

SB

61

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT
First Committee of Referral

REPORTED OUT
 APR 12 2007
 SENATE FINANCE COMMITTEE

DATE: 1/19/07

FURTHER:

Date of 5-Day Notice: _____
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 13 April 2007

Finance Committee considered SENATE BILL NO. 61

SB 61 SUPPLEMENTAL APPROPRIATIONS

"An Act making appropriations for qualified regional seafood development associations, for investigation and litigation relating to the public employees' retirement system and the teachers' retirement system, and for a special advisory election; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 61 (FIN)
- adopt previous SCS or CS CS forthcoming
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Thomas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Dyson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Huggins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Olson	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CO-CHAIR:	Hoffman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CO-CHAIR:	Stedman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SENATE FINANCE
COMMITTEE

Amendment # #1

To Bill Number: SB 61

Sponsor: Hoffman

Date: 4/2/07 Logged by Mindy

BUDGET AMENDMENT

OFFERED IN: The Senate Finance Committee

TO: CS for SB 61 (FIN)

OFFERED BY: Hoffman at the request of the Department of Transportation and Public Facilities.

DELETE: Page 4, lines 22 - 27

INSERT: The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 3, FSSLA 2005, page 67, lines 17 -19 (Chitina Personal Use Dip Net Fishery Access Area - \$700,000) is reappropriated to the Department of Transportation and Public Facilities for Chitina fishery access and facility improvements.

EXPLANATION: A reappropriation is necessary to remove the conditional language that is attached to the original appropriation. A name change, as proposed in SB 61 will not remove that language and will prevent the department from being able to complete the replacement of the O'Brien Creek Bridge and add a boat ramp this year.

SENATE FINANCE COMMITTEE
4 / 2007 COMMITTEE ACTION

Bill Number	SB 61		
Amendment	#1		
Motion	adopt		
<u>Motion by</u>	Hoffman		
<u>Objection by</u>	Hoffman		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Dyson			
Senator Elton			
Senator Huggins			
Senator Olson			
Senator Thomas			
Co-Chair Hoffman			
Co-Chair Stedman			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

SENATE FINANCE
COMMITTEE #2
Amendment #
To Bill Number: SB 61
Sponsor: Hoffman
Date: 4/2/07 Logged by: Mindy

AMENDMENT

OFFERED IN: The Senate Finance Committee

TO: CS for SB 61 (FIN)

OFFERED BY: Hoffman

INSERT:

Department of Education

Chugach School District - Chenega School Roof Replacement - \$740,271 in General Funds.

SENATE FINANCE COMMITTEE
4 / 2007 COMMITTEE ACTION

Bill Number	SB 61		
Amendment	#2		
Motion	adopt		
<u>Motion by</u>	Hoffman		
<u>Objection by</u>	Hoffman		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Elton			
Senator Huggins			
Senator Olson			
Senator Thomas			
Senator Dyson			
Co-Chair Hoffman			
Co-Chair Stedman			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

CS FOR SENATE BILL NO. 61(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL
FOR AN ACT ENTITLED

1 "An Act transferring funds to the public education fund; making supplemental and
2 other appropriations; amending appropriations; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. FUND TRANSFER. The sum of \$1,000,000,000 is appropriated from the
5 general fund to the public education fund (AS 14.17.300) for distribution to school districts, to
6 the state boarding school, and for centralized correspondence study.

7 * Sec. 2. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
8 DEVELOPMENT. (a) The amount of the seafood development tax collected under
9 AS 43.76.350 - 43.76.399 in calendar year 2005 and deposited in the general fund under
10 AS 43.76.380(d) is appropriated from the general fund to the Department of Commerce,
11 Community, and Economic Development to provide financial assistance in fiscal year 2007 to
12 qualified regional seafood development associations.

13 (b) The sum of \$1,350,000 is appropriated from Regulatory Commission of Alaska
14 receipts to the Department of Commerce, Community, and Economic Development,

1 Regulatory Commission of Alaska, for litigation-related costs for the fiscal years ending
 2 June 30, 2007, June 30, 2008, and June 30, 2009.

3 * **Sec. 3. DEPARTMENT OF CORRECTIONS.** (a) The sum of \$3,903,400 is appropriated
 4 from the general fund to the Department of Corrections, inmate health care, for increased
 5 operating costs for the fiscal year ending June 30, 2007.

6 (b) The sum of \$1,082,700 is appropriated from the general fund to the Department of
 7 Corrections, Anchorage Correctional Complex, for increased operating costs for the fiscal
 8 year ending June 30, 2007.

9 * **Sec. 4. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT.** The sum of
 10 \$740,271 is appropriated from the general fund to the school construction grant fund
 11 (AS 14.11.005) for payment by the Department of Education and Early Development as a
 12 grant under AS 14.11.015 to the Chugach School District for Chenega Bay School roof
 13 replacement.

*Amend.
#2*

14 * **Sec. 5. DEPARTMENT OF HEALTH AND SOCIAL SERVICES.** (a) The sum of
 15 \$2,315,000 is appropriated to the Department of Health and Social Services, Office of the
 16 Commissioner, for operating costs for a comprehensive program associated with designing,
 17 planning, and implementing the Legislative Medicaid Program Review Report dated
 18 February 2007 from the following sources in the amounts stated:

19	Federal receipts	\$1,182,500
20	General fund	1,132,500

21 (b) Section 1, ch. 3, FSSLA 2005, page 56, lines 29 - 30, is amended to read:

22		APPROPRIATION	GENERAL
23		ITEMS	FUND
24	[JUNEAU] Pioneer <u>Homes</u> [HOME]	1,000,000	1,000,000
25	Roof <u>Repair and</u> Replacement		
26	(HD <u>1-40</u> [3-4])		

*Amend.
#3*

27 (c) The sum of \$6,500,000 is appropriated from the general fund to the Department of
 28 Health and Social Services for the Fairbanks virology laboratory completion from the
 29 following sources in the following amounts:

30	General fund	\$3,500,000
31	Interest earnings on certificates of participation	\$3,000,000

1 * Sec. 6. DEPARTMENT OF LAW. (a) The sum of \$299,100 is appropriated from the
2 public employees' retirement system fund to the Department of Law for costs incurred in the
3 investigation of actuarial services on behalf of the public employees' retirement system
4 (AS 39.35) for the fiscal year ending June 30, 2007.

5 (b) The sum of \$116,300 is appropriated from the teachers' retirement system fund to
6 the Department of Law for costs incurred in the investigation of actuarial services on behalf of
7 the teachers' retirement system (AS 14.25) for the fiscal year ending June 30, 2007.

8 * Sec. 7. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a)
9 Section 1, ch. 82, SLA 2006, page 88, line 32, is amended to read:

	APPROPRIATION	OTHER
	ITEMS	FUNDS
12 Airport Improvement Program	<u>343,857,101</u>	<u>343,857,101</u>
13	[341,857,101]	[341,857,101]

14 (b) Section 1, ch. 82, SLA 2006, page 90, lines 29 - 31, is amended to read:

15 ALLOCATIONS

16 Ketchikan: Snow Removal 3,125,000

17 Equipment/Sand/Urea [1,125,000]

18 Building Construction

19 (HD 1)

20 (c) Section 1, ch. 82, SLA 2006, page 94, lines 13 - 14, is amended to read:

	APPROPRIATION	OTHER
	ITEMS	FUNDS
23 Surface Transportation Program	<u>355,395,200</u>	<u>355,395,200</u>
24	[337,095,200]	[337,095,200]

25 (d) Section 1, ch. 82, SLA 2006, page 96, lines 7 - 12, is amended to read:

26 ALLOCATIONS

27 Anchorage: Areawide 1,000,000

28 Trails Rehabilitation

29 (HD 17-32)

30 Anchorage: Engle 1,750,000

31 River Road

1 Rehabilitation -
 2 Milepost 5.3 to 12.6
 3 (HD 17-32)

4 Anchorage: Eagle 12,200,000
 5 River Loop Road [10,200,000]
 6 Reconstruction - Old
 7 Glenn Highway to Eagle
 8 River Road (HD 17-32)

9 (c) Section 1, ch. 82, SLA 2006, page 96, lines 25 - 30, is amended to read:

10 ALLOCATIONS

11 Anchorage: Old Seward 6,600,000
 12 Highway Reconstruction -
 13 O'Malley Road to Brandon
 14 (HD 17-32)

15 Anchorage: Potter Marsh 550,000

16 Trailhead and Access

17 Improvements

18 (HD 17-32)

19 Anchorage: Ridesharing 670,000
 20 and Transit Marketing
 21 (HD 17-32)

22 (f) Section 1, ch. 82, SLA 2006, page 102, lines 9 - 13, is amended to read:

23 ALLOCATIONS

24 Unalakleet: Landfill 700,000
 25 Access Road (HD 39)

26 Unalaska: South 14,000,000

27 Channel Bridge

28 Construction (HD 37)

29 Valdez: Mineral Creek 2,500,000
 30 Bridge and Approaches
 31 (HD 12)

1 (g) The unexpended and unobligated balance of the appropriation made by sec. 1, ch.
2 3, FSSLA 2005, page 67, lines 17 - 19 (Chitina, personal use dip net fishery access area -
3 \$700,000) is reappropriated to the Department of Transportation and Public Facilities for
4 Chitina fishery access and facility improvements.

5 * Sec. 8. OFFICE OF THE GOVERNOR. The sum of \$775,000 is appropriated from the
6 general fund to the Office of the Governor, division of elections, for the costs associated with
7 the April 3, 2007, special advisory election required by ch. 1, 4SSLA 2006, for the fiscal year
8 ending June 30, 2007.

9 * Sec. 9. LAPSE. (a) The appropriation made by sec. 5(a) of this Act lapses June 30, 2009.

10 (b) The appropriations made by secs. 4, 5(c), and 7(g) of this Act are for capital
11 projects and lapse under AS 37.25.020.

12 * Sec. 10. RETROACTIVITY. (a) The appropriation made by sec. 2 of this Act is
13 retroactive to July 1, 2006.

14 (b) The appropriations made by sec. 6 of this Act are retroactive to October 1, 2006.

15 (c) The appropriation made by sec. 8 of this Act is retroactive to December 1, 2006.

16 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).

Amend.
#1



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 12 April 2007 TIME: 5:30 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 3

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please

CS SB 01 (FIN) 25-GS1063\ M

Kane 4/10/07

Plus 3 amendments - attached

and direction to insert in appropriate locations

and make conforming/technical changes

as necessary

*Thx
Mindy*

5:40 pm - called Lynn to request for 10am Floor Session
+ note amendments are capital projects

SENATE FINANCE COMMITTEE
4.12.2007 COMMITTEE ACTION

Bill Number	SB 61		
Amendment	Report from		
Motion	Committee CS "M"		
	as amended		
<u>Motion by</u>	Stedman		
<u>Objection by</u>	none		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Dyson			
Senator Elton			
Senator Huggins			
Senator Olson			
Senator Thomas			
Co-Chair Hoffman			
Co-Chair Stedman			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

SENATE FINANCE COMMITTEE
4/12/2007 COMMITTEE ACTION

Bill Number	SB 61		
Amendment	technical		
Motion			
<u>Motion by</u>	Stedman		
<u>Objection by</u>	none		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Elton			
Senator Huggins			
Senator Olson			
Senator Thomas			
Senator Dyson			
Co-Chair Hoffman			
Co-Chair Stedman			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

Direct Sen. Finance Committee Secty
to coordinate insertion of Amendments
1-3
& make necessary technical/conforming
changes

Adopted 4/12/07

WORK DRAFT

WORK DRAFT

WORK DRAFT

25-GS1063M
Kane
4/10/07

CS FOR SENATE BILL NO. 61()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act transferring funds to the public education fund; making supplemental and
2 other appropriations; amending appropriations; and providing for an effective date."

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11 Commissioner, for operating costs for a comprehensive program associated with designing,
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19	[JUNEAU] Pioneer <u>Homes</u> [HOME]	1,000,000	1 000,000
20	Roof <u>Repair and Replacement</u>		
21	(HD <u>1-40</u> [3-4])		

22 * Sec. 5. DEPARTMENT OF LAW. (a) The sum of \$299,100 is appropriated from the
23 public employees' retirement system fund to the Department of Law for costs incurred in the
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30 Section 1, ch. 82, SLA 2006, page 88, line 32, is amended to read:

31		APPROPRIATION	OTHER
----	--	---------------	-------

1			ITEMS	FUNDS
2	Airport Improvement Program		<u>343,857,101</u>	<u>343,857,101</u>
3			[341,857,101]	[341,857,101]

(b) Section 1, ch. 82, SLA 2006, page 90, lines 29 - 31, is amended to read:

ALLOCATIONS

6	Ketchikan: Snow Removal	<u>3,125,000</u>
7	Equipment/Sand/Urea	[1,125,000]
8	Building Construction	
9	(HD 1)	

(c) Section 1, ch. 82, SLA 2006, page 94, lines 13 - 14, is amended to read:

11		APPROPRIATION	OTHER
12		ITEMS	FUNDS
13	Surface Transportation Program	<u>355,395,200</u>	<u>355,395,200</u>
14		[337,095,200]	[337,095,200]

(d) Section 1, ch. 82, SLA 2006, page 96, lines 7 - 12, is amended to read:

ALLOCATIONS

17	Anchorage: Areawide	1,000,000
18	Trails Rehabilitation	
19	(HD 17-32)	
20	<u>Anchorage: Eagle</u>	<u>1,750,000</u>
21	<u>River Road</u>	
22	<u>Rehabilitation -</u>	
23	<u>Milepost 5.3 to 12.6</u>	
24	<u>(HD 17-32)</u>	
25	Anchorage: Eagle	<u>12,200,000</u>
26	River Loop Road	[10,200,000]
27	Reconstruction - Old	
28	Glenn Highway to Eagle	
29	River Road (HD 17-32)	

(e) Section 1, ch. 82, SLA 2006, page 96, lines 25 - 30, is amended to read:

ALLOCATIONS

1 Anchorage: Old Seward 6,600,000

2 Highway Reconstruction -

3 O'Malley Road to Brandon

4 (HD 17-32)

5 Anchorage: Potter Marsh 550,000

6 Trailhead and Access

7 Improvements

8 (HD 17-32)

9 Anchorage: Ridesharing 670,000

10 and Transit Marketing

11 (HD 17-32)

12 (f) Section 1, ch. 82, SLA 2006, page 102, lines 9 - 13, is amended to read:

13 ALLOCATIONS

14 Unalakleet: Landfill 700,000

15 Access Road (HD 39)

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17 Channel Bridge

18 Construction (HD 37)

19 Valdez: Mineral Creek 2,500,000

20 Bridge and Approaches

21 (HD 12)

22 (g) Section 1, ch. 3, FSSLA 2005, page 67, lines 17 - 19, is amended to read:

	APPROPRIATION	GENERAL
--	---------------	---------

	ITEMS	FUND
--	-------	------

25 Chitina Personal Use Dip Net Fishery Access	700,000	700,000
--	---------	---------

26 and Facility Improvements [AREA]

27 (HD 7-11)

28 * Sec. 7. OFFICE OF THE GOVERNOR. The sum of \$775,000 is appropriated from the
29 general fund to the Office of the Governor, division of elections, for the costs associated with
30 the April 3, 2007, special advisory election required by ch. 1, 4SSLA 2006, for the fiscal year
31 ending June 30, 2007.

1 * Sec. 8. LAPSE. The appropriation made by sec. 4(a) of this Act lapses June 30, 2009.

2 * Sec. 9. RETROACTIVITY. (a) The appropriation made by sec. 2 of this Act is retroactive
3 to July 1, 2006.

4 (b) The appropriations made by sec. 5 of this Act are retroactive to October 1, 2006.

5 (c) The appropriation made by sec. 7 of this Act is retroactive to December 1, 2006.

6 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).

SENATE FINANCE COMMITTEE
4/12/2007 COMMITTEE ACTION

Bill Number	SB 61		
Amendment	CS "M"		
Motion	adopt as working document		
<u>Motion by</u>	Stedman		
<u>Objection by</u>	None		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Huggins			
Senator Olson			
Senator Thomas			
Senator Dyson			
Senator Elton			
Co-Chair Hoffman			
Co-Chair Stedman			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION	Pass		

FY2007 FAST TRACK
SUPPLEMENTAL REQUESTS

							Governor's Request					Senate Finance Committee					
Sec 1/ Lang	Sec 1/ Lang	Sec. No.	Amd. Date	Amd. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Total Funds	Fund Source	General Funds	Federal Funds	Other Funds	Total Funds	
		1			Fund Transfers	Public Education Fund	\$1 billion of FY07 funding for distribution to school districts, to the state boarding school, and for centralized correspondence study						1,000,000.0				1,000,000.0
Lang	Lang	2(a)			Commerce	Office of Economic Development	Regional Seafood Development Tax pass-through to the Copper River/Prince William Sound Marketing Association. This appropriation was inadvertently omitted from the FY07 budget bills. The 1% tax assessment generated \$152,464 during calendar year 2005 which was to be appropriated to the association as of July 1, 2006.	0.0			0.0						0.0
	Sec 1	2(b)		Amended by RS DCCED 1 on 3/30/07 (added \$600.0)	Commerce	Regulatory Commission of Alaska	Outside council for litigation at the Federal Energy Regulatory Commission (FERC) to defend RCA's jurisdiction over intrastate rates on the Trans-Alaska Pipeline (TAPS); and for other TAPS-related litigation at the Supreme Court of Alaska involving RCA.			750.0	750.0	RCA Rept			1,350.0		1,350.0
	Sec 1	3(a)		Amended by RS DOC 1 (added \$1 million)	Corrections	Inmate Health Care	The funding is needed to meet the medical obligations for the aging and increased offender population. The driving factors are the sharp increase in the number of offenders needing treatment, the cost of dialysis and cancer treatments and the growing number of life-threatening cases. The department will potentially run out of funds as early as March 2007 and not be able to pay vendors for services provided. \$439.0 of this request is related to nurses' market-based pay increase.	4,904.3			4,904.3		3,933.4				3,933.4
	Sec 1	3(b)			Corrections	Anchorage Correctional Complex	The Anchorage Correctional complex is housing 50 offenders in crisis overflow beds in the gym due to overcrowding in the facility. This request is for required overtime for an additional security post which translates into four positions. The projected expenditures indicate that the component will run out of funds by the middle of April.	1,082.7			1,082.7		1,082.7				1,082.7
Lang	Lang	4(a)	3/30/07	LS HSS A	Health & Social Services	Office of the Commissioner	Funds necessary to further define and implement the opportunities noted in the February 2007 Pacific Health Policy Group report on Meds and reform.	1,132.5	1,182.5		2,315.0		1,132.5	1,182.5			2,315.0
	Lang	4(b)			Health & Social Services	Capital	Title change: "Juncau Pioneer Home Roof Replacement" to "Pioneer Homes Roof Repair and Replacement". The department would like to use excess funds from the original project to repair Sitka Pioneer Home roof.				0.0						0.0
Lang	Lang	5(a)-(b)		Amended by ES Law A, B & C	Law	Civil Division, Labor and State Affairs	Funding for the investigation and proposed litigation related to actuarial services reviewed by the State of Alaska. The investigation would be completed during FY07, and the proposed litigation is contemplated to begin before the end of FY07. The amount of the appropriations is the estimated cost to complete the investigation and take the case from inception through trial.			12,000.0	12,000.0	299.1 PER5 116.3 TRS			415.4		415.4
	Lang	6(a)			Transportation	Capital - Airport Improvement Program Appropriation	The Airport Improvement Program appropriation increases by \$2,000.0 from \$341,857.1 to \$343,857.1 because of the increase in the allocation below.				0.0						0.0

FY2007 FAST TRACK
SUPPLEMENTAL REQUESTS

Sec 1/ Lang	Sec 1/ Lang	Sec. No.	Amd. Date	Amd. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Total Funds	Fund Source	General Funds	Federal Funds	Other Funds	Total Funds
	Lang	6(b)			Transportation	Capital - Airport Improvement Program Allocation	Amend FY07 Project - Ketchikan: Snow Removal Equipment/Sand/Urea Building Construction - Project includes constructing a new snow removal equipment, sand and chemical mixing and storage building to house all of the airport's emergency response and snow removal equipment. Project is ready to bid as soon as funding is available.		2,000.0		2,000.0			2,000.0		2,000.0
	Lang	6(c)			Transportation	Capital - Surface Transportation Program Appropriation	The Surface Transportation Program appropriation increases by \$18,300.0 from \$337,095.2 to \$355,395.2 because of the allocation changes below:				0.0					0.0
	Lang	6(d)			Transportation	Capital - Surface Transportation Program Allocation	New: Anchorage: Eagle River Road Rehabilitation - Milepost 5.3 to 12.6 - Project includes widening shoulders, improving visibility, and repaving. The department plans to advertise as soon as funding is available.		1,750.0		1,750.0			1,750.0		1,750.0
	Lang	6(d)			Transportation	Capital - Surface Transportation Program Allocation	Amend: Anchorage: Eagle River Loop Road Reconstruction - Old Glen Highway to Eagle River Road - Project includes reconstructing shoulders, turn lanes, pedestrian facilities, lighting and landscaping. The department plans to advertise in March.		2,000.0		2,000.0			2,000.0		2,000.0
	Lang	6(e)			Transportation	Capital - Surface Transportation Program Allocation	New: Anchorage: Potter Marsh Trailhead and Access Improvements - Project includes enhancing parking lot, provide new boardwalk connections, and connect the Bird Treatment Learning Center on the Old Seward Highway to the existing boardwalk. The department plans to advertise in March.		550.0		550.0			550.0		550.0
	Lang	6(f)			Transportation	Capital - Surface Transportation Program Allocation	New: Unalaska South Channel Bridge Construction - Project includes replacing existing bridge with a concrete deck bridge. Increased funding required as low bid was greater than existing legislative authority for project.		14,000.0		14,000.0			14,000.0		14,000.0
	Lang	6(g)			Transportation	Capital - Department of Transportation	Amend the appropriation to expand the scope: Chulita Personal Use Dip Net Fishery Access and Facility Improvements (ARFA) (HD 7-11)				0.0					0.0
Sec 1	Sec 1	7			Amended Governor by ES GOV A (reduced by \$381.3)	Elections	Funding for the costs associated with the April 3, 2007, special advisory election required by ch. 1, FLSA 2006, on the subject of employment benefits for same-sex partners of public employees and retirees	775.0			775.0		775.0			775.0
		8			Lapse Provisions											0.0
		9			Retrospectively											0.0
		10			Effective Date											0.0
Senate FAST TRACK Supplemental Bill Total								7,998.5	21,462.3	12,750.0	42,127.0	0.0	1,006,993.6	21,462.3	1,765.4	1,030,141.5

FY2007 EARLY SUPPLEMENTAL REQUESTS

Sec. No.	Amd. Date	Amd. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1			Commerce	Office of Economic Development	Regional Seafood Development Tax pass-through to the Copper River/Prince William Sound Marketing Association. This appropriation was inadvertently omitted from the FY07 budget bills. The 1% tax assessment generated \$152,464 during calendar year 2005 which was to be appropriated to the association as of July 1, 2006.	0.0				0.0
2(a)-(b)			Law	Civil Division, Labor and State Affairs	Funding for the investigation and proposed litigation related to actuarial services received by the State of Alaska. The investigation would be completed during FY07, and the proposed litigation is contemplated to begin before the end of FY07. The amount of the appropriations is the estimated cost to complete the investigation and take the case from inception through trial.			12,000.0	8,271.0 PERS 3,729.0 TRS	12,000.0
3			Governor	Elections	Funding for the costs associated with the April 3, 2007, special advisory election required by ch. 1, FSSLA 2006, on the subject of employment benefits for same-sex partners of public employees and retirees.	1,156.3				1,156.3
4				Lapse Provisions						
5				Retroactivity						
6-7				Effective Date						
Early Supplemental Bill Total						1,156.3	0.0	12,000.0		13,156.3
Amendments:										
2(a)-(b)	2/16/07	ES Law A	Law	Civil Division, Labor and State Affairs	Revise the funding split in sec. 2 to be in accordance with the Division of Retirement and Benefits' cost allocation plan and thus reflect: 72% PERS, an increase of \$369.0 from \$8,271.0 to \$8,640.0, and 28% TRS, a decrease of \$369.0 from \$3,729.0 to \$3,360.0.				369.0 PERS -369.0 TRS	0.0
6	2/16/07	ES Law B	Law	Civil Division, Labor and State Affairs	Change the effective date in sec. 6 from February 1, 2007 to October 1, 2006 in order that Law may pay outstanding investigation invoices for services rendered in October 2006.					0.0
Amended Early Supplemental Bill Total						1,156.3	0.0	12,000.0		13,156.3

FY2007 SUPPLEMENTAL REQUESTS

Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1	Commerce	Office of Economic Development	Regional Seafood Development Tax pass-through to the Copper River/Prince William Sound Marketing Association. This appropriation was inadvertently omitted from the FY07 budget bills. The 1% tax assessment generated \$152,464 during calendar year 2005 which was to be appropriated to the association as of July 1, 2006.	0.0				0.0
2(a)-(b)	Law	Civil Division, Labor and State Affairs	Funding for the investigation and proposed litigation related to actuarial services received by the State of Alaska. The investigation would be completed during FY07, and the proposed litigation is contemplated to begin before the end of FY07. The amount of the appropriations is the estimated cost to complete the investigation and take the case from inception through trial.			12,000.0	8,271.0 PERS 3,729.0 TRS	12,000.0
3	Governor	Elections	Funding for the costs associated with the April 3, 2007, special advisory election required by ch. 1, FSSLA 2006, on the subject of employment benefits for same-sex partners of public employees and retirees.	1,156.3				1,156.3
4	Lapse Provisions							
5	Retroactivity							
6-7	Effective Date							
Early Supplemental Bill Total				1,156.3	0.0	12,000.0		13,156.3

Dept of Commerce,Community,& Economic Development

Scenario: FY2007 Supplemental - Governor (5770)

Decision: None

Component: Office of Economic Development (2743)

Category: None

New GF Revenue:

RDU: Community Assistance & Economic Development (405)

Subcategory: None

New Other Revenue:

Title: Regional Seafood Development Associations

Short Title:

Brief Description:

Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants & Benefits	Misc./Debt Service	Positions		
									PFT	PPT	NP
Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

In accordance with AS 43.76.350 - 43.76.399, seafood development taxes collected may be appropriated, per AS 43.76.380(d), to qualifying regional seafood development associations. In calendar year 2005 the drift/gillnet fleet in the Copper River/Prince William Sound region assessed themselves a 1% regional seafood development tax. Processors collected the tax and remitted the funds to the Department of Revenue.

The Copper River/Prince William Sound Marketing Association (CR/PWSMA) expected an FY07 revenue pass-through appropriation of \$152,465, the amount of the collected tax. Though intended, the appropriation was accidentally not inserted into any of the appropriation bills. Consequently, the CR/PWSMA did not receive its funding on July 1, 2006. This supplemental would provide CR/PWSMA the funding it is entitled to under the above referenced statutes.

A point of clarification, since the CR/PWSMA did not receive an appropriation and desperately needed the monies, the Department provided the CR/PWSMA with "temporary" funding from another Departmental program with the understanding that when CR/PWSMA did receive an appropriation, CR/PWSMA would only receive the balance of what it is entitled to under the above referenced statutes. The total amount previously expended from the other Departmental program would be reimbursed from the CR/PWSMA's supplemental appropriation.

The appropriation for FY08 is included in the Governor's operating budget as section 10(c).

Totals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
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Department of Law

Scenario: FY2007 Supplemental - Governor (5770)
 Component: Labor and State Affairs (2718)
 RDU: Civil Division (35)
 Title: Retirement System Litigation

Decision: None
 Category: None
 Subcategory: None

New GF Revenue:
 New Other Revenue:
 Short Title:

Brief Description:

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants & Benefits	Misc./Debt Service	Positions		
										PFT	PPT	NP
	Suppl	12,000.0	0.0	0.0	12,000.0	0.0	0.0	0.0	0.0	0	0	0
1029 P/E Retire	8,271.0											
1034 Teach Ret	3,729.0											
Funding for the investigation and proposed litigation related to actuarial services received by the State of Alaska. The investigation would be completed during FY07, and the proposed litigation is contemplated to begin before the end of FY07. The amount of the appropriations is the estimated cost to complete the investigation and take the case from inception through trial.												
Totals		12,000.0	0.0	0.0	12,000.0	0.0	0.0	0.0	0.0	0	0	0

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

February 16, 2007

The Honorable Lyman Hoffman
The Honorable Bert Stedman
The Honorable Mike Chenault
The Honorable Kevin Meyers
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Finance Committee Co-Chairs:

Please make the following amendments to the Early supplemental bill, SB 61 / HB 107:

Amend the fund sources in sec. 2 for the retirement system investigation and litigation costs to reflect a 72% - 28% funding split in accordance with the Division of Retirement and Benefits' cost allocation plan:

Sec. 2(a) change the PERS amount from \$8,271,000 to \$8,640,000

Sec. 2(b) change the TRS amount from \$3,729,000 to \$3,360,000

This will match the retirement system investigation PERS/TRS fund source adjustment contained in the Regular supplemental bill, SB 83 / HB 139.

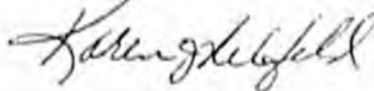
Amend sec. 6 to read:

Sec. 6. The appropriations made by sec. 2 of this Act take effect October 1, 2006[FEBRUARY 16, 2007].

Although I stated during my testimony to the House Finance Committee on February 13, that November 1, 2006 was the needed effective date the change to October 1 will allow the Department of Law to pay outstanding investigation invoices for work performed in October 2006 that was invoiced in November.

An updated spreadsheet is attached. If you have any questions, please call me at 465-4660 or Joan Brown at 465-4681. Thank you.

Sincerely,



Karen J. Rehfeld
Director

Attachments

cc: David Teal, Legislative Finance

Department of Law

Scenario: FY2007 Supplemental - Early (5922)

Decision: None

Component: Labor and State Affairs (2718)

Category: None

RDU: Civil Division (35)

Subcategory: None

New GF Revenue:

Title: Correct fund source split to reflect the Division of Retirement and Benefits' cost allocation plan

New Other Revenue:

Short Title:

Brief Description:

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants & Benefits	Misc./Debt Service	Positions		
										PFT	PPT	NP
	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1029 P/E Retire		369.0										
1034 Teach Ret		-369.0										
PERS funding is changed to from \$8,271.0 to \$8,640.0 and TRS funding is changed from \$3,729.0 to \$3,360.0 to reflect the Division of Retirement and Benefits' cost allocation plan split of 72% PERS and 28% TRS.												
The effective date is changed from February 1, 2007 to October 1, 2006 in order that the department may pay outstanding invoices for services rendered in October 2006.												
	Totals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

Office of the Governor

Scenario: FY2007 Supplemental - Governor (5770)

Decision: None

Component: Elections (21)

Category: None

RDU: Elections (433)

Subcategory: None

New GF Revenue:

Title: Funding for April 3, 2007 Special Election authorized by ch.1, FSSLA 2006, HB 4002

New Other Revenue:

Short Title:

Brief Description:

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants & Benefits	Misc./Debt Service	Positions		
										PFT	PPT	NP
	Suppl	1,156.3	285.6	61.0	756.4	53.3	0.0	0.0	0.0	0	0	0
1004 Gen Fund	1,156.3											
Funding required to conduct the statewide special election on April 3, 2007. Requested funding is based on the cost of the 2006 primary election. Personal services reflects the cost of additional hours for the on-election-year temporary staff required to conduct a statewide election. Contractual services includes: ballot printing, election boards, advertising, shipping and postage, polling place rental and set-up, forms printing microfilming, printing and mailing of informational pamphlet.												
	Totals	1,156.3	285.6	61.0	756.4	53.3	0.0	0.0	0.0	0	0	0



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 17, 2007

The Honorable Lyda Green
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Green:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making appropriations for qualified regional seafood development associations; for investigation and litigation relating to the public employees' retirement system and the teachers' retirement system; and for a special advisory election.

This early supplemental appropriation is comprised of items that require timely approval by the Legislature. Other supplemental requests are currently being reviewed by my Office of Management and Budget, and will be submitted to the Legislature in a separate appropriation bill at a later date.

Section 1 of the bill would appropriate the amount of the seafood development tax collected under AS 43.76.350 - 43.76.399 in calendar year 2005 and deposited in the general fund under AS 43.76.380(d) to the Department of Commerce, Community, and Economic Development to provide financial assistance in Fiscal Year 2007 to qualified regional seafood development associations.

Section 2 of the bill would appropriate a total of \$12,000,000, of which about 69 percent would come from the public employees' retirement system fund and about 31 percent from the teachers' retirement system fund, for use in an investigation and proposed litigation related to actuarial services received by the State of Alaska. The investigation would conclude in Fiscal Year 2007, and the proposed litigation is contemplated to commence later in that fiscal year. The amount of the appropriations is the estimated costs to complete the investigation and take the case from inception through trial. The final actual costs may be more or less. Through the budget process, and on request, the Department of Law would provide reports regarding the status of the litigation and the expenditures from the appropriations.

COMMITTEE COPY

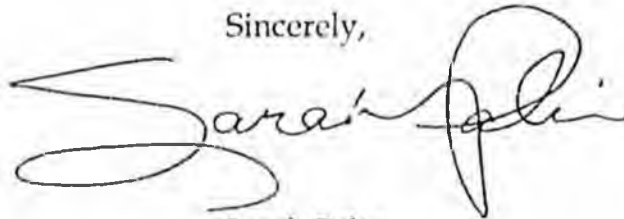
The Honorable Lyda Green
January 17, 2007
Page 2

The appropriations in sec. 2 of the bill would be entirely financed by a recent litigation settlement benefiting the public employees' retirement system fund and the teachers' retirement system fund. The Alaska Retirement Management Board recently settled its claim against Time Warner for securities fraud -- the proceeds for those funds from that litigation totaled \$15,600,000. The Alaska Retirement Management Board supports using \$12,000,000 of those proceeds to finance the investigation and proposed litigation for which the appropriations in this bill would be used.

Section 3 of the bill would appropriate \$1,156,300 from the general fund to the Office of the Governor, division of elections, for the costs associated with the April 3, 2007, special advisory election required by ch. 1, FSSLA 2006, on the subject of employment benefits for same-sex partners of public employees and retirees.

Because these items need Legislative approval in a timely manner, I urge your prompt and favorable action on this measure as soon as possible.

Sincerely,

A handwritten signature in black ink that reads "Sarah Palin". The signature is written in a cursive, flowing style with a large initial "S" and a distinct "P".

Sarah Palin
Governor

SENATE FINANCE
COMMITTEE #3
Amendment # _____
To Bill Number: SB61
Sponsor: Hoffman
Date 4/26/07 Logged by Mindy

AMENDMENT

OFFERED IN: The Senate Finance Committee

TO: CS for SB 61 (FIN)

OFFERED BY: Hoffman

INSERT:

The sum of \$6,500,000 is appropriated to the Department of Health and Social Services for the Fairbanks virology laboratory completion from the following sources:

General Fund	\$3,500,000
Miscellaneous Receipts (1173)	\$3,000,000

\$3 million from the interest earnings on the Certificates of Participation issued for construction of the Fairbanks Virology Laboratory

SENATE FINANCE COMMITTEE
4 / 2007 COMMITTEE ACTION

Bill Number	SB 61		
Amendment	#3		
Motion	adopt		
<u>Motion by</u>	Hoffman		
<u>Objection by</u>	Hoffman		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Huggins			
Senator Olson			
Senator Thomas			
Senator Dyson			
Senator Elton			
Co-Chair Hoffman			
Co-Chair Stedman			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

FY2007 EARLY SUPPLEMENTAL REQUESTS

Sec. No.	Amd. Date	Amd. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	LFD Notes
1			Commerce	Office of Economic Development	Regional Seafood Development Tax pass-through to the Copper River/Prince William Sound Marketing Association. This appropriation was inadvertently omitted from the FY07 budget bills. The 1% tax assessment generated \$152,464 during calendar year 2005 which was to be appropriated to the association as of July 1, 2006.	0.0				0.0	The Department informed Leg Finance about this problem in August, 2006. The Department is using Fisheries Revitalization funding to fill the gap until this tax can be appropriated.
2(a)-(b)		Amended Law by ES Law A		Civil Division, Labor and State Affairs	Funding for the investigation and proposed litigation related to actuarial services received by the State of Alaska. The investigation would be completed during FY07, and the proposed litigation is contemplated to begin before the end of FY07. The amount of the appropriations is the estimated cost to complete the investigation and take the case from inception through trial.			12,000.0	8,271.0 PERS 3,729.0 TRS	12,000.0	* It is unclear how long the litigation is expected to continue, but this funding is available for the life of the project. * The DOLaw believes there is sufficient evidence of gross negligence to warrant pursuing the case. * There is no guarantee that the state will receive any compensation if the state prevails. * Funding is requested to cover current attorney fees.
3			Governor	Elections	Funding for the costs associated with the April 3, 2007, special advisory election required by ch. 1, ESSLA 2006, on the subject of employment benefits for same-sex partners of public employees and retirees.	1,156.3				1,156.3	Although a fiscal note identified costs associated with this election, the note never became an appropriation, this request does not provide duplicate funding
4				Lapse Provisions							
5				Retroactivity							
6-7				Effective Date							
Early Supplemental Bill Total						1,156.3	0.0	12,000.0		13,156.3	
Amendments:											
2(a)-(b)	2/16/07	ES Law A	Law	Civil Division, Labor and State Affairs	Revise the funding split in sec. 2 to be in accordance with the Division of Retirement and Benefits' cost allocation plan and thus reflect: 72% PERS, an increase of \$369.0 from \$8,271.0 to \$8,640.0, and 28% TRS, a decrease of \$369.0 from \$3,729.0 to \$3,360.0.				369.0 PERS -369.0 TRS	0.0	
6	2/16/07	ES Law B	Law	Civil Division, Labor and State Affairs	Change the effective date in sec. 6 from February 16, 2007 to October 1, 2006 in order that Law may pay outstanding investigation invoices for services rendered in October 2006.					0.0	
Amended Early Supplemental Bill Total						1,156.3	0.0	12,000.0		13,156.3	

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Actuary Litigation

Resolution 2007-06

WHEREAS, the Alaska Retirement Management Board ("Board") was established by law to serve as fiduciary to the funds of the State of Alaska's retirement systems, including the Public Employees' Retirement System ("PERS") and the Teachers Retirement System ("TRS"), (collectively, the "Systems");

WHEREAS, Mercer Human Resource Consulting, Inc. ("Mercer") was retained until December 31, 2005, by the Department of Administration and for the benefit of the Department and the Systems, as well as the predecessors to the Board, including the boards of the PERS, TRS, and the Alaska State Pension Investment Board, to provide competent and professional actuarial services and advice;

WHEREAS, on behalf of the Systems, the State of Alaska Department of Law has investigated the performance by Mercer during the period of its retention, and the results of such investigations yield strong indicators of professional negligence and significant damage to the Systems;

NOW THEREFORE BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD that:

1. The Board concludes that it is prudent to expend funds necessary to pursue claims, including potential litigation, against Mercer based upon the investigation undertaken by and for the Department of Law;
2. The Board urges through this resolution that appropriations be approved, in amounts recommended by the Department of Law to fund the potential litigation, and that such funds as necessary may be appropriated from the funds of the Systems as fair and reasonable costs necessary for the proper and prudent administration of those funds;
3. The Board ratifies and affirms the retention of the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP by the Department of Law as outside counsel for the Board and the Systems in connection with the investigation of Mercer's performance and any potential litigation arising out of that investigation; and
4. The actions contemplated hereby are a reasonable effort to protect and preserve the assets of the Systems.

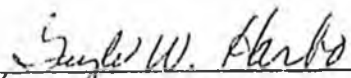
2/22/07

DATED at Anchorage, Alaska this 9th day of February, 2007.



Chair

ATTEST:



Secretary

SB 61

ES HSSA

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
FINANCE AND MANAGEMENT SERVICES

SARAH PALIN, GOVERNOR

P.O. Box 110650
Juneau, AK 99811-0650
Phone: (907) 465-3082
Fax: (907) 465-2499

March 28, 2007

The Honorable Lyman Hoffman, Co-Chair
The Honorable Bert Stedman, Co-Chair
The Honorable Charlie Huggins, Vice-Chair
Senate Finance Committee
State Capitol, Rooms 518, 516, 119
Juneau, Alaska 99811

Subject: Revised Supplemental Request Medicaid Review Report

Dear Senator Hoffman, Stedman, and Huggins,

This is a revised supplemental proposal written at the request of Senator Hoffman to propose a supplemental to further define and implement the opportunities noted by the Pacific Health Policy Group report on defining the future of Medicaid in Alaska.

Revised Proposed Supplemental language:

- **Section X.** The sum of \$2,315,000 is appropriated to the Department of Health and Social Services, Office of the Commissioner, for operating costs for a comprehensive program associated with designing, planning, and implementing the legislative Medicaid Review Report issued in February 2007. Expenses related to the project are expected to be spent in FY2007, 2008 and 2009, from the following fund sources:

Federal receipts	\$1,182,500
General fund	1,132,500

* **Section XX.** The appropriation made by sec. X lapses June 30, 2009.

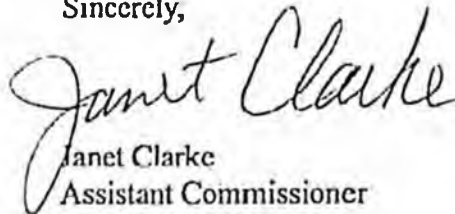
The Pacific Health Policy Group outlined a significant level of effort required to implement provisions of the report. The DHSS Commissioner and other department staff have worked with

4/12/07

the legislature to develop a comprehensive work plan to implement key provisions of the Medicaid Review Report. Copies of the work plan and summary spreadsheet are attached for your review and information.

The department looks forward to working with the legislature on these major policy initiatives, if you have additional questions regarding this issue, please contact Jerry Fuller, Medicaid Director at 269-7380 or me at 465-1630.

Sincerely,


Janet Clarke
Assistant Commissioner

cc: Karleen Jackson, Commissioner
Anthony Lombardo, Deputy Commissioner
Bill Hogan, Deputy Commissioner
Sherry Hill, Special Assistant
Jerry Fuller, Medicaid Director

Medicaid Review Report Work Plan
March 23, 2007

The following projects can be expected to be substantially underway by the end of the next fiscal year (SFY 08). However, final completion for some projects may extend into SFY 09.

Tiered Pharmacy Pricing:

The PGP report noted that Alaska Medicaid uses a uniform pricing structure across the State to determine reimbursement for pharmacy dispensing fees. The report recommends examining alternate methods for calculating dispensing fees so that the Medicaid program retains access in rural areas of the state and communities with sole practitioners while applying a more competitive pricing model in urban areas of the state.

How: Work to be done by the Department of Health and Social Services in SFY 08/09.

Resources Needed: No new resources needed

Potential savings: No estimate made by PGP

Pharmacy Prior Authorization.

Alaska Medicaid currently requires prior authorization for certain drugs as a condition of reimbursement. The PGP study recommended that the list of drugs requiring prior authorization be expanded as a cost saving initiative.

How: Work to be done by the Department of Health and Social Services in SFY 08/09.

Resources Needed: No new resources needed

Potential savings: No estimate made by PGP

Level of Care Controls in Personal Care Assistant Program:

The report noted the recent, rapid increase in Medicaid expenditures for the Personal Care Assistant (PCA) program. It also acknowledges the response of the Department to this increase through a more rigorous application of level of care criteria. Each recipient of the program is screened to assure that he or she has a need for care that would qualify them for nursing home admission. The report suggests that the Department should continue its efforts to assure that level of care decisions are accurately determined so that only recipients with this level of need are served.

How: Work to be done by the Department of Health and Social Services in SFY 08/09.

Resources Needed: No new resources needed

Potential savings: No estimate made by PHPG

Alternate Reimbursement Methodology for DD Services.

The PHPG report noted that the methodology used by Medicaid to pay for services to the states developmentally disabled population leads to inconsistent payment rates for similar services and may be contributing to the high cost of Alaska's waiver program. The report suggests that reimbursement rates should be based on uniformly collected and audited cost information and that the rates should be applied statewide.

How: Work to be done by the Department of Health and Social Services in SFY 08/09.

Resources Needed: No new resources needed

Potential savings: No estimate made by PHPG however potential savings could accrue from program efficiencies.

Implement Disease Management Program.

The PHPG report suggests that disease management programs have succeeded in lowering Medicaid costs in other states. These programs are designed to closely manage the care for individuals with certain chronic, high cost diseases in order to achieve better disease outcomes, to lower over all care costs and to mitigate the need for expensive high cost treatment. Diseases to be managed are generally selected on the basis of prevalence, cost and where increased patient self-care could improve quality of care and reduce cost.

How: Work to be done by the Department of Health and Social Services in SFY 08/09.

It is expected that initial implementation would include a few high cost diseases.

Expansion of the program would depend upon program experience.

Resources Needed: \$80.0 Total Funds (\$40.0 GF/ \$40.0 Fed.)

Potential savings: No estimate made by PHPG. Savings are expected to result over time from fewer expensive treatment episodes and generally better disease management.

The following projects will begin in SFY 2008 however; final implementation may depend upon Federal Medicaid review and acceptance waiver applications. It is assumed that the decision of whether or not to pursue waivers can be made within a year, however, the actual waiver approval may take longer.

Personal Care Assistant Waivers.

Alaska Medicaid has two programs designed to help elderly and disabled individuals receive care in the community as opposed to a nursing home or other institution; the Home and Community Based Waiver program and the Personal Care Assistant program. In Alaska, these programs are administered independently, while in some state the PCA program is part of the Waiver program. The report suggests that if the programs were combined, eligibility for the programs could be better coordinated and services could be improved by PCA services becoming part of a larger array of long term care services. Additional information is needed to assess the impact on services and costs of combining these programs.

How: Work to be done by the Department of Health and Social Services in SFY 08/09.

Resources Needed: No new resources needed

Potential savings: No estimate made by PHPG however potential savings could accrue from program efficiencies.

Federal Financial Participation in Pioneer Homes.

Alaska Pioneer homes are licensed as assisted living but are serving a growing number of Alzheimer's patients with predominantly general funds. In some other states, this population is served in Alzheimer's wings of nursing homes or in less costly community oriented care facilities. The report recommends that Alaska examines the current services and population in Pioneer's Homes to determine the potential for converting services to Medicaid in order to earn more Federal dollars and reduce reliance on general funds. If it is determined that some services could be converted to Medicaid, efforts would be pursued to secure the needed Federal Medicaid approvals.

How: Work to be done by a contractor familiar with Medicaid waiver law and policy. Work to be completed in SFY 08/09.

Resources needed: \$50.0 Total Funds (\$25.0 GF, \$25.0 Federal). Additional funds may be necessary depending on the amount needed for follow-up work with Federal Medicaid.

Potential Savings: No estimate made by PHPG. Saving would be dependent upon the amount of general funds currently being spent that could be refinanced with Federal Medicaid dollars. If waivers were approved, some general fund savings could be expected.

Address Wait List for Developmental Disabilities Services.

The PHPG report notes that there are currently individuals experiencing developmental disabilities that are either on a waiting list for Medicaid services or are not eligible due to current screening criteria. Many of these individual are receiving services paid for with general funds. For others, such as children with a diagnosis of autism, early intervention could help improve their prognosis as well as reducing future expenditures. It may be possible to expand Medicaid eligibility so that these individuals receive services through Medicaid, thus reducing the need for General fund expenditure. However, further study is needed to identify clients who might be eligible for an expanded Medicaid service, to assess the impact to their care and to identify cost savings.

How: Work to be done by a contractor familiar with Medicaid waiver law and policy.

Resources needed: \$20.0 Total Funds (\$10.0 GF, \$10.0 Federal).

Potential Savings: No estimate made by PHPG. Saving would be dependent upon the amount of General funds currently being spent that could be refinanced with Federal Medicaid dollars. If waivers were approved, some general fund savings could be anticipated.

Federal Financial Participation for CAMA.

The State currently operates a limited health service program for individuals who are terminally ill or have a chronic condition requiring prescription drugs for health maintenance. The program is paid for with general funds. The report notes the possibility that the program could be moved under Medicaid through a waiver and suggests that some general fund saving could result as Federal dollars would then be used to pay a share of the program costs. Additional study is necessary to determine the cost effectiveness of doing this.

How: Work to be done by a contractor familiar with Medicaid waiver law and policy. Work to be completed in SFY 08/09.

Resources needed: \$20.0 Total Funds (\$10.0 GF, \$10.0 Federal).

Potential Savings: No estimate made by PHPG. Saving would be dependent upon the amount of general funds currently being spent that could be refinanced with Federal Medicaid dollars. If waivers were approved, some portion of the current general fund expenditure of \$2.6 million could be anticipated to be saved.

Substance Abuse/Mental Health Waiver .

Medicaid services are generally not provided to adults between the ages of 22 and 64. However, this is the segment of the population which has significant incidence of substance abuse and mental health issues. It has long been recognized that substance abuse costs Alaska hundreds of millions of dollars in lost work, increased health care, education and criminal justice costs. One option available to the state is to address this issue is to expand its Medicaid program to provide Medicaid services to a targeted group of adults needing behavioral health services. This could be done through a Medicaid waiver. However, before this were proposed additional work is necessary to define the population and services and to determine if any cost benefit would result.

This work would also relate to the Bring the Kids Home Initiative. Even though a child is Medicaid eligible and receiving behavioral health services it may be that his or her parents are not Medicaid eligible. Situations arise in which the child successfully completes treatment but then returns to a family situation which has not improved and which may have been a contributing factor to the child's behavioral problems. It makes sense to treat both the child and the parents to assure that negative behavior patterns will not repeat. Parents of children receiving mental health services through Medicaid would be one of the target groups evaluated in the waiver analysis.

How: Work to be done by a contractor familiar with Medicaid waiver law and policy. Work to be completed in SFY 08/09.

Resources needed: \$35.0 Total Funds (\$17.5 GF, \$17.5 Federal).

Potential Savings: No estimate made by PHPG. Potential savings are not limited to Medicaid, but could occur in other programs whose expenditures would be decreased through lower instances of substance abuse.

The following projects will be started in SFY 08. They are, however, projects with long time horizons. The implementation plans resulting for these activities will be ongoing for several years.

Increase Federal Funds. A separate document (attached) describes the strategy for addressing the issues raised by the PHPG report with regard to Medicaid and rural health programs.

Long Term Care Planning;

The PHPG notes the huge potential increase to Alaska Medicaid that may occur over the next ten years as a result of the aging of the population. The report urges the State to address this issue and to continue building the long term care systems that will be needed to address this demographic shift. In the absence of a plan, Alaska could simply be overwhelmed by the future need for services.

Alaska has a variety of long term care services in place, however, the current array and quantity of services will be inadequate to meet future growth. Alaska needs to develop a long term care plan which provides a detailed strategy for addressing the future needs in the most cost effective way.

How: Work to be done by a contractor familiar with long term care planning. Work to be completed by the end of SFY 09.

Resources needed: \$300.0 Total Funds. (\$100.0 GF, \$150.0 Federal). DHSS has \$50.0 GF for current planning that can be used on this project.

Potential Savings: No estimate made by PHPG. However, the report notes that if the current long term care system were to try to accommodate the state's projected increase in long term care recipients, Medicaid expenditures for LTC services would increase from \$273 million in 2005 to \$877 million in 2015. The report suggests that a significant portion of this increase can be mitigated through development of more cost effective services.

Other Resources Needed:

A project this complicated requires significant coordination from the department to manage all grants and contracts and coordinate with partners and the federal government. In recognition of that effort, DHSS is request funds for one coordinator position.

How: Internal position in DHSS and all support costs and travel.
Resources needed: \$136.0 Total Funds (\$68.0 GF, \$68.0 Federal).

DRAFT 3-23

RURAL PROVIDERS RESPONSE TO MEDICAID REPORT
(Dollars in thousands)

The PHPG report identifies approximately \$220 million that is currently paid by Medicaid to providers on behalf of American Indians and Alaska Natives. If these services were to be provided by appropriate providers, the services would be paid with all federal funds, thereby saving the current general fund portion of the payment.

Capturing these federal dollars will require the participation of Alaska Medicaid, the Alaska Native Tribal Health Consortium and other health providers, especially the Yukon Kuskokwim Health Corporation (the largest rural health provider) and will be an ongoing process for several years. There are significant issues to address if the capture of these federal funds is to be successful. These can generally be categorized as (1) strategic planning, (2) specific service planning and service definition, (3) reimbursement methodology.

Managed Care Assessment. The PHPG report suggested that, eventually, managed care may be a way for the state and the rural providers to maximize Federal Financial Participation (FFP). However, there are significant challenges to achieving full managed care. Any managed care arrangement would have to conform to both Federal Medicaid and Indian Health Service law and regulation. Additionally, history has shown that traditional managed care plans have the potential to put participating organizations at both financial and legal risk. Further study is necessary to broadly define the parameters for a managed care arrangement and to identify the significant legal and financial considerations. This study to be undertaken by ANTHC should be done in conjunction with State Medicaid.

Estimated Cost: ANTHC: \$50.0 Total Funds (\$25.0 GF/ \$25.0 Federal)

Specific Service Planning and Service Definitions. Generally, patients go to other providers simply because the service is not provided by a rural health provider. There are a variety of barriers that may preclude the tribal health program from offering a particular service, including, reimbursement, nature of the service, legal requirements and staffing. Some of these barriers can be addressed in the short term while other will take longer to resolve.

Further study is needed to identify services the health programs could provide, identify the barriers to providing the service and develop work plans to eliminate these barriers. Implied in this process is a prioritization which first identifies and addresses those services which will have the largest impact in the short term (within one year) on the Medicaid budget. This will be the first phase of this effort.

A few rural health providers have been working on a similar process over the past few years and these efforts should continue. Therefore, the effort described above should have a dual focus. A rural, regional provider should be identified and, as part of this process, expand its current efforts while the Alaska Native Tribal Health Consortium should undertake this planning with the balance of the tribal health program in the State. The rural, regional provider should be selected based on their Medicaid eligible population and the progress they have already made in their planning. The experience of the regional provider will be shared with the other providers by ANTHC, thus accelerating the progress of the other tribal providers. Both the regional provider and ANTHC will work with State Medicaid throughout the process.

As noted, it is anticipated that some barriers identified above can be addressed in the short term but that others will take a longer time to resolve. Therefore, there needs to be a second phase to this project that identifies longer term barriers that need to be addressed.

For example, some Medicaid services as defined by Federal law are simply not workable in rural Alaska. However, it may be that changing the service definition or combining the service with another similar service would make them more relevant. It may be that the State will have to seek waivers from Federal Medicaid to do this. Services such as long term care and behavioral health will likely need this level of attention. Other longer term "fixes" may require staff training or capital construction such as the building of nursing homes or other long term care facilities.

The long term planning will be undertaken by both ANTHC and the regional provider with the cooperation and involvement of State Medicaid.

Estimated Cost: ANTHC \$700.0 Total funds (\$350.0 GF/ \$350.0 Federal)
Regional Provider: \$214.0 Total funds (\$107.0 GF/ \$107.0 Federal)

Reimbursement methodology. In many cases existing reimbursement methodologies do not work for rural health programs because the health care delivery system is so different. However, it may be possible to develop more relevant reimbursement systems. Before this can be done, however, the State and the rural providers must first undergo a process of determining the true cost of care for the services provided. This cost determination is necessary before Federal Medicaid will approve alternate reimbursement methodologies and it is also necessary to ensure that the tribal health programs are earning sufficient revenue to pay for and sustain services.

As with most planning, the larger regional providers are further ahead on cost analysis than are other, smaller providers. Therefore, the cost identification effort will include a component to enhance the effort of a large rural, regional provider that has made significant progress in cost analysis. This provider will then be able to share its experience and knowledge with others. ANTHC will assist the other providers in undertaking their cost analysis.

The State's will use the cost information that is determined by the providers, and in conjunction with these providers, determine an alternate way to reimburse them for various services. The State will also prepare any required documentation and submittals for Federal Medicaid and work to secure Federal approvals of the alternate reimbursement.

ANTHC will also establish a statewide effort to provide technical assistance to all rural health providers in billing for Medicaid services. Most of the rural health providers are relatively inexperienced in billing for services, particularly Medicaid. However, these providers will have to become proficient billers if they are to pay for and sustain new services that they undertake.

Estimated Costs: ANTHC: \$250.0 Total Funds (\$125.0 GF/ \$125.0 Fed.)
Regional Provider: \$138.0 Total Funds (\$69.0 GF/ \$69.0 Fed)
State: \$372.0 Total Funds (\$186.0 GF / \$186.0 Fed.)

Preliminary Work Plan
Medicaid Review Report

Project #	Projects in Medicaid Report	Who/How	Fiscal Year	Total Cost	Comment
1	Tiered Pharmacy Pricing	DHSS-Internal	FY07/08/09	0.0	No new resources needed
2	Pharmacy Prior Authorization	DHSS-Internal	FY07/08/09	0.0	No new resources needed
3	Level of Care contols in Personal Care Assistant program	DHSS-Internal	FY07/08/09	0.0	No new resources needed
4	Alternate Reimbursement Methodogy for DD services	DHSS-Internal	FY07/08/09	0.0	No new resources needed
5	Implement Disease Management Program	DHSS-Internal	FY07/08	80.0	
6	Personal Care Assistant Waivers	DHSS-Internal	FY07/08/09	0.0	No new resources needed
7	Federal Financial Participaton in Pioneer Homes	DHSS-Contractor	FY07/08	50.0	
8	Address Wait List for DD Services	DHSS-Contractor	FY07/08	20.0	
9	Federal Funds Participaton for CAMA	DHSS-Contractor	FY07/08	20.0	
10	Substance Abuse/Mental Health Waiver	DHSS-Contractor	FY07/08	35.0	
11	Long Term Care Planning	DHSS-Contractor	FY07/08	250.0	\$50.0 GF already exists in DHSS
12	Other Resources	DHSS-Internal	FY07/08	136.0	State coordination of project
13	Increase Rural Providers Federal Funds participation				Estimates of costs provided by rural providers
	13-a Managed Care	Grant to ANTHC	FY07/08	50.0	
	13-b Specific Service Plan/Definitions	Grant to ANTHC	FY07/08	700.0	
		Additional Grant	FY07/08	214.0	Grant to Regional Provider
	13-c Reimbursement methodology	Grant to ANTHC	FY07/08/09	250.0	
		Additional Grant	FY07/08/09	138.0	Grant to Regional Provider
		DHSS-Internal State	FY07/08/09	372.0	
	TOTAL COSTS			2,315.0	Costs to DHSS can be funded at 50% federal thru medicaid
	State General Fund costs			1,132.5	

ES HSSA

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
FINANCE AND MANAGEMENT SERVICES

SARAH PALIN, GOVERNOR

P.O. Box 110650

Juneau, AK 99811-0650

Phone: (907) 465-3082

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April 11, 2007

The Honorable Lyman Hoffman, Co-Chair
The Honorable Bert Stedman, Co-Chair
The Honorable Charlie Huggins, Vice-Chair
Senate Finance Committee
State Capitol, Room 518, 516 and 119
Juneau, AK 99801-1182

Dear Senators Hoffman, Stedman and Huggins:

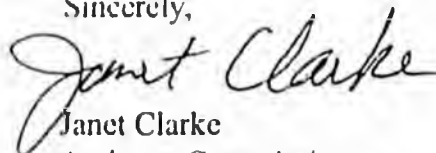
The Department is requesting \$6.5 million in SB 83 and HB 139 for Fairbanks Virology Laboratory Completion. It has come to the Department's attention that this project not be considered in the Supplemental Bill. We would like to let you know the extent of the consequences this would have on the project.

Currently, Department of Transportation and Public Facilities (DOT/PF) is expecting the funding to be in place by April 30th so that they can issue the Notice to Proceed to the contractor on May 2. The contractor, GHEMM Company, Inc. is expecting to be on site on May 5 to start clearing the site and begin excavation work. Every day the project is delayed will cost the State approximately \$10,000 (see attached - Delay Impact Analysis). If the contract is delayed until the 15th of May, the State can expect to pay an additional \$150,000 (\$10,000 x 15). DOT/PF cannot legally issue a contract until all the funding for the project is in place.

In order for the Department to keep within the existing budget, the contractor must break ground now. It is imperative that the building be completely closed in by September so that the contractor can work through the winter.

If you have additional questions regarding this issue, please contact me at 465-1630.

Sincerely,



Janet Clarke
Assistant Commissioner

cc: Senator Kim Elton, Capitol Building, Room 506
Senator Donny Olson, Capitol Building, Room 514
Senator Joe Thomas, Capitol Building, Room 510
Senator Fred Dyson, Capitol Building, Room 121
Karleen Jackson, Commissioner
Anthony Lombardo, Deputy Commissioner
Bill Hogan, Deputy Commissioner
Sherry Hill, Special Assistant
Laura Baker, Budget Chief, Finance and Management Services
Karen Rehfield, Director, Office of Management and Budget
Mary Sutton, Budget Analyst, Office of Management and Budget
Gary Zepp, Fiscal Analyst, Legislative Finance
Deven Mitchell, Debt Manager, Department of Revenue

VIROLOGY LABORATORY
PROJECT 58900

DELAY IMPACT ANALYSIS

ITEM	ESTIMATE	COMMENTS
APPROPRIATION DELAYED TO MAY 15, 2007		
15 day delay	\$150,000	\$10,000 per calendar day, pushes work more into winter, more OT
APPROPRIATION DELAYED 1 YEAR TO MAY 15, 2008		
Escalation	\$1,800,000	Only if funding appropriated <u>no later than May 15, 2009</u>
Contractor Delay Impact	\$500,000	Redirection of labor, bonding costs, etc.
Redesign, Rebidding	\$250,000	
Preconstruction Services	\$100,000	
Total	\$2,650,000	