

HOUSE FINANCE COMMITTEE
February 25, 2020
1:35 p.m.

1:35:02 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Jennifer Johnston, Co-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
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Alexei Painter, Analyst, Legislative Finance Division; Brodie Anderson, Staff, Representative Neal Foster; Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Kelly Cunningham, Analyst, Legislative Finance Division; Michael Partlow, Fiscal Analyst, Legislative Finance Division; Representative George Rauscher.

PRESENT VIA TELECONFERENCE

None

SUMMARY

HB 205 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 205 was HEARD and HELD in committee for further consideration.

HB 206 APPROP: MENTAL HEALTH BUDGET

HB 206 was HEARD and HELD in committee for further consideration.

HB 234 APPROP:SUPP; REAPPROP; CAP; AMEND; CBR

CSHB 234(FIN) was REPORTED out of committee with a "do pass" recommendation.

Co-Chair Foster indicated the committee would be taking up member amendments for HB 234, the FY 20 supplemental budget, and moving the bill from committee. The committee would also be taking up amendments for HB 205, the FY 21 operating budget and HB 206, the FY 21 mental health budget.

#hb234

HOUSE BILL NO. 234

"An Act making supplemental appropriations, reappropriations, and other appropriations; amending appropriations; capitalizing funds; 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."

[1:36:21 PM](#)

Co-Chair Foster referenced the amendment packet for the bill.

Representative Carpenter noted he had just been informed that the item in his amendment had already been removed from the supplemental budget.

[1:37:06 PM](#)

AT EASE

[1:37:28 PM](#)

RECONVENED

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

DEPARTMENT: DEED

APPROPRIATION: Mt. Edgecumbe Boarding School
Facilities Maintenance

ALLOCATION: Operational and Maintenance Costs for MEHS
Aquatic Center

Rep. Carpenter

DELETE: 100.0, 1004 Gen Fund

POSITIONS: None

EXPLANATION: Eliminate general funds for operation of
the Mt. Edgecumbe pool.

Co-Chair Johnston OBJECTED for discussion.

Representative Carpenter explained the Mt. Edgecumbe pool did not have a feasible financial path forward. He did not support putting an additional \$100,000 into a pool that could not fund itself into the future. He recommended saving the funds and closing the facility.

Representative Wool recalled there was a fee structure in the supplemental with a path forward to offset at least part of the expenses for the pool. He asked for details.

Vice-Chair Ortiz stated that the amendment pertained to a state facility that needed to be maintained like any other state facility. He elaborated that in the prior year, when the facility was short on funding, Mt. Edgecumbe used money from its Base Student Allocation (BSA) to maintain the pool. The school would likely do it again for FY 21 if the committee adopted the amendment. Ultimately the amendment would only take away from BSA funding. The pool was being used for classroom instruction and Mt. Edgecumbe was currently working with local entities such as the hospital to use the pool more frequently to generate more door receipts for the future. There was an increase in door receipt authority in the FY 21 budget. He believed the legislature could not continue to ask the district to fund the pool with BSA funding. He reported that out of the 2010 bond package the Mt. Edgecumbe Aquatic Center funding made up a very small percentage of project funding. He

reiterated that it was a state facility and, the state was the overseer of the entire Mt. Edgecumbe school including the pool. He opposed the amendment.

1:40:23 PM

Representative Sullivan-Leonard looked at the supplemental bill. She noted that the reduction of \$100,000 did not eliminate funding for the pool. She asked if there was still funding in the bill for the pool. Representative Carpenter confirmed the amendment would only remove undesignated general funds (UGF).

Representative Knopp asked if the pool had been included in the capital budget in recent years. Vice-Chair Ortiz answered that the pool was located in Sitka - it was newly constructed. He explained that after the pool was constructed there had been an issue about continued funding for the pool's operation. The funding request did not have to do with repairs or maintenance, as it was a new facility. The funding had to do with getting the pool up and operating. He hoped the pool would be able to collect more revenue to be more self-supporting in the future. In the end, it was a state facility and, Mt. Edgecumbe was managed by the state. He had heard no comment about a desire to discontinue operations of the pool.

Representative Carpenter provided wrap up on the amendment. He remarked that no one was suggesting closing down Mt. Edgecumbe. He argued that the pool at Mt. Edgecumbe should be closed because it was not self-sufficient. He did not think the state should be funding the pool. The reality was that students and children in the community already had a community pool to use which existed prior to the building of the Mt. Edgecumbe pool.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

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

The MOTION to ADOPT Amendment 1 FAILED (5/6).

Co-Chair Foster indicated there were no further amendments for HB 234. He wanted to proceed with moving the supplemental bill from committee. He thought overall the bill reflected the governor's supplemental bill. Nothing had been added to it. The supplemental budget restored \$120 million in Medicaid and provided just under \$100 million for fire suppression among other things.

Co-Chair Johnston MOVED to REPORT CSHB 234(FIN) out of committee with individual recommendations.

CSHB 234(FIN) was REPORTED out of committee with a "do pass" recommendation.

[1:47:03 PM](#)

AT EASE

[1:52:02 PM](#)

RECONVENED

#hb205

#hb206

HOUSE BILL NO. 205

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; 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. 206

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

[1:52:09 PM](#)

Co-Chair Foster indicated the committee would be taking up member amendments for the operating budget beginning with the language section.

^AMENDMENTS

[1:52:15 PM](#)

Co-Chair Foster directed attention to the amendment packet and the Department of Natural Resources. He referenced Amendment H DNR 2.

[1:52:46 PM](#)

AT EASE

[1:52:57 PM](#)

RECONVENED

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

Fire Suppression, Land & Water Resources
H DNR 2 - Remove Fire Risk Reduction Funding from
Numbers Section
Offered by Representative Knopp
1004 Gen Fund (UGF) -5,000.0

Representative Sullivan-Leonard OBJECTED for discussion.

Representative Knopp explained that the amendment would move \$5 million from fire suppression to fire prevention. He detailed that the Division of Forestry had testified in the finance subcommittee that through the use of fire brakes the division's fire prevention efforts had saved in excess of \$800 million worth of property from being damaged. The intent of the amendment was to shift funding from fire suppression to fire prevention. He was aware that the amendment reduced the funding below the historical average. It was the department's desire, as it could not spend \$5 million in one year.

Representative Sullivan-Leonard asked what the fire prevention budget was presently. Representative Knopp did not have the figure on hand. He deferred to the Legislative Finance Division (LFD).

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION answered that the budget for fire suppression preparedness was approximately \$17 million UGF. The amendment would increase the amount to \$22 million. He indicated that \$5 million would be spread over a multi-year period of 2 fiscal years.

Representative Sullivan-Leonard WITHDREW her OBJECTION.

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

[1:56:14 PM](#)

Representative Knopp MOVED to ADOPT Amendment L H DNR 3
(copy on file):

Fire Suppression, Land & Water Resources
L H DNR 3 - Fire Risk Reduction Multi-Year
Appropriation
Offered by Representative Knopp
1004 Gen Fund (UGF) 5,000.0

Co-Chair Foster OBJECTED for discussion.

Representative Knopp explained the amendment. The change pertained to the first amendment and created a multi-year fire risk reduction.

Co-Chair Foster WITHDREW his OBJECTION.

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

[1:56:48 PM](#)

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

No Further Appropriation Required
L H FND 1 - Capitalize the Abandoned Motor Vehicle
Fund
Offered by Representative Carpenter
1005 GF/Prgm (DGF) 100.0

Representative Wool OBJECTED for discussion.

Representative Carpenter explained the amendment which would populate a fund that would be used to remove abandoned vehicles from roads. The funds were seed funds to enable the department to remove abandoned vehicles.

Co-Chair Foster asked if the funding would be UGF or DGF. Representative Carpenter replied that the current law specified that an abandoned vehicle was a misdemeanor with a \$500 fine. A change proposed in another piece of

legislation would reduce the penalty to a violation from a misdemeanor and increase the fine from \$500 to \$1,000. In addition to the fines, the seed money would populate the fund.

Co-Chair Foster asked if the money would sit in the fund if the other legislation did not pass. Representative Carpenter believed it would be "no harm no foul" because there was already a \$500 fine. There was currently no money in the fund to spend on vehicle removal.

Co-Chair Foster asked the Legislative Finance Division (LFD) if there were any issues with the amendment structurally. Mr. Painter replied that the fund existed but had never had any funding in it. The money could be spent by the department for the purpose of abandoned vehicle removal without further appropriation. He concluded that putting the money in the fund would allow the department to begin removing vehicles. He did not believe there were any issues with passing the amendment. The account had been on the books but never funded.

Representative Wool asked about the designated general fund (DGF) funding. He wondered where the money would come from. He asked about the origin of DGF. Representative Carpenter deferred to LFD.

Mr. Painter answered that the amendment stated that the appropriation was from fees collected by the Division of Motor Vehicles. The division lapsed about \$35 million to the general fund and had sufficient program receipt authority.

Representative Wool WITHDREW his objection.

There being NO OBJECTION, Amendment L H FND 1 was ADOPTED.

[2:01:14 PM](#)

Co-Chair Foster recognized Representative Jonathan Kreiss-Tomkins in the audience. He relayed that the next amendment on page 3 was technical in nature. He believed the amendment was based on a recommendation of LFD.

Co-Chair Johnston MOVED to ADOPT Amendment L H XFR 1 (copy on file):

Designated Reserves/Endowments
L H XFR 1 - Adjust NPR-A Language to reflect current
PCE Endowment
Offered by Representative Foster

Co-Chair Foster OBJECTED for discussion.

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER explained the amendment that applied to the Natural Petroleum Reserve-Alaska (NPRA) funds that had the potential to lapse. If they lapsed and there were funds remaining, they would fall into the Power Cost Equalization and Rural Electric Capitalization Fund, a fund that no longer existed. The amendment took the funds from the original fund and moved them to the Power Cost Equalization (PCE) Endowment Fund, a fund that was active and currently in use. If there were ever any remaining funds, they would go into an account that actually existed.

Co-Chair Foster saw no dollar amount. He surmised that the amendment pertained to any future funds. He understood that the funds would go into the rural electrification fund which did not exist. The amendment was merely ensuring that the funds would go into the appropriate PCE fund. Mr. Anderson concurred.

Co-Chair Foster WITHDREW his objection.

There being NO OBJECTION, Amendment L H XFR 1 was ADOPTED.

[2:03:51 PM](#)

Co-Chair Johnston MOVED to ADOPT Amendment L H VRS 4 (copy on file):

Various
L H VRS 4 - SDPR Carryforward Clarification Amendment
Offered by Representative Foster

Co-Chair Foster OBJECTED for discussion.

Mr. Anderson indicated the amendment provided a technical fix based from the committee substitute that House Finance offered in Version U of the bill. The section was removed. The Office of Management and Budget (OMB) contacted Representative Foster's office regarding the effect of removing the section. The amendment would restore the use

of the authorization of statutory designated program receipts. He deferred to Mr. Painter to provide a full explanation.

Mr. Painter noted that in the past statutory designated program receipts had been considered to carry forward by their nature. The legislature could not lapse money that was part of a contract or a donation to the general fund because it did not belong in the general fund. It had never required an appropriation before. New language proposed by OMB to include explicit carry forward language was in the amendment. It was the belief of some individuals that the section was necessary and, including the language, did no harm. It was removed the first time because it appeared there was no justification for it. However, receipts could lapse unintentionally without the language. The amendment would ensure the funds would not lapse.

Co-Chair Foster WITHDREW his objection.

There being NO further OBJECTION, Amendment L H VRS 4 was ADOPTED.

[2:05:37 PM](#)

Co-Chair Foster reported that the committee had addressed all of the amendments related to the language section. The committee would move to the numbers section starting with the Department of Administration.

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

Public Communications Services
H DOA 1 - Restore Public Broadcasting Funding
Offered by Representative Josephson
1004 Gen Fund (UGF) 700.0

Co-Chair Johnston OBJECTED for discussion.

Representative Josephson thanked the subcommittee on its restoration of some of the vetoed funding from the previous year. His office had received a tally of 372 out of 670 testifiers supporting the item [Public Radio Broadcasting]. The amendment would help with safety and health considerations for rural communities in particular. People were worried about their safety at sea and on land. The

amendment would restore a portion of the vetoed funding which the legislature had said was inadequate.

Co-Chair Johnston asked if the money was for the public broadcasting commission, television, or radio. Representative Josephson answered that the amendment was designed to increase the public radio component.

Co-Chair Johnston asked if it was in addition to the \$1 million already in the budget. Representative Josephson answered in the affirmative. He added that during public testimony most testifiers spoke to funding public radio.

Representative Sullivan-Leonard asked why an additional \$700,000 was needed, since \$1 million had already been added. She thought legislators needed to be cognizant about increasing the budget. She did not believe the additional funds were necessary.

Representative Wool spoke in support of the amendment. He knew public broadcasting had been cut the previous year and he supported an increase. He was a little concerned that the funds were only pertaining to radio. He noted that Fairbanks had dropped its Gavel programming due to insufficient funds. He wanted to see television funding restored as well.

Co-Chair Foster had a similar concern. He had been told by one member that Gavel-to-Gavel would lose funding and, another member had said that was not true. He wondered if Representative Josephson knew the answer. Representative Josephson did not have the information. He was not wedded to the language in the amendment. Co-Chair Foster asked to hear from OMB.

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR asked Co-Chair Foster to restate his question.

Co-Chair Foster complied. He understood that Gavel-to-Gavel had been losing some to all of its funding. He was uncertain whether it was the case. He wondered if some of the funding in the amendment should be moved to television. Mr. Steininger did not know the answer.

Representative Wool spoke to the local Fairbanks broadcaster. Gavel content was provided for free to the

Fairbanks station, but it did not have the funds to maintain all of its broadcasting stations. He would support an amendment to the amendment to open up the funding to Public Broadcasting in general as opposed to the narrow focus of radio.

Co-Chair Johnston asked for the breakdown of funding vetoed in the previous year between public broadcasting and radio. She thought the majority of the funding was for radio. Mr. Steininger would follow up with an answer to the question.

Co-Chair Johnston requested to hear the amendment at the end of the meeting.

Representative Josephson WITHDREW his amendment for a later time

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Co-Chair Johnston MOVED to ADOPT Amendment H CED 1 (copy on file):

Alaska Gasline Development Corporation
H CED 1 - Reduce Alaska Gasline Development Corporation
Offered by Representative Johnston
1235 AGDC-LNG (Other) -1,715.8

Co-Chair Foster OBJECTED for discussion.

Co-Chair Johnston explained the amendment which reduced the appropriation for the Alaska Oil and Gasline Corporation (AGDC) by 50 percent. She reported that the record of decision from the Federal Energy Regulatory Commission (FERC) was due by the end of June. So far, the budget subcommittee had not heard full justification for AGDC's budget. Therefore, she was offering the amendment.

Representative Knopp opposed the reduction. He recalled that FERC [AGDC] was given \$30 million in receipt authority in the previous budget cycle, of which they were extremely frugal in their expenditures. Only \$20 million of the \$30 million had been transferred and an additional \$3.4 million was necessary to complete the permitting phase of the project. He agreed that the work on the project would continue even though the permitting portion with FERC was nearly completed. He noted a proposed reduction of 7

full-time positions. He was unclear what positions would be cut, as he had not heard from AGDC regarding the amendment. He did not want the agency to find itself short on funding and would be opposing the amendment.

Representative Wool had overseen the subcommittee. The amendment had been discussed between some members. He had spoken with Joe Dubler, the acting president of AGDC. He concurred with Representative Knopp that the agency had been frugal with authority for \$10 million the prior year. The authority had been reduced to \$3.4 million and had cut several positions. He referenced the personal services increment of \$1.5 million in the amendment. He would not want to hamper work on a potential pipeline project that would employ Alaskans. He asked if the amendment stated the reduction would come from personnel which would result in layoffs. He wondered if the goal of the amendment was to make to corporation smaller or if it was to reduce the potential for overspending.

Co-Chair Johnston answered it was her intention to reduce the overall spending. She believed it was a worthy conversation.

Co-Chair Johnston WITHDREW Amendment H CED 1.

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Representative Wool MOVED to ADOPT Amendment H DOC 1 (copy on file):

Administration and Support
H DOC 1 - Add Funding to Support Recruitment and Retention.
Offered by Representative Wool
1004 Gen Fund (UGF) 400.0

There being NO OBJECTION, Amendment H DOC 1 was ADOPTED.

Representative Wool MOVED to ADOPT Amendment H DOC 2 (copy on file):

Administration and Support
H DOC 2 - Add Wordage for Recruitment and Wordage Retention Efforts
Offered by Representative Wool

Representative Tilton OBJECTED for discussion.

Representative Wool reported that the wordage outlined the intent of the legislature for the Department of Corrections (DOC) to centralize the recruitment and retention office and to have a minimum of 3 support staff. He noted that DOC had a large workforce shortage. With the reopening of the Palmer Correctional Center the department would need to fill over 200 positions. He mentioned the national attrition rate which was currently high. The department also had a forced overtime situation because prisons could not be understaffed. He had been told by the department that at one point it had a centralized hiring office. However, currently, each facility was doing its own hiring. Some funding was added during the finance subcommittee process and some funds were just added in the previous amendment. He wanted to see a centralized office with a team of people working together to execute a plan. He did not have an opinion on where a centralized office should be located. He thought the department needed to double down in its recruitment efforts. He believed the intent language he was proposing would assist the department.

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Representative Tilton was supportive of the intent language. She was concerned with the office having to have a minimum of 3 support staff. She asked how the maker of the amendment came up with the number of 3 support staff. She suggested limiting the amendment to centralizing recruitment and retention. She thought it was better to leave it up to the office to determine how many support staff were needed.

Representative Wool was not trying to micromanage the department. He did not want there to be one person in charge with such a large task and a significant amount of money. He thought the task required a certain minimum manpower and suggested that at least 3 people were needed to hire more than 200 people. He did not want the office understaffed.

Representative Sullivan-Leonard understood and supported the intent. She asked what feedback the maker of the amendment received from the commissioner of DOC and from the administration. She reported speaking with correction officers about the proposal and understood the incredible

need for retention and recruitment. The department needed to fill approximately 280 positions quickly. She wanted to know the premise of the department and whether they supported the amendment.

Representative Wool found out about the decentralized process when he spoke with the department. He did not think the department had made a major effort to hire people. He believed that the department could not open the Palmer Correctional Center because it had not made a thorough recruitment effort. He was unsure of the department's response to his amendment but, he hoped they would be supportive of designating some people to the task of recruitment and retention. He noted the department was already short-staffed without opening the Palmer facility.

Representative Sullivan-Leonard pointed out that the department might already have a plan in place. She had not had communication with DOC regarding the amendment. She queried the possibility of duplication. She commented it would be nice to hear from the department on the issue.

Representative Josephson supported the wordage of the amendment. The committee had already adopted the previous amendment. He did not believe there was duplication. He indicated that in January the budget reflected \$150,000 for the item, which he opined was wholly inadequate. He thought what they were betting on was that \$400,000 would save money on what had been a massive increase in mandatory overtime. He thought legislators had the right to be unsure about the department. It had not made the efforts as the legislature had directed to reopen the Palmer facility. He concluded that the amendment was fundamental since the department had backed away from the transfer out-of-state. He supported the amendment.

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Co-Chair Johnston surmised that the additional funding would not necessarily be used to fund positions. Rather, it would be used for recruitment efforts driven by an RFP or a private sector contract. She asked if she was correct. She wondered if Representative Wool was being too prescriptive.

Representative Wool replied that in subcommittee they had discussed 3 position control numbers. He was offering intent language, as he was unable to do so in the finance

subcommittee. The intent was to hire a minimum of 3 people. The money for the 3 positions would come from \$850,000. The remainder could be spent on promotion and recruitment such as advertising. He was not being prescriptive about hiring an outside agency. He hoped to add at least 3 positions focused on fill positions. He wanted to ensure that there was enough funding to get the job done. He was trying to help the department. He noted the department was up to \$8 million in overtime costs. He wanted to see overtime reduced.

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Co-Chair Johnston asked if Representative Wool had looked into and means of measuring the department's recruitment ability with benchmarks. Representative Wool replied in the affirmative. The language had not been included in the amendment but, he was amenable to adding it.

Co-Chair Johnston asked if Representative Wool would be open to amending the amendment. Representative Wool agreed.

Co-Chair Johnston MOVED to AMEND Amendment H DOC 2. She proposed including language that required a report from DOC in January 2021 regarding its efforts in the recruitment process.

Representative Carpenter OBJECTED for clarification. He asked if Co-Chair Johnston was proposing to strike all other intent language and only include her proposed language or to add the language to the end of the amendment.

Co-Chair Johnston replied that the amendment to the amendment would add language after, "three support staff." She wanted the department to provide a report about its success in recruitment efforts to the finance committee before January 31, 2021.

Representative Carpenter WITHDREW his objection.

There being NO OBJECTION, Amendment 1 to Amendment H DOC 2 was ADOPTED.

Representative Carpenter moved to MOVED to AMEND Amendment H DOC 2. He explained that the amendment would strike out, "office have a minimum of three support staff."

Co-Chair Johnston objected.

Co-Chair Johnston found the 3 staff important because it seemed they had been trying to recruit but in a decentralized effort. She did not think 3 staff was unreasonable.

Representative Carpenter stated that the current intent language directed the department to centralize the recruitment and retention office. His amendment was to simply strike the number of people required to do so. If the department were able to find 2 people that could get the job done, he thought the department should be allowed to do so rather than forcing the department to hire 3 staff. The legislature would know in January of the following year whether the department had been successful. He thought the hiring of 3 people was presumptuous on the part of the committee.

Co-Chair Johnston WITHDREW her objection.

Representative Wool OBJECTED. He stated that the Department of Public Safety had 10 people working on the effort. He stated that three people was the minimum. He thought the department would welcome added personnel and funding.

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A roll call vote was taken on the motion.

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

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

Representative Carpenter MAINTAINED his objection to Amendment H DOC 2 as amended.

A roll call vote was taken on the motion.

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

The MOTION PASSED (7/4). There being NO OBJECTION, Amendment H DOC 2 was ADOPTED as amended.

[2:38:31 PM](#)

Representative Wool MOVED to ADOPT Amendment H DOC 3 (copy on file):

Population Management
H DOC 3 - Funding to support the in-state increased population in FY21
Offered by Representative Wool
1004 Gen Fund (UGF) 7,409.9

Representative Sullivan-Leonard OBJECTED for discussion.

Representative Wool explained the amendment added \$7.4 million in support of increased prison population projected from the passage of HB 49 [Legislation passed in 2019 - Short Title: Crimes; Sentencing; Drugs; Theft; Reports].

Representative Knopp asked if the sum of \$7.4 million was in addition to what was already in the governor's budget. He thought the line item below was a decrement of \$17 million from out-of-state contractual services. In the prior year, the legislature added \$16 million to the budget for the opening of the Palmer Correctional Center. The amount also accounted for population management. He did not see a good reason to add another \$7.4 million to the budget. He asked the maker of the amendment to comment.

Representative Wool noted that the reduction of \$16.7 million was not for an out-of-state contract, as it had been removed during the subcommittee process. The purpose of the \$17.9 million was to fund the Palmer Correctional Center. The legislature provided funding in the prior year in the amount of \$16.7 million. The same level of funding was scheduled in FY 21. Nothing had been done at the Palmer facility in the previous year and the \$16.7 million was still intact. The money would be rolled into the following year. He continued that since the Palmer Correctional Center was not open and people were still entering the system, the \$7.4 million would accommodate the incoming prisoners until the Palmer facility was open. The intent language by the subcommittee indicated an opening date of January 1. The department reported a different date. In the

meantime, incoming prisoners would be housed in existing facilities. He deferred to LFD for additional detail.

KELLY CUNNINGHAM, ANALYST, LEGISLATIVE FINANCE DIVISION agreed that the \$16.7 million appropriated in the previous year for FY 20 was carried forward in FY 21 based on the supplemental bill recently passed from the House. She believed the intent of the department was to use the money to bring the Palmer Correctional Center back online. Additional inmates were entering the system. The current amendment of \$7.4 million was half of what the governor had requested to address the increased population in FY 21.

Co-Chair Johnston surmised that the funding would have accompanied HB 49. She asked if the amount was the increased funding needed for additional prisoners. Ms. Cunningham responded, "That is correct." She explained that the fiscal notes were handled in the capital budget in the prior year and not as a traditional fiscal note. Otherwise, the money would have gone into the department's base in the prior year. The proposed amount was half of what it would have been.

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Co-Chair Johnston asked the sponsor if the funding would cover some of the population that would be transferred to the Palmer Correctional Center. She did not want to see a duplication of funds between the Palmer facility and other state correctional facilities. She thought the amendment reflected a budget reduction.

Representative Wool replied that the amount was less than the governor requested, but the Palmer Correctional Center had \$16.7 million. He suggested that some of the funding could be used for building maintenance to get the facility reopened. Once the center was opened, it could handle population. The funding would accommodate the expansion of population beyond normal projections. He relayed that when the Palmer Correction Center was opened previously it ran on less than \$16.7 million. The amount was enough money to operate the facility with money left over for capital projects. There would be an extra \$7.4 million to accommodate prisoners. The intent of the amendment was to incentivize the department to get the Palmer facility up and running as quickly as possible providing \$7.4 million

until the facility was opened. He conveyed that the \$16.7 million would be enough once Palmer was reopened.

Representative Knopp asked for verification that \$17 million was included in the supplemental for Palmer. Ms. Cunningham answered that the \$17 million was the funding number for an out-of-state contract. She verified that \$16.7 million was appropriated in FY 20 and would be used going into FY 21.

Representative Knopp asked what the legislature did for the FY 21 budget effective July 1. He asked if there was an additional funding increment of \$16.7 million for the operation of the Palmer facility. Ms. Cunningham indicated there was an amendment removing the Palmer money. Representative Knopp asked, "For the FY 21?" Ms. Cunningham answered in the affirmative.

Representative Knopp began reviewing the numbers again. He asked for help in understanding the amounts. Representative Wool understood the complexity of the issue. He detailed that the legislature funded \$16.7 million in the previous year and, in the current year it was supposed to fund another \$16.7 million. However, the amount was not needed twice. Instead of letting the previous year's appropriation lapse, as it had not been touched, the money would be used for the current year and into the following year. The amount of \$7.4 million would house inmates that could not be placed in the Palmer facility until it opened.

Representative Wool conveyed that out of the \$16.7 million increment, some of it was supposed to be used for capital projects. He had received different estimates of items of a wish list for everything that needed to be done to get the Palmer facility opened. The amount was about \$7 million. He reiterated that between the two sums, \$16.7 million and \$7.4 million, the department should be able to open the Palmer Correctional Center, place prisoners in the facility, and hold onto prisoners between the present day and when the prison reopened.

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Representative Josephson supported the amendment. He could not understand how DOC could be surviving currently without the \$17 million. He wondered why the department was not asking for a supplemental.

Ms. Cunningham answered that DOC had received \$3.5 million the previous year for excess prisoners. She relayed that the \$16.7 million set aside for the Palmer effort was only for opening up the facility. She did not know if the department was being starved or not. She thought the issue of opening up the Palmer facility was different from dealing with the issue of excess population.

Representative Tilton asked where DOC was going to house the inmates with the \$7.5 million. Representative Wool replied that sending prisoners out of state was not an option. The population was presently at 97 percent capacity which contributed to the urgency of reopening the Palmer facility. He suggested that a portion of the facility could be opened. One portion could be opened while another was being worked on. He indicated Fairbanks had taken the same approach of doing phased upgrades. The state did not have many options and needed to get the Palmer Correctional Center opened. The state had the money aside to do so.

Representative Carpenter requested a brief at ease.

2:51:44 PM

AT EASE

3:03:37 PM

RECONVENED

Co-Chair Foster indicated the committee had left off with Amendment H DOC 3 which provided funding to support the instate increased population in DOC under population management in the amount of \$7.4 million.

Representative Wool replied to Representative Tilton's question about where prisoners would go. He noted that the arrest rate had increased with the passage of HB 49. Many individuals were awaiting pretrial. There was a very large pretrial population - over half the total prison population. Individuals awaiting pretrial would either be housed in community residential centers, otherwise known as halfway houses, or would be part of the electronic monitoring program. He continued that removing the out-of-state option had put more pressure on the department to open up the Palmer facility.

Representative Sullivan-Leonard WITHDREW her OBJECTION to Amendment H DOC 3.

There being NO OBJECTION, Amendment H DOC 3 was ADOPTED.

[3:05:31 PM](#)

Representative Wool MOVED to ADOPT Amendment H DOC 4 (copy on file):

Population Management
H DOC 4 - Remove FY21 numbers appropriation
Offered by Representative Wool
1004 Gen Fund (UGF) -16,669.1

Co-Chair Johnston OBJECTED for discussion.

Representative Wool explained the amendment was a decrement of \$16.7 million for FY 21. The money from FY 20 would be carried forward. The department would have the same amount of money to reopen the Palmer Correctional Center. He added that when he presented the DOC subcommittee report, he had not received all of the numbers from the department. Therefore, he was taking up the amendments in front of the full finance committee.

Co-Chair Johnston WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H DOC 4 was ADOPTED.

Representative Wool MOVED to ADOPT Amendment H DOC 5 (copy on file):

Health and Rehabilitation Services
H DOC 5 - Funding to support increased in-state health care costs associated with HB 49.
Offered by Representative Wool
1004 Gen Fund (UGF) 4,361.2

Co-Chair Johnston OBJECTED for discussion.

Representative Wool explained the amendment was an addition to cover healthcare costs related to the increased prison population resulting from HB 49. He suggested hearing from LFD if there were questions.

Co-Chair Johnston asked LFD to provide more detail about the appropriation. Ms. Cunningham offered that in the previous year the health and rehabilitation services fiscal note appropriated just over \$4 million for HB 49. In year 2 the projection was an increase of about \$8 million. She believed Representative Wool's amendment would be about half of the amount going into FY 21 based on associated uncertainties.

Co-Chair Johnston asked if the department thought the appropriation amount was large enough. Ms. Cunningham answered that the governor's budget assumed \$8 million for FY 21. The department needed additional funding.

Representative Wool relayed that when he had tried to get numbers from the department, LFD thought the numbers were too high and was seeking justification for the \$8 million figure. He had not received any further feedback from the department. He had gone with the previous number. He did not know what the department would say to the amount.

Co-Chair Johnston WITHDREW her OBJECTION. There being NO OBJECTION, Amendment H DOC 5 the amendment was ADOPTED.

[3:10:05 PM](#)

Co-Chair Foster returned to an earlier amendment, Amendment H DOA 1, which would restore Public Broadcasting funds. He invited Representative Josephson to move the amendment.

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

Public Communications Services
H DOA 1 - Restore Public Broadcasting Funding
Offered by Representative Josephson
1004 Gen Fund (UGF) 700.0

Co-Chair Johnston OBJECTED for discussion.

Representative Josephson explained what he had learned was that the allocations for Alaska Public TV or radio came in three places. His original plan, reflected in the amendment, was to restore an additional \$700,000 to public radio. He saw wisdom in his choice because of public radio funding being reduced entirely by vetoes from the previous summer. The allocation had been reduced by \$2 million of a

total appropriation of \$2.7 million. He indicated the amendment would fully restore funding to public radio. However, television was also deleted entirely in the amount of \$633,000. He thought one way the amendment could be handled was to split \$700,000 between public radio and public television leaving \$350,000 for each allocation. If someone offered such an amendment, he would consider it a friendly one.

Representative Wool MOVED to AMEND Amendment H DOA 1 to equally divide the \$700,000 between radio and television.

Representative Carpenter OBJECTED.

Co-Chair Johnston mentioned that in subcommittee there was concern about Gavel-to-Gavel. She recalled the cost of the service being about \$75,000. She had spoken with representatives from KTOO who did not request the appropriation.

Representative Josephson repeated that the committee heard from 670 testifiers who supported public broadcasting.

Representative Carpenter WITHREW his objection.

Representative Sullivan-Leonard OBJECTED.

A roll call vote was taken on the motion.

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

The MOTION to AMEND Amendment H DOA 1 PASSED (6/5).

Co-Chair Foster returned to the original amendment, Amendment H DOC 1 as amended.

Co-Chair Johnston WITHDREW her objection to the amendment.

Representative Carpenter OBJECTED.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendment H DOA 1 FAILED (5/6).

[3:16:16 PM](#)

Vice-Chair Ortiz MOVED to ADOPT Amendment H DOE 1 (copy on file):

Education Support and Administrative Services
H DOE 1 - Pre-Kindergarten Grants
Offered by Representative Ortiz
1004 Gen Fund (UGF) 4,300.0

Co-Chair Johnston OBJECTED for discussion.

Vice-Chair Ortiz explained that while the amendment reflected an increase of \$4.3 million, he looked at it as a significant cost savings measure. He thought it was the ultimate in upstream spending. Statistics showed that people who read by the third grade had a much higher high school graduation rate, a much higher college graduation rate, and a much higher earning potential in their work life. The amendment was in the name of supporting what the governor wanted - to have a higher percentage of Alaskan children reading by the third grade. He argued that having access to pre-K was critical for children to be ready for school and ready to read. By adopting the amendment, the state would maintain access to pre-K services that would no longer be available otherwise.

Representative Ortiz indicated that in FY 19 and FY 20 the legislature gave a 2-year grant totaling \$6 million to districts for pre-K programs. Ten programs benefited. He identified the school districts which were affected: The Alaska Gateway School District, the Anchorage School District (2 programs), the Bering Straits School District, the Kodiak School District, the Lower Kuskokwim School District, the Lake and Peninsula School District, the Nome School District, the Southwest Region School District, and the Valdez School District. The programs served a total of 812 students. The 2-year program had ended and would likely serve significantly fewer students unless the amendment was adopted. He reported that the subcommittee heard from the Anchorage School District who testified that the lack of grant funding would equate to a direct reduction in pre-school services for 153 students. It would impact kindergarten readiness skills including literacy, math, and

social skills. It would also mean less inclusive settings such as blending classrooms that included classrooms with special education needs. He spoke to his experience as a teacher that if a student was not able to read by the third grade the school would experience significant increases in costs for extra tutoring, extra services, and special needs services. He reiterated that in adopting the amendment, even though it was an increment of \$4.3 million, it would ultimately result in a cost savings in educating Alaska's youth. The committee had spent a significant amount of time discussing funding within DOC and Alaska's prison system. He reemphasized that statistics positively reflected that people who could read by the third grade had a much greater chance of avoiding a prison sentence in their lifetime. He strongly supported the amendment.

Co-Chair Johnston noted the necessity of doing fiscal notes for bills. She asked about the fiscal impact of SB 6 [Legislation introduced in 2020 - Short Title: Pre-K/Elem Ed Programs/Funding; Reading]. Vice-Chair Ortiz did not know the fiscal impact of SB 6. He clarified that he was moving the amendment with no guarantee of the passage of SB 6. He suggested that if he did not move the amendment and SB 6 did not pass, the state would lose the existing programs and the benefits they provided.

Co-Chair Johnston asked that prior to the grants, there had been a \$2 million grant. Vice-Chair Ortiz replied in the negative. He elaborated that there had been a total of \$6 million appropriated which included the \$2 million Co-Chair Johnston referenced. He thought the \$2 million was a portion of the existing budget. The amendment would increase the amount to \$6.3 million.

[3:21:39 PM](#)

Co-Chair Johnston clarified that the \$4.3 million was part of more recent grants compared to the \$2 million grant. Representative Ortiz thought Co-Chair Johnston was probably right.

Co-Chair Foster recognized Representative George Rauscher in the audience. He also wanted to get some clarification from Mr. Partlow from LFD.

MICHAEL PARTLOW, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION detailed that the base budget for pre-K grants was

\$2 million. He explained that the \$6 million was a one-time funding increment for a 2-year period in addition to the \$2 million. He summarized that there was \$2 million in each of the 2 years plus \$6 million spread over 2 years. In the current budget the base budget was \$2 million.

Co-Chair Johnston pulled up the fiscal note for SB 6 that included \$4.3 million for FY 22 for pre-K.

Representative Knopp shared that he would be voting against several things he truly supported. Individually, the amounts were not significant but added together, they were substantial. He supported the items, but he thought there was nothing worse than continuing to support a budget that could not be supported in future years.

Representative Carpenter recalled 810 students. He ran some math in his head and thought the amount translated to about \$5,000 per student. He stated that a child that was not in pre-K would have some portion of their PFD used for the limited service. He did not believe it made sense to add another \$4.3 million to the budget deficit to benefit only 810 students. He also believed parents had a personal responsibility in raising their kids. Although he appreciated the sentiment in trying to solve the problem, he did not support the amendment.

Representative Wool supported pre-K as a concept and believed more, not less, was needed. He wondered if the programs were open to any student. He asked what would happen to existing programs if the funding decreased to \$2 million.

[3:26:41 PM](#)

Vice-Chair Ortiz replied to comments by Representative Carpenter first. He stated it was the responsibility of the committee to take action promoting fiscal responsibility. He pointed to statistics and stressed that the action was fiscally responsible for the future. He cited that when children could read by the third-grade they had a much better chance of avoiding higher costs to society in the future. He opined that the legislature's number-one priority should be to promote a well-educated society and a well-educated youth. He suggested that if the committee did not adopt the amendment, there would be 821 students that did not have access to a pre-K program. He stated it was

not a means tested program like Head Start. He emphasized that pre-K was part of the public-school system offering. He thought everyone in the district should have access to the program if it were offered.

Representative Wool asked what would happen if the funding was not provided. He asked if the programs would be discontinued in the communities that currently offered them. Vice-Chair Ortiz answered in the affirmative. He detailed that if SB 6 was adopted some of the students might have access to pre-K. He felt strongly about the amendment.

3:30:44 PM

Co-Chair Foster shared that he had visited the pre-K and Head Start programs in his district. He noted that the programs leveraged a substantial amount of federal money. He thought about what government should offer - public safety and education. He did not view the amendment as an "add." He noted it might not be means tested but, he had observed that many of the families in his district's program were low-income. He agreed with Representative Wool that the state needed more, rather than less, funding. He viewed it as a base foundation for the 821 students. He argued that the state would be going in the wrong direction if the funding was removed.

Representative Josephson clarified that Representative Ortiz's proposal was offered in the event the other legislation did not pass before the legislature adjourned. The amendment was a modicum of what the administration, the Minority Leader in the other body, and the Alaska Policy Forum supported. He asked if he was correct. Vice-Chair Ortiz responded, "That's correct."

Representative Tilton asked for verification that the grants were awarded to school districts on a competitive bid basis. Mr. Partlow agreed.

Representative Tilton asked for verification there was no guarantee a school that had received the funding in the past would receive it again. Mr. Partlow replied that there was no guarantee.

Co-Chair Johnston asked if previous grants were over a period of 2 years. Mr. Partlow was not certain of the

grant-issuing period but could get back to the committee with the information.

Co-Chair Johnston noted she would like an answer from someone. Mr. Steininger replied that the \$6 million grant program had been over a period of 2 years to the same set of schools that received approximately \$1.5 million in the first year and about \$4.5 million in the second year.

Co-Chair Johnston noted the grants were competitive. If the item was funded to the following year's level, it would go out as a competitive grant in FY 21. She asked if she was correct. Mr. Steininger answered that the department did not currently have any regulations in place in how they would handle the circumstance. It would be considered a change or addition to the \$2 million base level of funding. Likely, it would be done through a competitive process of some sort.

[3:35:50 PM](#)

Co-Chair Johnston noted that the originally \$2 million grants were the result of a settlement. She wondered if she was accurate. Mr. Steininger believed she was thinking of the Moore Settlement grants which were part of a separate allocation within the Department of Education and Early Childhood Development (DEED). He furthered that the \$2 million figure was not associated with the Moore Settlement.

Co-Chair Johnston asked if the Moore Settlement grants were still in existence. Mr. Steininger replied that he did not believe so. Mr. Partlow added that there was currently \$1.2 million in the budget referred to as the Moore Settlement grants because it was how it was originated. It was no longer a part of the settlement. The settlement agreement had already been reached. The money was continued funding to achieve some of the goals that were outlined in the settlement, but they were not required under the settlement.

Co-Chair Johnston asked if \$1.2 million was at the discretion of the department to meet the needs of the litigation. Alternatively, she asked if the money had been used for the pre-K program in the past. Mr. Partlow answered the funding was used to continue assisting low-

performing schools. He was not aware of any set parameters of how the money was being spent.

Co-Chair Johnston mentioned that the Head Start program in Nome was separate and more needs-based. She saw the benefits of pre-K programs, but she also saw the benefit of reading readiness. She had concerns about passing the increment in the event a separate bill with the same increment passed. She did not know how she would vote on the amendment.

Co-Chair Foster clarified that in Nome the Head Start and pre-K programs were co-mingled in the same building. He realized that Head Start was means tested. His point was that several of the pre-K students in the building were also low-income, whether or not it was a means-tested program.

Co-Chair Johnston noted that Nome had received funding from the grant program. Co-Chair Foster agreed. He added that the money was used to leverage federal dollars.

Representative Merrick asked why the amendment had not passed or had not been offered in subcommittee.

[3:39:58 PM](#)

AT EASE

[3:46:06 PM](#)

RECONVENED

Vice-Chair Ortiz replied to Representative Merrick's question. The subcommittee had discussed pre-K and supported ideas such as universal pre-K. They had not adopted the amendment for an additional \$4.3 million because the committee felt that the topic merited discussion at the full finance committee level. Had the subcommittee taken up an amendment, there would have been full support.

Representative Merrick wondered if any attention had been given to finding a decrement to counter the increment. Vice-Chair Ortiz answered that he was certainly aware of trying to avoid adding to the budget.

Representative Carpenter commented that from one end of the state to the other there were several different entities

looking for state funding solutions. He thought pre-K (daycare) was no different in terms of seeking state funding to solve problems. He suggested that as long as the state continued to offer money, local or other solutions would not materialize. He asserted that for too long people had looked to the state for funding - it was the easy answer. He thought the state no longer had easy money for easy answers.

Representative Carpenter believed that holistically there was a moral imperative to ensure that children were learning. As a parent and grandparent, he understood the importance of education. He thought it was important for communities to encourage growth in families and parental involvement. By suggesting that the only way a child could learn to read was by attending preschool, parents could wash their hands of their responsibilities. He thought it sent the message that parents were not capable of teaching their children to read outside of a preschool. He reflected that none of the committee members had attended a state-funded pre-K program. He argued that there was no financial imperative for the state to pay for pre-k. It was his experience that a child could learn to read without a preschool program. He did not believe the service rose to the level of essential. However, he recognized that it was constitutionally mandated and essential for the state to provide K-12 education.

Representative LeBon recalled his days on the school board receiving many grant proposals. The board would measure grant proposals in two ways. First, it would consider the length of a grant. Typically, grants were about 3 years. The board would look to see if the success of a grant could be measured within 3 years. Second, the board would look at whether it would be willing to fund the grant with operating dollars if the proposal was successful in the first 3 years. Often times, the board would pass on free money because it was not confident that the results were measurable or that the board would be willing to fund it in 3 years. He indicated he was considering grant performance, continued funding from districts, and whether it was short-term grant funding.

[3:52:29 PM](#)

Representative Wool thought it would be acceptable for a community to accept a grant for the start-up of a pre-K

program even if it were to end within 1-3 years. He argued that the pre-K program was not a lengthy program of 5 or 10 years in which a short-term grant would end abruptly in the middle of a program. He thought pre-K was a 1-year program prior to kindergarten which provided an extra boost for young children. He understood Representative Carpenter's comment about preschool being a daycare. He noted his children having attended preschool or daycare. Much of the activities involved unstructured play. However, children learned letters, how to write their names, and other academic skills. He stated that the costs of preschool were about \$1,000 per child and was not affordable for all parents. He argued that it was worth the cost for children to be able to attend preschool or daycare even if it was only for 1 year.

Vice-Chair Ortiz provided wrap up on the amendment. He agreed with Representative Carpenter that educating young people began with families and parents. He had access to support unlike some people. He underscored that Alaska had the least opportunity for pre-K education compared to all other states. He questioned the state's priorities. He stressed that the committee had just approved \$7.4 million for prison population and \$4.3 million for prison healthcare. He supported the funds, but asked what it said about the state. His amendment would significantly decrease the chances that 821 students would end up in the prison system. He emphasized the importance of investing in the youth of Alaska - failing to invest would catch up with the state. He noted that it was unclear what would happen if SB 6 was adopted and the amendment passed. He suggested the other body could remove what the House Finance Committee adopted. He stressed that the funds would create more opportunity for access to pre-K. He strongly believed in investing in Alaska's children.

Co-Chair Johnston MAINTAINED her objection.

A roll call vote was taken on the motion.

IN FAVOR: Wool, Josephson, Ortiz, Foster

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

The MOTION to ADOPT Amendment H DOE 1 FAILED (4/7).

HB 205 was HEARD and HELD in committee for further consideration.

HB 206 was HEARD and HELD in committee for further consideration.

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

#

ADJOURNMENT

4:00:20 PM

The meeting was adjourned at 4:00 p.m.