervene in the Alaska Mental Health Trust Authority (AMHTA) budget.

Co-Chair Wilson believed the state was in different times. She noted they had heard the same thing about the governor's and legislature's budgets, and she had changed both. She thought the current situation fell outside what tradition had been. She believed the committee should consider each amendment at face value and determine whether the decrements would negatively impact an agency.

Vice-Chair Ortiz stated that because he came from a region where AMHTA had significant involvement through its timber program, he knew it was not customary for the legislature make changes to the mental health budget. He reported that the budget AMHTA submitted to the legislature was generally approved.

[9:09:49 PM](#)

Representative Knopp reported the budget subcommittee had been uncomfortable with travel restrictions because of AMHTA's need to manage its land. He elaborated that when AMHTA made its timber sales and harvest, it required significant travel.

Representative Josephson MAINTAINED his OBJECTION.

Representative Tilton provided wrap up. The amendment was a 50 percent travel reduction that had been made throughout all agencies. She stated that current times were different, and she believed it was necessary to look at all funds being spent. She noted the reductions were to discretionary travel and would not impair the primary functions of the agency.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H DOR 2 FAILED (5/6).

[9:12:59 PM](#)

Representative Tilton MOVED to ADOPT Amendment H DOR 3 (copy on file):

Long Term Care Ombudsman Office
H DOR 3 - 50% reduction to executive travel

Restores FY20GOVAmend executive travel reduction.

1007 I/A Repts (Other)	-12.5
1037 GF/MH(UGF)	-4.2

Co-Chair Wilson OBJECTED for discussion.

Representative Tilton reviewed the amendment. The amendment would reduce 50 percent of the travel. She reported the reduction was to discretionary travel and would not impair the core mission or primary function of the agency.

Co-Chair Wilson WITHDREW her OBJECTION.

Representative Josephson OBJECTED. He felt more strongly about the current amendment than the previous amendment. He highlighted that the long-term care ombudsman needed to travel to see how seniors or individuals in long-term care were being treated. He opposed the reduction.

Representative Josephson MAINTAINED his OBJECTION.

[9:14:02 PM](#)

AT EASE

[9:14:22 PM](#)

RECONVENED

Representative Tilton provided wrap up on the amendment. She agreed that the long-term care ombudsman needed to have some money to travel; however, the reduction was to discretionary travel and would not impair the agency's mission.

A roll call vote was taken on the motion.

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

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

The MOTION to adopt Amendment H DOR 3 FAILED (5/6).

[9:15:46 PM](#)

Representative LeBon MOVED to ADOPT Amendment DOR 4 (copy on file):

Alaska Permanent Fund Corporation APFC Investment Management Fees
H DOR 4 - Information to be Included in APFC Annual Report

Wordage:

It is the intent of the legislature that all fees associated with the income producing investments of the Fund be incorporated in the APFC Annual Report:

Fees funded by investments, fees funded by appropriation and corporate expenses.

Explanation:

APFC currently produces a Quarterly Investment Management Fee report that discloses the fees associated with the income producing investments of the Fund. Adding this information to the APFC Annual Report will provide an additional layer of transparency associated with the investment management fees.

Co-Chair Wilson OBJECTED for discussion.

Representative LeBon reviewed the amendment that included intent language to increase the Alaska Permanent Fund Corporation (APFC) management fee cost authority. The amendment would allow APFC to place investments and pay the fees related to those investments. He explained that if the investments were not placed, no fee would be due.

Representative Knopp was not comfortable enough to support the amendment. He thought the APFC director had advocated for some time to pay the external fund managers more money; however, the state was already paying out over a half billion dollars per year in external management fees. He could not support the amendment at present.

[9:16:58 PM](#)

AT EASE

[9:26:10 PM](#)

RECONVENED

Representative LeBon clarified the amendment description. He explained the amendment was information from the APFC annual report whereby the corporation would disclose the fees imbedded in investments on its annual reporting. He elucidated the amendment had no fiscal impact. The corporation currently produced a quarterly investment management fee report that disclosed the fees associated with the income producing investments of the fund. Adding the information to the APFC annual report would provide an additional layer of transparency associated with the investment management fees. The amendment would result in additional information.

Co-Chair Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H DOR 4 was ADOPTED.

[9:27:42 PM](#)

Representative LeBon MOVED to ADOPT Amendment H DOR 5 (copy on file):

Alaska Permanent Fund Corporation
H DOR 5 - Increase Alaska Permanent Fund

Corporation Management Fee Costs

APFC's Board of Trustees authorized an increment to the investment management fee allocation that reflects growing assets under management and the increased cost of the tools needed to manage them effectively. The proposed increase in the investment management allocation for the APFC's FY20 budget totals \$5.3 million and is not reflected in the current CS.

1105 PF Gross (Other) 5.296.3

Representative LeBon reviewed the amendment. He explained the amendment would set aside a pool of money to help cover the investment cost for future investments. The money would only be utilized if the investments were placed.

Co-Chair Wilson OBJECTED for discussion.

Representative Josephson asked for the back story on the amendment.

Representative LeBon replied APFC invested money continuously; the investments came at a cost. He explained that APFC required a pool of money to pay the fees associated with the investments - if the investment was placed and a fee was due, APFC required a source of funds to pay the fee.

[9:29:11 PM](#)

AT EASE

[9:35:13 PM](#)

RECONVENED

Co-Chair Wilson was uneasy about the amendment. She shared that she was not an investment banker, but it was her understanding that APFC already had \$150 million of fee

authority and the amendment would add an additional \$5.2 million. She believed the amendment only pertained to fees and did not include salaries. She was unsure what exactly the amendment did; therefore, she was in opposition until she learned more information.

Representative LeBon answered that the APFC board of trustees had requested the additional increment in its investment management fee allocation in anticipation that additional investments may push the portfolio value up and result in associated fees.

Representative Knopp stated the amendment was ambiguous to him as well. He thought APFC currently had \$180 million in fee authority. He remarked that the legislature's finance department had [indecipherable] with APFC. He was uneasy about the amendment and opposed it.

Representative Sullivan-Leonard asked for clarification on the fund source. She looked at the funding source for the \$5,296,000 from APFC receipts. She remarked the funds were not UGF.

Representative LeBon deferred the question to Vice-Chair Johnston.

Vice-Chair Johnston replied that the fund source was corporation funds used to pay fees. She clarified that APFC was asking for an additional \$5 million in anticipation it may exceed its \$150 million authorization. She explained that if APFC exceeded its current authorization, a supplemental fund request would be required in the future. The amendment would increase the corporation's fee schedule for investments. She furthered that the market was doing quite well and many of the fees were based on a percentage of an investment - fees could increase incrementally in a good market.

[9:38:44 PM](#)

Representative Josephson asked if APFC had asked the amendment sponsor, as chair of the subcommittee, to introduce the amendment. Alternatively, he wondered if the sponsor had introduced the amendment on his own accord.

Representative LeBon replied the issue came to him at the eleventh hour before the amendment deadline. He reported

that the APFC executive director had presented him with the request and had asked for the committee's consideration on the increased [management fee authorization] ceiling. He did not believe the ask was big in the banking world; APFC was asking for the capacity to pay the fees if the investments came to be. He explained that if the investments did not come to be, the money would not be spent. He explained that the increase was not a risk for the legislature, it gave APFC more flexibility - currently if APFC bumped against the ceiling it would have to come back to the legislature for a supplemental. He deferred to the judgement of the APFC executive director. He added the request was not out of the ordinary.

Vice-Chair Ortiz thought hitting the [management fee authorization] ceiling would be a good thing because it was an indication of good returns and increased investments.

Representative LeBon agreed. He explained that if the legislature did not hear from APFC, perhaps the corporation needed some of the money and perhaps it did not. He reported the executive director anticipated the need for the additional capacity to pay an investment fee after placing an investment.

[9:41:10 PM](#)

Vice-Chair Johnston recalled being asked about opportunity loss when the committee had been considering other amendments. She reported that the issue under discussion was a situation where there could be opportunity loss.

Representative Knopp remarked he thought it was interesting the amendment had come at the eleventh hour. He thought the issue was probably not new and it had not been heard by any committees. He found those things problematic.

Co-Chair Wilson asked if the fees were all listed in the APFC [quarterly investment management fee] report.

Representative LeBon could not say for certain, but the fees were charged to APFC by investment houses placing investments on its behalf. He elaborated that in some cases the fees were negotiated like a bank loan. He explained the fee could be negotiated with the borrower and there was [not always] a set fee. He considered what the fee was on investments made by APFC that could be in the billions of

dollars. The dollar amount included in the amendment was not big in APFC's world. He discussed a \$200 million ceiling and pointed out it could be argued "you're just talking capacity" to pay a fee related to an approved investment. He stated that if the fee was not paid, a transaction would not be placed, and the money would sit in the bank.

Co-Chair Wilson explained that she had seen the fees online, but she did not know "the fees compared to what." She stated that a \$20 million [fee] may seem like a lot, but it was not a lot if it was on \$200 million. However, if an investment was \$40 million, a \$20 million fee was substantial. She remarked on not being able to see the transparency of the fees and how they were negotiated. She had been concerned when she had received a visit that "it seemed like a lot of those were paid first, we got what was left over, which was not necessarily a bad thing." She was concerned about not getting the whole picture of how much money there was invested and what the attached fees were.

[9:44:00 PM](#)

Representative LeBon shared that DOR 4 had addressed transparency in fees. He explained that some investments would remove the fee from the investment returns and send the net. He detailed that in those cases the fee was not discernable. He furthered that the prior amendment included instruction to APFC to disclose the fees. The current amendment identified the fee upfront and the pool of money to pay the fees if the investment was placed.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Sullivan-Leonard, Tilton, Johnston, LeBon, Foster

OPPOSED: Merrick, Carpenter, Knopp, Josephson, Wilson

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment H DOR 5 was ADOPTED.

[9:46:02 PM](#)

AT EASE

[9:52:56 PM](#)

RECONVENED

Co-Chair Foster reported the committee would move to Department of Transportation and Public Facilities (DOT) amendments.

Co-Chair Wilson requested to bundle Amendments H DOT 1 and 2 [motion was cut short due to a request from another member for an at ease].

[9:53:33 PM](#)

AT EASE

[9:53:59 PM](#)

RECONVENED

Co-Chair Foster requested that members allow other members to complete their motions.

Co-Chair Wilson asked permission to bundle Amendments H DOT 1, 2, 3, 4, and 6. There being NO OBJECTION, it was so ordered.

Co-Chair Wilson MOVED to ADOPT Amendments H DOT 1, 2, 3, 4, and 6 (copy on file).

Highways, Aviation and Facilities Central Region
Facilities

H DOT 1 - 5% UGF reduction

Represents a 5% UGF reduction from the FY20 Adjusted
Base

1004 Gen Fund (UGF) -352.8

Northern Region Facilities

H DOT 2 - 5% UGF reduction

Represents a 5% UGF reduction from the FY20 Adjusted
Base

1004 Gen Fund (UGF) -526.8

Central Region Highways and Aviation

H DOT 3 - 5% UGF Reduction

Represents a 5% UGF reduction from the FY20 Adjusted Base

1004 Gen Fund (UGF) -923.5

Northern Region Highways and Aviation
H DOT 4 - 5% UGF Reduction

Represents a 5% UGF reduction from the FY20 Adjusted Base

1004 Gen Fund (UGF) -1,636.2

H DOT 6 - Marine Highway reduction

Reduced funding requiring the department to find efficiencies in operations.

1004 Gen Fund (UGF) -10,000.0

Representative Sullivan-Leonard OBJECTED.

Co-Chair Wilson reviewed the amendments. She stated that many thought the state had two different highway systems, but she noted they merged together. She explained that Amendments H DOT 1, 2, 3, and 4 included a 5 percent reduction in central and northern regions for a total of \$3,439,300 and a Alaska Marine Highway System (AMHS) reduction of \$10 million.

Representative Sullivan-Leonard MOVED to SPLIT the QUESTION. She requested to consider Amendments H DOT 1, 2, 3, and 4 separately from Amendment H DOT 5 [Amendment H DOT 6].

Co-Chair Wilson OBJECTED. She restated the request by Representative Sullivan-Leonard.

Co-Chair Foster asked if the statement was correct.

Representative Sullivan-Leonard agreed. She believed there were two separate pieces [included in the amendments].

Co-Chair Foster clarified the motion to take up Amendment H DOT 6 separately from the other amendments.

Co-Chair Wilson elucidated the motion was to separate the initial amendment into two parts. She spoke to her objection. She explained she had bundled the amendments because the pain was statewide. She did not want to pit highways against AMHS. She elaborated that people all traveled different ways and utilized different types of transportation. She did not want to pass one of the amendments without the others. She wanted to ensure all of the named areas took a reduction.

[9:57:42 PM](#)

Representative LeBon supported Co-Chair Wilson's argument to keep the amendments together as a bundle. He stated the amendments all pertained to one issue and should remain together.

Representative Sullivan-Leonard asked if the 5 percent reduction for the regions [identified in Amendments H DOT 1, 2, 3, and 4] also applied to the AMHS reduction.

Co-Chair Wilson clarified the proposed reduction to AMHS was more than 5 percent because there were also DGF funds available for AMHS to utilize. There were no DGF funds for the highways and aviation system.

Representative Sullivan-Leonard believed the issue was separate.

Co-Chair Wilson MAINTAINED her OBJECTION.

Co-Chair Foster clarified the question.

A roll call vote was taken on the motion.

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

The MOTION to separate Amendment H DOT 6 from Amendments H DOT 1, 2, 3, and 4 FAILED (4/7).

[10:00:26 PM](#)

Representative Josephson opposed the amendments. He reported that he had yet to sit on the House Transportation Committee or the DOT subcommittee; however, he was aware of the budget situation and aware that highways and aviation and AMHS had sustained serious cuts. He did not know the purpose of the cuts.

Vice-Chair Ortiz stated that his district would be hit twice if the amendments were adopted because it utilized the highways and AMHS. He reported AMHS was down \$25 million in GF since 2015. He underscored that AMHS was the highway system for Southeast. The system had been started and boats had been built before the state had oil money. He highlighted that it had been a priority at the time, and he did not know how it was any less of a priority at present. The state had more people and more dependency on the system than it had when AMHS had started. He remarked that it was unfortunate that part of the state was made up of islands, but "it is what it is."

Representative Knopp believed the amendments were not about the AMHS or the highway system, but they were about the need for strategic budget reductions due to the state's fiscal situation. He believed the amendments reflected an appropriate method for departments to share in the burden. He supported the amendments but did not like them.

[10:03:38 PM](#)

AT EASE

[10:05:19 PM](#)

RECONVENED

Vice-Chair Ortiz MAINTAINED his OBJECTION.

Co-Chair Wilson provided wrap up. She clarified the amendments were not a shot at highways and aviation or AMHS. She explained the amendments were about reducing costs. She had bundled the amendments together because she did not believe it was appropriate to make reductions to only one entity.

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 PASSED (9/2). There being NO further OBJECTION, Amendments H DOT 1, 2, 3, 4, and 6 were ADOPTED.

[10:06:45 PM](#)

Co-Chair Wilson WITHDREW Amendment H DOT 5 (copy on file).

Representative Sullivan-Leonard MOVED to ADOPT Amendment H DOT 7 (copy on file):

H DOT 7 - Maximize Fare Box Recovery and Provide Service to All Alaska Ports

This amendment would allow AMHS to operate their current published schedule from July-August of 2019. In September 2019 it would provide some service to all ports and from October 2019 to June 2020 it would provide some service to all ports except Prince Rupert. Service weeks would total 281.8 and the Fare Box Recovery rate would be 45%.

1004 Gen Fund (UGF)	-36,042.8
1076 Marine Hwy (DGF)	-4,719.4

Co-Chair Wilson OBJECTED for discussion.

Representative Sullivan-Leonard reviewed the amendment. She stated the amendment would not decimate the AMHS. The amendment would make some modifications so that AMHS could move forward in a way that best met the needs of users. The amendment reflected "scenario 2" that had been presented by the department to the DOT subcommittee. She elaborated the department had provided detailed information about how AMHS worked, who the users were, and incoming fare revenue. The amendment would eliminate service for Prince Rupert from October [2019] to June [2020]. She explained that all other schedules would be maintained.

Representative Sullivan-Leonard reported there had been an extensive look at AMHS and she had talked with DOT. She reported that Representative Harriet Drummond had asked for a comparison with regard to the highway system through Southcentral and AMHS to see how each area was being supplemented. She reported the comparison was striking and the supplement received by AMHS was greater than \$93 million. She believed it was an incredible amount of money

in relation to fees generated through AMHS. She thought the state could not continue to supplement a system that needed to be reviewed and revamped. She hoped the end result was a system that worked for many. She shared that Mat-Su had a ferry in the past, but the numbers did not pan out for getting people between Anchorage and Mat-Su. She asked for a \$36 million GF reduction and a \$4.7 million reduction in the AMHS Fund. The amendment would leave a total of \$55 million in the account.

Co-Chair Foster pointed out that Amendment H DOT 6 had passed, which was a \$10 million reduction to AMHS. He highlighted that if the current amendment was adopted, the reduction would total \$51 million.

Vice-Chair Ortiz strongly opposed the amendment. He stressed that Prince Rupert was one of the main ports that fed to Ketchikan. He appreciated the thought of attempting to save the state money, but to discontinue service from Prince Rupert would have a major impact on the state's economy.

[10:11:51 PM](#)

Representative Sullivan-Leonard clarified the amendment would reduce funds, not eliminate service to Prince Rupert.

Representative LeBon believed the cut was much too large. He supported the Prince Rupert port.

Representative Josephson voiced strong opposition to the amendment. He shared that he had lived all across Alaska including Western and Northern Alaska, Fairbanks, Kenai, Anchorage, and Juneau. He noted that although he had been born and raised in Anchorage, he agreed on the issue completely with his colleague from Southeast Alaska. He stressed that Southeast was one of the greatest parts of the state, which was the reason cruise ships traveled to the region. He was shocked that the administration was interested in having as part of its legacy something that was iconic for the state.

Representative Carpenter believed the committee was being presented with a false and disingenuous choice. He clarified that no one was talking about ending the ferry system, but they were talking about doing something "smarter, different than we've ever done before" that would

not require the state to lose money or at a minimum would lose less. He opined that continuing the status quo meant the state would continue to lose money. He stressed that fiscal responsibility demanded that the state find a better way. He reiterated that the amendment would not eliminate ferry service.

[10:14:25 PM](#)

Representative Tilton believed that Representative Sullivan-Leonard had seen several options and had selected the best option for the [ferry] system overall.

Vice-Chair Ortiz clarified that the governor's proposal would end the AMHS at the end of September.

Representative Merrick was torn on the issue - she had grown up in Southeast riding the ferry but was also worried about the state's budget crisis. She asked the amendment sponsor if she would consider a 50 percent reduction to the proposed \$40 million cut. She could not support a total cut of \$50 million.

Representative Sullivan-Leonard stated it was up to Representative Merrick.

[10:16:09 PM](#)

AT EASE

[10:20:46 PM](#)

RECONVENED

Representative Merrick MOVED to ADOPT Amendment 1 to Amendment H DOT 7. The amendment would reduce the \$40 million to \$18,021,400 GF and \$2,359,700 from the AMHS.

Co-Chair Foster clarified the amendment was Amendment 1 to Amendment H DOT 7.

Representative Merrick agreed.

There being NO OBJECTION, Amendment 1 to Amendment H DOT 7 was ADOPTED.

[10:22:06 PM](#)

Co-Chair Wilson MAINTAINED her OBJECTION to Amendment H DOT 7 as AMENDED.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment DOT 7 as amended FAILED (4/7).

10:23:08 PM

Representative Sullivan-Leonard WITHDREW Amendment H DOT 8 (copy on file).

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

Marine Highway System
Marine Vessel Operations
H DOT 9 - Divest Alaska Marine Highway System of Vessels

It is the intent of the legislature that the Alaska Marine Highway System divest of at least two vessels.

Explanation:

Due to increased fleet size in recent years, operating costs of the Alaska Marine Highway System have increased significantly. Divesting of at least two vessels will reduce operating costs.

Co-Chair Wilson OBJECTED for discussion [Representative Josephson also OBJECTED].

Representative Merrick reviewed the amendment with a prepared statement:

This amendment adds intent language to encourage the department to divest the Marine Highway System of at least two vessels. The fleet size has grown from 9 to 12 since 2004, which has contributed to the increased operating costs we've seen over the last decade. The department indicated that back when they added 2 vessels in 2004 and 2005, they intended to offset the

increase by getting rid of 2 vessels, but that didn't happen as planned. This year 2 new vessels will be joining the fleet, further increasing the number. I think its time for the Alaska Marine Highway System to look at reducing the number of vessels operating in effort to contain costs.

Vice-Chair Ortiz did not see the purpose for the language recommendation. He elaborated that AMHS had a plan that included waiting to see would happen once a consultant was hired [by the administration]. He thought adopting the language would give direction to the department that was not needed.

Representative Knopp asked the amendment sponsor to repeat the vessel information she had provided. He asked if the number of vessels had increased from 9 to 12.

Representative Merrick confirmed that over the last decade the number of vessels had increased from 9 to 12. She elaborated that 2 vessels had been added in 2004 and 2005. The AMHS had planned on getting rid of 2 vessels, but that did not happen. In the current year, 2 new Alaska Class ferries the Tazlina and Hubbard were coming on board, which would increase the fleet by 2.

[10:25:23 PM](#)

AT EASE

[10:25:35 PM](#)

RECONVENED

Representative Knopp shared that he was looking at a component vessel operations management sheet from 2006 showing AMHS operated 10 ships. He noted the same sheet for 2019 reported AMHS oversaw the operation of 10 vessels. He had received a note that the Taku had been sold and AMHS was in the process of selling the Chenega and Fairweather. He wondered how many ships AMHS truly had.

Representative Merrick answered she believed the numbers she was citing were from the department, but she would confirm that information.

[10:26:43 PM](#)

AT EASE

10:29:10 PM

RECONVENED

Representative Merrick replied that in 2004 the AMHS had 9 ferries and added the Fairweather; in 2005 the Chenega had been added, which brought the fleet to 11. The Taku had been sold and the Tazlina and Hubbard had been added, which brought the total vessel number to 12.

Representative Knopp replied that he had been going off of the vessel report provided by the department that showed 10 vessels. He did not support any reductions or changes to AMHS due to the unresolved nature of the situation. He noted the administration and legislature needed to figure the system out.

Co-Chair Wilson MAINTAINED her OBJECTION.

Representative Merrick pointed out that the amendment was intent language, which was a suggestion to the department. She elaborated that the department had planned to divest 2 of its current vessels when the Chenega and Fairweather came online, but that had not occurred. The amendment would encourage the department to divest two vessels in order to contain costs and provide better service.

A roll call vote was taken on the motion.

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

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

10:32:01 PM

Representative Josephson WITHDREW Amendment H UOA 1 (copy on file).

Representative Knopp MOVED to ADOPT Amendment H UOA 2 (copy on file):

University of Alaska
Budget Reductions/Additions - Systemwide
H UOA 2 - Reduce University UGF funding to match FY18
Actuals Funding Level

This amendment would reduce University of Alaska Unrestricted General Fund appropriation to match FY18 actuals funding levels. This would reduce the University's FY20 UGF amount to \$316,991.4.

1004 Gen Fund (UGF) -20,042.1

Representative Josephson OBJECTED for discussion. He wanted to offer an amendment to Amendment H UOA 2 [Co-Chair Wilson OBJECTED].

Representative Knopp reviewed Amendment H UOA 2. The amendment would reduce University of Alaska funding to FY 18 actuals - a proposed reduction of \$20 million. He explained the reduction would be to a \$10 million increment added during the subcommittee and a \$10 million reduction from the FY 19 management plan.

Representative Josephson MOVED to ADOPT Amendment 1 to Amendment H UOA 2.

Co-Chair Wilson OBJECTED.

Representative Josephson explained conceptual Amendment 1 would increase the grant from \$316,991,400 to \$326,991,400. He pointed out that the University had highlighted it had suffered cumulative cuts totaling just under \$200 million in the past four fiscal years. He elaborated that in FY 14 or FY 15 the University received \$371 million, but in subsequent years the grant had been \$200 million lower in aggregate. He detailed that the Board of Regents had requested a \$31 million increase over the current FY 19 budget. The subcommittee had rejected the request by 66 percent and only provided a \$10 million increase.

Representative Josephson furthered that Amendment 1 would not give the \$10 million increase and would flat fund the University budget. The University would also have new requirements including Title IV enhancements of close to \$2 million, facilities maintenance costs of close to \$10 million, and utility cost increases of \$1.3 million. He explained the aforementioned costs were only in one budget component and did not include other investments they would like to make. He underscored that the University raised about two-thirds of its total budget of approximately \$900 million. The University raised funds through tuition, fees,

grants, research endowment money, federal money, and other. He stressed the University was a major engine in Alaska.

[10:36:19 PM](#)

Representative Knopp asked for a repeat of the number. He asked if the amendment to Amendment H UOA 2 included an increase of \$20 million.

Representative Josephson replied it would be an increase of \$10 million over Amendment H UOA 2, which would bring the total to \$326,991,400.

Vice-Chair Ortiz supported the amendment to the amendment. He noted it had been said by several members of the committee the previous year that it was not possible to cut to prosperity. He detailed that during his last several years of teaching the University had been in its better years of support. He reported that as the University grew it had seen more and more students staying within Alaska taking advantage of the scholarship programs and other available options. He highlighted that more people were staying in-state for education and were spending their education money in the state, which led to more people remaining in Alaska. He recognized that education took money, but it was a worthwhile investment.

[10:38:04 PM](#)

Representative LeBon supported the amendment to the amendment. He shared that he and the University went way back, and it was the reason he was where he was currently. He was appreciative of what the University had done for him and his family.

Representative Knopp opposed the amendment to the amendment. He discussed that for two months the legislature had been talking about how to share the burden of the cost reductions. He emphasized that Amendment H UOA 2 was not a cut from FY 19; the amendment was a status quo budget. He believed the University would be happy with the proposal compared to what the governor had offered.

Representative Carpenter did not support the amendment. He noted that he had attended college out of state. He discussed there were many students and alumni who appreciated their experiences. He did not believe the

current fiscal situation should reflect on that. He thought the University had a problem with its finances because it was bloated, administration top heavy, and its decisions in recent years had made it less competitive in the marketplace. He stated that the legislature was going to take an unprecedented amount of the peoples' PFD to continue spending the way it had been.

10:40:03 PM

Co-Chair Wilson MAINTAINED her OBJECTION to Amendment 1 to Amendment H UOA 2.

A roll call vote was taken on the motion.

IN FAVOR: LeBon, Ortiz, Josephson

OPPOSED: Knopp, Merrick, Sullivan-Leonard, Tilton, Carpenter, Johnston, Wilson, Foster

The MOTION to adopt Amendment 1 to Amendment H UOA 2 FAILED (3/8).

Representative Knopp provided wrap up on Amendment H UOA 2. He recognized that the amendment likely cut too much for some and not enough for others. He believed overall the committee had done a good job for all of the departments throughout the budget process. He asked for members' support.

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

OPPOSED: Josephson, Ortiz

The MOTION PASSED (9/2). There being NO further OBJECTION, Amendment H UOA 2 was ADOPTED.

10:42:15 PM

Representative Sullivan-Leonard WITHDREW Amendment H UOA 3 (copy on file).

Representative Sullivan-Leonard MOVED to ADOPT Amendment H UOA 4 (copy on file):

University of Alaska
Budget Reductions/Additions - Systemwide
H UOA 4 - University of Alaska Reduction

This is an alternative to Governor Dunleavy's proposed FY20 UGF reduction to the University budget. This \$56,301.7 amendment includes a reduction of \$46,301.7 (30% of the Governor's reduction) and removes the \$10 million dollar increment added by the House Finance Subcommittee. This is a compromise from the original \$154,339.1 decrement offered in the FY20 Governor's amended budget.

1004 Gen Fund (UGF) -56,301.7

Co-Chair Wilson OBJECTED.

Representative Sullivan-Leonard reviewed the amendment. She relayed the topic had been discussed by the budget subcommittee. She reported she had brought the amendment forward at the request of the representative from Homer. She elaborated that the subcommittee discussions had been that some legislators felt the governor's proposed reductions were too much. The amendment was 30 percent of the governor's reduction or \$56 million. She considered how much the state supported the University students in comparison to the rest of the U.S.

Representative Sullivan-Leonard cited figures showing that Alaska students cost the state \$16,000, whereas the U.S. average was approximately \$7,600. She stressed the importance of bringing down the numbers. She expounded that the University brought in \$454 million in revenue, with expenditures exceeding \$583 million. She stated it was not balanced or what she wanted to see for a university. She noted that the University was a land grant university and it continued to look for funds from foundation work, philanthropy, fundraising, and through land sales.

Co-Chair Wilson asked for verification that if the \$56 million reduction was adopted that the total reduction would be \$76 million given the passage of the previous amendment [Amendment H UOA 2].

Representative Sullivan-Leonard replied "sure."

Representative Josephson considered what would happen if the amendment passed. He observed that it was ostensible the governor would decide to veto additional funding from the University budget, which he believed would be consistent with the governor's actions. He thought it could mean the University would shutter and close one of its three main campuses. He stressed it would be a cultural shift for the state. He responded to comments made by the amendment sponsor and reported that the subcommittee had learned that although Alaska was the largest state, its land grant was comparable to Delaware's, which he believed was the second smallest state. Additionally, there was no community college system in Alaska - the University welcomed all students.

Representative Josephson elaborated that in other states community colleges provided revenue for the greater college and university statewide system, while in Alaska only around \$1 million came in from Kodiak and he believed Valdez. He continued that the state had asked the University to do all of those things - he noted there was a full page list of statutory items the University was required to do. He thought the issue needed much more consideration.

[10:46:41 PM](#)

Co-Chair Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Sullivan-Leonard, Tilton, Carpenter

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

The MOTION to adopt Amendment H UOA 4 FAILED (3/8).

[10:47:40 PM](#)

Representative LeBon WITHDREW Amendment H UOA 5 (copy on file).

Co-Chair Foster noted that Amendment H UOA 6 had been previously withdrawn.

Representative Merrick WITHDREW Amendment H JUD 1 (copy on file).

Co-Chair Wilson MOVED to ADOPT Amendments H LEG 1, 2, and 3 (copy on file):

Budget and Audit Committee
Legislative Finance
H LEG 1 - Reduction to align the FY 20 funding level with FY 18 actual expenditures.

Reduction to align the FY 20 funding level with FY 18 actual expenditures.
1004 Gen Fund (UGF) -800.0

Budget and Audit Committee
Committee Expenses
H LEG 2 - Reduction to more closely align the FY 20 funding level with FY 18 actual expenditures.

Reduction to more closely align the FY 20 funding level with FY 18 actual expenditures.
1004 Gen Fund (UGF) -800.0

Legislative Operating Budget
H LEG 3 - Reduce Legislative Operating Budget to align more closely with FY 18 actual expenditures

Reduce Legislative Operating Budget to align more closely with FY 18 actual expenditures.

1004 Gen Fund (UGF) -1,000.0

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Wilson reviewed the amendments. She believed it was about time the legislature took a bit out of its own budget after taking out of all of the other budgets. She intended to review the three amendments separately for clarity. She began with Amendment H LEG 1 pertaining to the budget for Budget and Audit Committee and Legislative Finance Division. She reported that budget had been \$1,952,300 in FY 17, \$6,121,300 in FY 18, \$6,778,900 in FY 19, and \$7,855,500 in FY 20. She reported they had been lapsing funds and the amendment would reduce the budget by \$800,000 (half of the lapsing funds that occurred in the past two years).

Co-Chair Wilson explained that Amendment H LEG 2 was the funding level for Budget and Audit Committee expenses. She reported that committee expenses had been \$701,000 in FY 17, \$615,600 in FY 18, and a request of \$1,907,700 for FY 20. The amendment would reduce the budget by \$800,000 (half of the lapsing funds that occurred in the past two years).

Co-Chair Wilson concluded with Amendment H LEG 3 pertaining to the legislative operating budget. She detailed that budget had been \$8.8 million in FY 17, \$9.3 million in FY 18, \$10.8 million in FY 20. The proposed cut of \$1 million represented half of the funds that had been lapsing funds. She explained that lapsing funds typically went towards the capital projects and did not go into the General Fund.

Co-Chair Foster asked why there had been a jump in cost for the committees [in Amendment H LEG 1].

Co-Chair Wilson replied it was because the legislature had asked for more money.

Co-Chair Foster asked if the increase had to do with an increase in the number of Senate Finance Committee members.

Co-Chair Wilson responded that the addition "was another portion of the agencies."

Vice-Chair Ortiz asked where the reductions would be seen within the legislature.

[10:51:31 PM](#)

Co-Chair Wilson replied that the \$800,000 went to committee expenses - money was allocated amongst the various committees. For instance, the pizza committee members had for dinner that evening had come from a fund. The funds were in allocations and would be determined by each committee. She reiterated her earlier statement that the reduction equaled half of the lapsing funds from the past couple of years. The reduction meant there would be fewer funds to lapse into the capital budget. She added that even with the reduction, funds would most likely lapse. She reported that funds had lapsed even after special sessions. She believed the legislature should feel "some of the pain" as all other agencies and departments had. She stated it

was one of the budgets that had grown because the Senate had added a couple of positions.

Co-Chair Foster recognized Representatives Matt Claman, Adam Wool, and Lance Pruitt in the audience.

Representative Josephson believed there were ways the legislature could reduce its budget. He asked if the amendment considered things like special session travel and other.

Co-Chair Wilson responded that in the last couple of years there had been five special sessions - even after those five sessions there had been money that lapsed to the capital budget.

Representative Knopp asked if the \$2.6 million would go back to the capital budget or the General Fund.

Co-Chair Wilson replied her intent was for the funds to go back to the General Fund like all of the other savings made by the amendments.

Representative Knopp remarked that he would prefer the funds to go to capital projects.

Co-Chair Wilson noted that not everyone got a choice. She added that she was responsible for the capital budget and may change her mind later.

Vice-Chair Ortiz WITHDREW his OBJECTION.

There being NO further OBJECTION, Amendments H LEG 1, 2, and 3 were ADOPTED.

Co-Chair Foster reported the committee had concluded amendments on the operating budget.

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

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

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

ADJOURNMENT

10:56:00 PM

The meeting was adjourned at 10:55 p.m.