

ALASKA LEGISLATURE

1658

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

DOT PF # 6

AMENDMENT

moved by Sen. Adams
failed

**OFFERED IN: SENATE FINANCE COMMITTEE
BY SENATOR AL ADAMS**

To: Department of Transportation

Adopt the Governor's proposed FY 98 operating budget for the Dept. of Transportation with the following unallocated reductions:

Alaska Marine Highway System	-\$440,300
Statewide Programs	-\$184,700

DOT PF # 7

AMENDMENT

*moved Sen Adams
w/o objection adopted*

OFFERED IN: SENATE FINANCE COMMITTEE
BY SENATOR AL ADAMS

To: Department of Transportation

BRU: Weights and Measures
Weights and Measures

add \$22.0 GF
10.5 GF/PR
32.4 GF/Designated PR

AMENDMENT

In the Senate Finance Committee
To: Operating Budget

moved By: Senator Donley
w/o objection adopted

Department: Transportation & Public Facilities
BRU: Central Region Planning
Component: Central Region Planning

INSERT:

"It is the Intent of the Legislature the the Department facilitate improvements to existing Anchorage East-West transportation corridors and begin planning the construction of new East-West transportation corridors within the Municipality of Anchorage."

DD/kb

AMENDMENT

In the Senate Finance Committee
To: Operating Budget

moved By: Senator Donley
w/objection adopted

Department: Transportation & Public Facilities
BRU: Statewide Maintenance and Operations
Component: Central Region Maintenance and Operations
Administration

INSERT:

"It is the Intent of the Legislature that the Department of Transportation develop a comprehensive winter maintenance agreement with local municipalities for winter snow removal maintenance in Alaska. This agreement should identify critical winter safety snow removal needs in each community. The use of monies allocated to the department for winter snow removal in urban areas should be distributed equitably based upon each communities population and local effort."

DD/kb

AMENDMENT

In the Senate Finance Committee
To: Operating Budget

By: Senator Donley

Department: Transportation & Public Facilities
BRU: Central Region Planning
Component: Central Region Planning

INSERT:

"It is the Intent of the Legislature that the department begin planning for the construction, within the Municipality of Anchorage, of clover-leaf style interchanges at the intersections of Tudor Road/New Seward Highway and Dimond Blvd/Minnsota Drive and Minnesota Drive/International Airport Way."

DD/kb

AMENDMENT

In the Senate Finance Committee
To: Operating Budget

moved By: Senator Donley
w/o objection adopted

Department: Transportation & Public Facilities
BRU: Central Region Planning
Component: Central Region Planning

INSERT:

"It is the Intent of the Legislature that, within the Municipality of Anchorage, the department re-construct and extend Dowling Road west and connect it with Minnesota Drive."

DD/kb

AMENDMENT

For Senate Finance Committee

moved By Senator Torgerson
w/o objection adopted

DELETE

Department of Transportation/PF
BRU: Community Roads Program
Component: Community Roads Program

(\$1,500.0) GF
(\$1,500.0) Total Funds

This amendment deletes the Community Road Program. This is being offered so that these funds can be appropriated to other areas of the budget.

DOTPF #13

*moved by Sen. Torgerson
w/o objection adopted*

OFFERED IN THE SENATE

BY: Senator Torgerson

LEGISLATIVE INTENT;

DEPARTMENT OF TRANSPORTATION

It is the intent of the Legislature that all Federal funds reduced by this budget, be reallocated into the construction of highway projects throughout the State.

AMENDMENT

OFFERED IN: SENATE FINANCE COMMITTEE
BY SENATOR AL ADAMS

To: Department of Transportation

Alaska Marine Highway System

BRU: Marine Operations

Reservations and Marketing add \$196.3 AMHS Fund

Vessel Operations Management add \$388.9 AMHS Fund \$43.4 Other

BRU: Marine Engineering

Overhaul add \$879.2 AMHS Fund

BRU: Alaska Marine Highway System

Administration add \$305.6 AMHS Fund

BRU: Marine Management

Support Services add \$858.7 AMHS Fund

Restores 3 positions for Reservations and Marketing that coordinates school function travel on the vessels and administers pass programs for disabled Alaskans. Will keep wait time to an acceptable level. Failure to adopt will cause more people to drop off the telephone reservations lines (in 1996 approximately 13,000 calls dropped off the system).

Vessel Operations Management would add back positions responsible for developing the schedule, managing the traffic counts, supervising the terminal operations, and developing the biannual work schedules for deck personnel.

Restoration to Overhaul will provide ongoing annual general maintenance of vessels. The funds support vessel employees working during overhaul and is not a capital expenditure. If not restored, could lead to increased vessel break downs, service interruptions and costs of major repairs.

Restores director's office staff. An agency with 900 employees in seven separate unions, with an approximate \$100 million budget such as the Alaska Marine Highway System, cannot be run without a full-time manager and staff.

Support Services restoration is needed to handle employee complaints, payroll, grievances, daily contract administration and contract negotiations. They also support EEO, hazardous material and license requirements. Will restore procurement, supply, and accounting. Will also provide programmers supporting the reservations system.

AMENDMENT

**OFFERED IN: SENATE FINANCE COMMITTEE
BY SENATOR AL ADAMS**

To: Department of Transportation

BRU: Statewide Administrative Services
Statewide Admin Services Add: \$119.1 GF \$45.8 Other

BRU: DBE/External Equal Employment
Disadvantaged Business Ent/EEO Add: \$54.0 GF \$117.0 Other

BRU: Statewide Internal Review
Statewide Internal Review add: \$86.0 GF

BRU: Statewide Administrative Services
Statewide Information Systems add \$550.0 GF

The Human Resources Manager and Labor Relations Specialist are essential for a department with 3,000 employees and seven unions.

DBE/External EEO is mandated for all federal aid contracts.

Restores funding for internal audits on GF programs (recent audits include SEF, Sitka and Ketchikan airports)

Restores programming support for popular world wide web (advertising calendars and bid results on construction contracts), financial reports, federally required EEO reports, improved technology for procurement and service delivery.

AMENDMENT

OFFERED IN: SENATE FINANCE COMMITTEE
BY SENATOR AL ADAMS

To: Department of Transportation

BRU: Northern Region Design & Construction

Engineering Management Component	add \$113.0 GF	\$345.7 Other
CIP Program Component		add \$2,764.1 Other

BRU: Central Region Design & Construction

Engineering Management Component	add \$133.2 GF	\$490.7 Other
CIP Program Component		add \$3,167.1 Other

BRU: Southeast Region Design & Construction

Engineering Management Component	add \$78.4 GF	\$236.5 Other
CIP Program Component		add \$1,094.0 Other

BRU: Engineering and Operations

Engineering and Operations	add \$51.8 GF	\$108.6 Other
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This amendment would restore the dept's ability to manage the existing STIP and AIP. Without this amendment the dept will lose its ability to properly design and manage projects much less the program increases proposed by Senator Stevens during congressional deliberations on reauthorization of ISTEA.

AMENDMENT

**OFFERED IN: SENATE FINANCE COMMITTEE
BY SENATOR AL ADAMS**

To: Department of Transportation

BRU: Northern Region Planning Northern Region Planning	add \$109.3 Other
BRU: Central Region Planning Central Region Planning	add \$ 13.5 Other
BRU: Southeast Region Planning Southeast region Planning	add \$54.4 Other
BRU: Statewide Planning	add \$224.0 Other

These are federal funds dedicated to planning and research and cannot be spent on construction.

Statewide planning restoration will insure all *mandated* federal planning and data collection activities can be done.

Failure to accept this amendment would jeopardize federal funding for construction projects.

MISC. #1

AMENDMENT

to
CS HB 75(FIN)

Offered in the Senate Finance Committee *passed* BY SENATOR PARNELL
w/o objection adopted

ADD

Department: Revenue
BRU: AK Housing Finance Corporation
Component: AK Housing Finance Corp. Operations

500.0 AHFC Corp. Rcpts.

Department: Health and Social Services
BRU: Public Assistance
Component: General Relief Assistance

500.0 I/A Receipts

MISC. #2

AMENDMENT

For Senate Finance Committee

moved By Senator Parnell
adopted

DELETE

Department of Administration	<5.0> (GF) (1004)
Department of Commerce & Economic Dev.	<12.0> (GF) (1004)
Department of Community & Regional Affairs	<3.4> (GF) (1004)
Department of Corrections	<4.4> (GF) (1004)
Department of Education	<9.0> (GF) (1004)
Department of Environmental Conservation	<7.8> (GF) (1004)
Department of Fish & Game	<22.2> (GF) (1004)
Office of the Governor	<9.6> (GF) (1004)
Department of Health and Social Services	<27.2> (GF) (1004)
Department of Labor	<4.0> (GF) (1004)
Department of Law	<0.4> (GF) (1004)
Department of Military & Veterans Affairs	<0.8> (GF) (1004)
Department of Natural Resources	<3.2> (GF) (1004)
Department of Public Safety	<12.4> (GF) (1004)
Department of Revenue	<2.0> (GF) (1004)
Department of Transportation/Public Facilities	<3.4> (GF) (1004)

(Reducing unneeded IT purchases)

ADD

University of Alaska	126.8 (GF) (1004)
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(Restore some of IT equipment cut)

MISC. #3

AMENDMENT

For Senate Finance Committee

moved **By Senator Parnell**

w/o objection adopted

ADD

Department of Corrections

BRU: Administration & Operations

65.0 (GF) (1004)

Department of Public Safety

BRU: Council on Domestic Violence & Sexual Assault 65.0 (TA Receipts) (1007)

To fund batterers' monitoring by the Council.

AMENDMENT

For Senate Finance Committee

moved By Senator John Torgerson
adopted

Delete All Departments:

864.6 General funds savings from State Equipment Fleet charges
86.0 Other funds savings from State Equipment Fleet charges
950.6 Total funds

Explanation:

Deny the Department of Transportation & Public Facilities the authority to inflation proof its State Equipment Fleet replacement charges to other departments.

Reduce by 5% the Department of Transportation & Public Facilities' authorization to purchase new equipment for the State Equipment Fleet, therefore reducing the replacement charges to other departments.

The State Equipment Fleet replacement program is included in the Department's capital budget.

Technical:

Legislative Finance is instructed to make technical adjustments within the framework of this amendment.

MISC. #4

ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Division of Legislative Finance



RECEIVED

APR - 7 1997

P.O.Box 113200
Juneau, AK 99811-3200
(907) 465-3795
FAX (907) 463-4885

MEMORANDUM

DATE: April 5, 1997

TO: Senator Drue Pearce, Co-Chair (Operating)
Senator Bert Sharp, Co-Chair (Capital)
Senate Finance Committee

FROM: Mike Greany *MGreany*
Legislative Fiscal Analyst

By: Jim Hauck *JHauck*
Fiscal Analyst

SUBJECT: SFC Subcommittee on DOT&PF: Implementing Statewide Operating and
Capital Budget Reductions

The attached operating budget amendment to the Senate Finance Committee denies the Department of Transportation and Public Facilities the authorization to inflation proof its State Equipment Fleet (SEF) replacement charges to other departments. It also reduces the charges to other agencies reflecting a 5% reduction in DOT&PF's purchase of new equipment. The total savings is \$950,600. The general fund portion of this is \$864,600.

On the capital budget side, DOT&PF's FY98 capital budget request for the State Equipment Fleet Replacement Program should be reduced from \$11,800,000 to \$10,849,400. The fund source is the Highway Working Capital Fund.

I have attached a copy of the operating budget amendment, as well as a "mark-up" copy of DOT&PF's capital budget request.

cc: Senator John Torgerson, Chair
Senate Finance Subcommittee

Prepared by: Legislative Finance Division

PROJECT FUNDING - FY98 CAPITAL BUDGET

***** Department of Transportation/Public Facilities *****

<u>Project</u>		<u>Governor</u>	<u>Gov Amd</u>	<u>Governor - Gov Amd Comparison</u>
AL Yakutat Railroad Trail - School/Airport (ED 5)	1002 Fed Rcpts	250,000 250,000	250,000 250,000	
Statewide Programs				
AL State Match for Federal Aid Highway Projects (ED 99)	1003 G/F Match	24,550,000 24,550,000	24,550,000 24,550,000	
AL State Match for Federal Aid Airport Projects (ED 99)	1022 Corp Rcpts	4,350,000 4,350,000	4,350,000 4,350,000	
AL Federal Transit Administration Grants (ED 99)	1002 Fed Rcpts 1003 G/F Match	700,000 670,000 30,000	700,000 670,000 30,000	
AL Cooperative Reimbursable Projects (ED 99)	1002 Fed Rcpts 1091 GF/Desig	7,000,000 5,000,000 2,000,000	7,000,000 5,000,000 2,000,000	
AL State Equipment Fleet Replacement Program (ED 99)	1026 Hwy Capitl	11,800,000 11,800,000	11,800,000 11,800,000	10,849,400
AL Engineering Equipment Replacement (ED 99)	1061 CIP Rcpts	1,000,000 1,000,000	1,000,000 1,000,000	
AL Emergency Federal Projects (ED 99)	1002 Fed Rcpts	5,000,000 5,000,000	5,000,000 5,000,000	
AL Federal Contingency Funds (ED 99)	1002 Fed Rcpts	5,000,000 5,000,000	5,000,000 5,000,000	
AL Alaska Marine Highway System - Improvements and Overhaul (ED 99)	1004 Gen Fund	4,000,000 4,000,000	4,000,000 4,000,000	
AL Harbor Deferred Maintenance (ED 99)	1004 Gen Fund	1,000,000 1,000,000	1,000,000 1,000,000	

Project Title: State Equipment Fleet Replacement
 Category: Transportation
 Project Type:
 Proq. Priority:
 Adv. Priority: AP/AL: AL
 Location: Statewide
 Election District: 99
 Completion Date (mmyr): 12/99

FUNDING	FY98 Capital Request	Annual State Operating / Maintenance	FY-8 New State PFT	CAPITAL REQUESTS					Total Req. FY98-FY03
				FY99	FY00	FY01	FY02	FY03	
1002 Federal Receipts									0.0
1100 General Fund Match									0.0
1101 General Fund									0.0
1105 GF Program Receipt									0.0
1126 HWCF	11,800.0								11,800.0
									0.0
									0.0
TOTAL:	11,800.0	0.0	0	0.0	0.0	0.0	0.0	0.0	11,800.0

BRIEF PROJECT SUMMARY:
 Replacement and/or refurbishment of equipment & vehicles that reach the end of their useful life cycle & conversion of vehicles to alternate fuel.

DETAIL PROJECT DESCRIPTION AND JUSTIFICATION: Replacement and/ or refurbishment of equipment and vehicles which have reached the end of their useful life cycle and all extension periods and for the continued conversion of vehicles to alternate fuel and related alternate fuel program expenses. This will also allow purchase of additional light duty vehicles to provide an option to high cost privately leased vehicles.

Failure to replace equipment that has reached the end of its economic life results in higher operating costs, more down time and increase program costs to users, and major repairs to equipment that will never be used long enough to recover the costs.

Does capital project:

	Yes	No
1) Meet state constitutional or statutory responsibility?		
2) Address life, health or safety issue?		
3) Reduce state operating costs?		
4) Leverage private sector or local funds?		
5) Create ongoing private sector jobs?		
6) Facilitate transfer of responsibility to local or private sector?		

CAPITAL PROJECTS DESCRIPTION
 FORM CP1
 Revised 7/9/96

Page of
 Revised Date:

FY 98 - FY03

AGENCY: Department of Transportation and Public Facilities

Agency Summary - FY98 Operating Budget

General Funds Only

Agency	SEF Red
Department of Administration	-8.7
Department of Commerce and Economic Development	-0.3
Department of Corrections	-23.4
Department of Education	-2.0
Department of Environmental Conservation	-4.9
Department of Fish and Game	-7.0
Office of the Governor	-0.3
Department of Health and Social Services	-17.3
Department of Labor	-1.7
Department of Law	-0.6
Department of Military and Veterans Affairs	-0.7
Department of Natural Resources	-20.6
Department of Public Safety	-119.2
Department of Revenue	-0.2
Department of Transportation/Public Facilities	-657.7
Total - Operating Budget	-864.6

Agency Summary - FY98 Operating Budget

<u>Agency</u>	<u>SEF Red</u>
Department of Administration	-11.9
Department of Commerce and Economic Development	-0.3
Department of Corrections	-23.4
Department of Education	-2.0
Department of Environmental Conservation	-10.5
Department of Fish and Game	-24.3
Office of the Governor	-0.3
Department of Health and Social Services	-22.4
Department of Labor	-5.8
Department of Law	-1.2
Department of Military and Veterans Affairs	-1.9
Department of Natural Resources	-34.5
Department of Public Safety	-121.4
Department of Revenue	-0.2
Department of Transportation/Public Facilities	-690.5
Total - Operating Budget	-950.6

Statewide Totals - FY98 Operating Budget

	SEF Red
Statewide Totals	-950.6

Objects of Expenditure:

Personal Services	
Travel	
Contractual	-950.6
Commodities	
Equipment	
Lands/Buildings	
Grants, Claims	
Miscellaneous	

Funding Sources:

1002 Fed Rcpts	-40.8
1003 G/F Match	-3.0
1004 Gen Fund	-831.3
1005 GF/Prgm	-10.0
1007 I/A Rcpts	-11.4
1024 Fish/Game	-5.8
1026 Hwy Capill	-16.8
1037 GF/MH	-3.4
1052 Oil/Haz Fd	-3.5
1076 Marine Hwy	-5.1
1079 Storg Tank	-0.1
1081 Info Svc	-2.1
1091 GF/Desig	-16.9
1092 MHTAAR	-0.2
1093 Clean Air	-0.2

Positions:

Perm Full Time
 Perm Part Time
 Non-Perm

UNIV. #1

AMENDMENT _____

OFFERED IN THE SENATE

BY SENATOR ADAMS

TO: CSHB 75(FIN)AM(BRF SUP MAJ PFLD)

DEPT: University of Alaska
BRU: UNIVERSITY OF ALASKA
Component: INFORMATION TECHNOLOGY

RESTORE: 459.1 G.F. (1004)

UNIV. #2

AMENDMENT

BY SENATOR ADAMS

UNIVERSITY BUDGET

AMEND
RUDGET REDUCTIONS/ADDITIONS 21,446.7 [20,916.7]
SYSTEMWIDE

FUNDING SOURCE \$530.0 SCI/TECH

AMENDMENT

In the Senate Finance Committee
To: Operating Budget

moved By: Senator Donley
w/o objection adopted

Department: University of Alaska
BRU: Statewide Programs and Services
Component: Statewide Services

INSERT:

"It is the Intent of the Legislature that the University of Alaska shift use of financial resources from research to instruction to more closely match the national averages."

Explanation:

The Division of Legislative Audit report dated November 15, 1993 compared the ratio of expenditures for research and instruction at the University of Alaska against the national average. The resulting comparison showed that the University of Alaska's expenditures on research was 20.1%, almost twice the national average of 11.5%. In addition, the University of Alaska's expenditures on instruction was 33.7%, far below the national average of 43.4%.

UNIV #4

AMENDMENT

For Senate Finance Committee

BY SENATOR SHARP
(for Senator Lyda Green)

TO: SCS HB 75 (FIN)

TRANSFER COMPONENT OUT:

Department: University

BRU: University of Alaska Fairbanks

Component: <u>Alaska Cooperative Extension</u>	3,530.1	(Fed Rcpts 1002)
	823.7	(G/F Match 1003)
	2,298.0	(Gen Fund 1004)
	62.9	(I/A Rcpts 1007)
	37.3	(UA/ICR 1039)
	<u>418.0</u>	(Univ Rcpt 1048)

TOTAL [-7,170.0]
and 62 PFT and 19 PPT positions

TRANSFER COMPONENT IN:

Department: University

BRU: Statewide Programs and Services

Component <u>Alaska Cooperative Extension</u>	3,530.1	(Fed Rcpts 1002)
	823.7	(G/F Match 1003)
	2,298.0	(Gen Fund 1004)
	62.9	(I/A Rcpts 1007)
	37.3	(UA/ICR 1039)
	<u>418.0</u>	(Univ Rcpt 1048)

TOTAL 7,170.0
and 62 PFT and 19 PPT positions

This component is more appropriate for Statewide Programs and Services. All positions would remain in the same locations. This transfer would be for administrative and funding purposes only. There are district offices in Fairbanks, Anchorage, Bethel, Delta Junction, Juneau, Ketchikan, Kodiak, Nome, Palmer, Sitka, and Soldotna. Historically, this component was in Statewide Programs and Services until the late 80's.

UNIV # 5

Proposed Amendment

*moved Sen. Sloup
w/o objection objection adopted*

University of Alaska

Fairbanks Campus	- \$2,500.0 Intra-Agency Receipts Authority
Fairbanks Campus	<u>+\$2,500.0</u> Auxiliary Receipts Authority
net	\$0

This net-zero non-general fund transaction is offered at the request of the university, and responds to a recent audit determination that certain university operations should be accounted for as an "auxiliary enterprise" instead of as intra-departmental transfers.

Specifically, university auditors have recommended that the UAF Technology Center, which is a self-supporting centralized purchasing function at the Fairbanks Campus for computers and related equipment, should be accounted for as an auxiliary enterprise. This transaction merely reduces Intra-Agency Receipts authority, which is how these revenues are currently recorded, and increases Auxiliary Receipts authority by a like amount.

This transaction has no effect on the general fund.

HB 76 #1

AMENDMENT
to
CS HB76(FIN)

For the Senate Finance Committee

BY SENATOR PARNELL

Page 1, line 8, following "RECEIPTS"

INSERT

(a) Mental Health Trust Authority authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) that exceed the amounts appropriated by this Act, not to exceed a cumulative total of \$1,700,000, are appropriated conditioned upon compliance with the program review provisions of AS 37.07.080(h).

(b)

AMENDMENT

OFFERED IN THE SENATE

moved BY SENATOR PARNELL
w/o objection adopted

TO: SENATE (Fin) CSHB76(Fin)

Department of Transportation and Public Facilities

Mental Health Capital Amendment - Competitive Grants for Beneficiary
Transportation and Vehicles

Delete: Mental Health Trust Administration	75.0
Insert: Mental Health Trust Authority Authorized Receipts	75.0

HB 76 #3

AMENDMENT
to
CS HB76(FIN)

Offered in the Senate Finance Committee *moved* BY SENATOR PARNELL
w/o objection adopted

ADD

Department: Health and Social Services
BRU: Public Assistance Administration
Component: Public Assistance Administration \$24.0 MHTAAR

HB 76 # 4

AMENDMENT

IN THE SENATE FINANCE COMMITTEE
TO SCS HB 76 (FIN)

moved BY SENATOR SHARP
w/o objection adopted

Add component to Section 5 (Operating)

Department:	Health and Social Services			
BRU:	Alcohol and Drug Abuse Services			
Component:	Alcohol and Drug Abuse Grants - Chronic Alcoholics Domiciliary Care Facilities	200.0	MHTAAR	1092

This amendment has no net effect on the Department's General Fund budget cap.

AMENDMENT

*moved by Sen. Parnell
w/o objection adopted*

OFFERED IN THE SENATE

TO: CSHB 76(FIN)

1 Page 1, line 8, following "RECEIPTS.":

2 Insert

3 "(a) Mental Health Trust Authority authorized receipts (AS 37.14.036) or
4 administration receipts (AS 37.14.036) that exceed the amounts appropriated by this Act, not
5 to exceed a cumulative total of \$1,700,000, are appropriated conditioned upon compliance
6 with the program review provisions of AS 37.07.080(h). It is the intent of the legislature that
7 requests for approval of revised programs may be submitted to the Legislative Budget and
8 Audit Committee through the program review process established under AS 37.07.080(h), and
9 that the revised programs be limited to only those items of an emergency nature, such as the
10 loss of funds if action is not taken until the next session of the legislature. Unless the
11 legislature has expressly provided through legislative intent that a revised program be
12 submitted to the Legislative Budget and Audit Committee for a particular agency or program,
13 the Legislative Budget and Audit Committee program review process should not be used to
14 restore funding for budget reductions made by the Twentieth Alaska State Legislature or for
15 program enhancements that must be considered by the full legislature at the next session of
16 the legislature. Requests for capital budget items should be limited to requests for review of
17 emergency items, such as flood damage repair from new federal funds. The Legislative
18 Budget and Audit Committee program review process should not be used to establish new
19 capital projects or to change funding sources for existing capital projects; such requests
20 should be held for consideration by the full legislature during the regular capital appropriation
21 process.

22 (b)"

4/14

D-GH0052\F.1
Utermohle
4/14/97

(OK)

w/o objection, adopt

AMENDMENT

OFFERED IN THE SENATE

TO: Draft SCS CSHB 76(FIN) ("F" Version, Dated 4/13/97)

- 1 Page 2, line 16, through page 3, line 5:
- 2 Delete all material.

- 3 Renumber the following bill sections accordingly.

- 4 Page 3, line 6:
- 5 Delete "SECTION 5"
- 6 Insert "SECTION 3"
- 7 Delete "PAGE 5"
- 8 Insert "PAGE 4"

DEC # 7

OFFERED IN THE SENATE

EY: Senator Torgerson

*hold
originals*

LEGISLATIVE INTENT:

It is the intent of the Legislature that the Department of Environmental Conservation continue to Permit class one and class two municipal solid waste facilities and that the department and the Governor implement all Federal exemptions to the Solid Waste program in reference to Class three, native villages, remote municipalities and facilities that are receiving less than 20,000 tons of waste per day on an annual basic, as set out in the Flexibility Act of 1996.

H&SS#9

OFFERED IN THE SENATE

BY: Senator Torgerson

LEGISLATIVE INTENT

HEALTHY FAMILIES BRU

It is the intent of the Legislature that the Kenai program be continued and the funding be provided equally between all programs.

AMENDMENT

IN THE SENATE FINANCE COMMITTEE
TO SCS HB 75 (FIN)

BY SENATOR SHARP

Delete

Department: Natural Resources

BRU: Resource Development

Component: Lands

(320.0) General Fund 1004

Add Funding and Intent

Department: Natural Resources

BRU: Statehood Defense

Component: RS 2477/Navigability Assertions
and Litigation Support

320.0 General Fund 1004

Description: This amendment has no net effect on the total General Fund budget cap.

AMENDMENT

In the Senate Finance Committee
To: Operating Budget

By: Senator Donley

Department: Public Safety
BRU: Commissioner's office
Component: Commissioner's office

DELETE: "Commissioner's Office BRU - Total 571,900"

Department: Public Safety
BRU: Statewide Support
Component: Commissioner's office

INSERT: "Commissioner's Office Component - Total \$ 700,500"

Department: Public Safety
BRU: Statewide Support
Component: Training Academy

DELETE: "Training Academy BRU - GF Total \$ 874,500"

Department: Public Safety
BRU: Statewide Support
Component: Training Academy

INSERT: "Training Academy BRU - GF Total \$ 864,500"

This amendment would replace the Commissioner's office BRU with a component for the Commissioner's office within the Statewide Support BRU and would fully fund the component at the governor's requested level with no reduction in staff. In addition, a \$10,000 GF reduction would be made to the Sitka Training Academy, which equals the FY'97 Authorized GF amount.

DD/kb

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSHB 75(FIN) am(brf sup maj pfl)

1 Page 10, following line 5:

2 Insert a new bill section to read:

3 **** Sec. 34. DESIGNATED PROGRAM RECEIPTS.** (a) If legislation defining
4 "designated program receipts" is passed by the First Regular Session of the Twentieth Alaska
5 State Legislature and enacted into law, the funds described as designated program receipts
6 in this Act that are not consistent with the definition of "designated program receipts"
7 established by law are general fund program receipts. The legislative fiscal analyst shall
8 revise the funding source information for the appropriations made by this Act in accordance
9 with this subsection and provide the revised funding information to the office of management
10 and budget.

11 (b) If legislation defining "designated program receipts" is not passed by the First
12 Regular Session of the Twentieth Alaska State Legislature, the funds appropriated by this Act
13 that are described in this Act as "designated program receipts" are general fund program
14 receipts. The legislative fiscal analyst shall revise the funding source information for the
15 appropriations made by this Act in accordance with this subsection and provide the revised
16 funding information to the office of management and budget."

17 Renumber the following bill sections accordingly.

18 Page 10, following line 10:

19 Delete "SECTION 36"

20 Insert "SECTION 37"

21 Adjust internal section references accordingly.

Jerry - This is the original for the file. No need to re-copy or re-distribute. Front Sect

SENATE AMENDMENT

By DONVLEY

To: CS HB 75 SENATE BILL No. _____

To: _____ HOUSE BILL No. _____

PAGE:

LINE:

Office of Tourism
Division

and across Film Office 29.3 (A)

Office of Trade

and across Film Office 220.0 (A)

SENATE AMENDMENT

By DONLEY

To: CS HB 75 SENATE BILL No. _____

To: _____ HOUSE BILL No. _____

PAGE:

LINE:

It is the intent of this legislation
that the ~~State~~ Film Office develop
a plan to become self financed
through fees and other sources.

5
НВ

76

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: January 16, 1997

FURTHER REFERRALS:

Date of Committee Action: 3/26/97

The FINANCE Committee considered:

HB 76

HOUSE BILL NO. 76

APPROPRIATION: MENTAL HEALTH PROGRAM

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

recommends it be replaced with the following committee substitute CS HB 76 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Theriault</i>	Theriault	X			
<i>Mark Roubay</i>	Hanley	X			
<i>[Signature]</i>	Mulder	X			
<i>[Signature]</i>	Foster	X			
<i>Terry Martin</i>	Martin	X			
<i>[Signature]</i>	Kohnig	X			
<i>[Signature]</i>	J. Davies			X	
<i>[Signature]</i>	Gussendorf			X	
<i>[Signature]</i>	G. Davis	X			
<i>[Signature]</i>	Kelly	X			

CHAIR'S SIGNATURE *Mark Roubay* *Gene Theriault*

HB

76

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/4/97

FURTHER: REPORTED OUT OF
SFC 4/14/97

DATE TURNED
IN TO OFFICE: 4/14/97

Finance Committee considered CS FOR HOUSE BILL NO. 75(FIN) am(brf sup maj pfl'd)

APPROPRIATIONS: OPERATING BUDGET

and recommends:

be replaced with 5 CSCSHB 75 (FIN)

adopt previous CS ()

attached amendment(s)

adopt Letter of Intent by Committee

further referral to the Committee

Senate Bill:
 same title
 new title
House Bill:
 same title
 technical change
 new: SCR#

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Paul E. Cell</i>	✓	<i>Al Adams</i>		X	
<i>Sam H. ...</i>	✓				
<i>John ...</i>	✓				
<i>David ...</i>	✓				
Co-Chair: <i>Pat ...</i>	✓	Co-Chair:			
Co-Chair: <i>George ...</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Fiscal Year 1998 Budget Summary by Funding Source

Funding Source	Operating	New Legislation	Total
General Fund / Mental Health	108,705,900		108,705,900
Mental Health Trust Authority Authorized	5,613,600		5,613,600
Receipts			
Mental Health Trust Administration	887,600		887,600
*** Total ***	\$115,207,100		\$115,207,100

1 * Sec. 3 The following appropriation items are for operating expenditures from the general fund or
 2 other funds as set out in the fiscal year 1998 budget summary for the operating budget by funding
 3 source to the agencies named for the purposes expressed for the fiscal year beginning July 1, 1997 and
 4 ending June 30, 1998, unless otherwise indicated.

	Appropriation	General	Other
	Allocations	Funds	Funds
	*****	*****	
	***** Department of Administration *****		
	*****	*****	
10 Senior Services		2,501,700	407,200
11 Pioneers Homes	455,600		
12 Home and Community Based Care	2,278,800		
13 Protection, Community	174,500		
14 Services, and Administration			
15 Office of Public Advocacy		616,600	
16 Information Technology		-400	
	*****	*****	
	***** Department of Corrections *****		
	*****	*****	
20 Administration & Operations		3,435,200	
21 Inmate Health Care	3,065,900		
22 Inmate Programs	369,300		
	*****	*****	
	***** Department of Education *****		
	*****	*****	
26 Teaching and Learning Support		227,500	
27 Quality Schools	227,700		
28 Information Technology	-200		
	*****	*****	
	***** Department of Health and Social Services *****		
	*****	*****	
32 Medical Assistance		29,933,800	1,150,000

1	Appropriation	General	Other
2	Allocations	Items	Funds
3 Medicaid Non-Facility	13,868,700		
4 It is the intent of the Legislature that the Medical Assistance Division provide to adults the			
5 services numbered six through 31, as prioritized in AS 47.07.035, which includes eyeglasses, hearing			
6 aids and dental care. The Legislature assumes the rate of growth in the Medicaid formula will not			
7 exceed 7.0% in the fiscal year 1998. Additionally the Legislature assumes that the Division will			
8 manage costs through regulations limiting scope, duration and amount of services, as well as through			
9 implementation of managed care initiatives. Specifically, it is the intent of the Legislature that			
10 the Division will: implement mental health prior authorization; implement changes to scope of			
11 mental health services; realize full-year savings from resource-based relative value scale			
12 rate-setting; realize full-year savings from new facility reimbursement rates; implement			
13 preadmission screening for nursing homes; implement three managed care initiatives; conduct on-site			
14 medical reviews; initiate additional cooperation with IHS/Medicaid program; and, work with community			
15 mental health providers to maintain service at fiscal year 1997 levels. The Division will produce,			
16 in cooperation with the Division of Mental Health and Developmental Disabilities, a complete			
17 reporting of beneficiaries, costs, and outcomes for the entire mental health system, and			
18 specifically how Medicaid costs and outcomes contribute to that system. Furthermore, the			
19 Legislature assumes that 125 legal aliens will no longer qualify for Medicaid services during the			
20 last half of fiscal year 1998 due to changes in federal law. The average cost per year, per			
21 Medicaid recipient is approximately \$4,000, resulting in a \$250 thousand general fund savings.			
22 Finally, it is the intent of the Legislature that the Division of Medical Assistance provide a full			
23 accounting of the state resources made available in fiscal years 1996 and 1997 to the 28 children			
24 expected to participate in the seriously emotionally disturbed TEFRA option.			
25 Medicaid Facilities	12,648,400		
26 Waivers Services	4,566,700		
27 Public Assistance Administration		24,000	24,000
28 Purchased Services		5,069,900	5,069,900
29 Foster Care Augmented Rate	400,000		
30 Foster Care Special Need	747,900		
31 Foster Care Alaska Youth	400,000		
32 Initiative			

1		Appropriation	General	Other
2	Allocations	Items	Funds	Funds
3	Residential Child Care	3,522,000		
4	Family and Youth Services	81,000	81,000	
5	Northern Region			
6	Youth Facility Services	143,700	143,700	
7	McLaughlin Youth Center	62,100		
8	Fairbanks Youth Facility	81,600		
9	Maniilaq	872,400	872,400	
10	Maniilaq Alcohol and Drug	522,400		
11	Abuse Services			
12	Maniilaq Mental Health and	350,000		
13	Developmental Disabilities			
14	Services			
15	Norton Sound	732,900	732,900	
16	Norton Sound Public Health	98,300		
17	Services			
18	Norton Sound Alcohol and Drug	232,200		
19	Abuse Services			
20	Norton Sound Mental Health	402,400		
21	and Developmental			
22	Disabilities Services			
23	Southeast Alaska Regional Health	265,800	265,800	
24	Consortium			
25	Southeast Alaska Regional	140,600		
26	Health Consortium Alcohol and			
27	Drug Abuse			
28	Southeast Alaska Regional	125,200		
29	Health Consortium Mental			
30	Health Services			
31	Tanana Chiefs Conference	737,200	737,200	

1		Appropriation	General	Other
2	Allocations	Items	Funds	Funds
3	Tanana Chiefs Conference	202,400		
4	Alcohol and Drug Abuse			
5	Services			
6	Tanana Chiefs Conference	534,800		
7	Mental Health Services			
8	Tlingit-Haida Alcohol and Drug	6,000	6,000	
9	Abuse Services			
10	Yukon-Kuskokwim Health	1,325,900	1,325,900	
11	Corporation			
12	Yukon-Kuskokwim Health	418,500		
13	Corporation Alcohol and Drug			
14	Abuse Services			
15	Yukon-Kuskokwim Health	907,400		
16	Corporation Mental Health			
17	Services			
18	State Health Services	4,080,100	3,676,900	403,200
19	Maternal, Child, and Family	93,600		
20	Health			
21	Healthy Families	250,000		
22	It is the intent of the legislature that the Kenai program be continued.			
23	Community Health/Emergency	133,200		
24	Medical Services			
25	Infant Learning Program Grants	3,603,300		
26	Alcohol and Drug Abuse Services	11,341,800	10,572,500	769,300
27	Administration	1,120,800		
28	Alcohol and Drug Abuse Grants	8,264,700		
29	Correctional ADA Grant	331,500		
30	Services			
31	Rural Services Grants	1,624,800		
32	Community Mental Health Grants	25,432,000	24,793,000	639,000

1		Appropriation	General	Other
2	Allocations	Items	Funds	Funds
3	General Community Mental	935,800		
4	Health Grants			
5	Psychiatric Emergency Services	5,726,100		
6	Services to the Chronically	10,918,700		
7	Mentally Ill			
8	Designated Evaluation and	1,046,300		
9	Treatment			
10	Services for Seriously	6,805,100		
11	Emotionally Disturbed Youth			
12	Community Developmental	19,046,800	18,905,200	141,600
13	Disabilities Grants			
14	Institutions and Administration	4,855,000	3,801,900	1,053,100
15	Mental Health/Developmental	3,040,900		
16	Disabilities Administration			
17	Harborview Development Center	1,814,100		
18	Mental Health Trust Boards	772,300	711,300	61,000
19	Alaska Mental Health Board	376,700		
20	Governor's Council on	60,000		
21	Disabilities and Special			
22	Education			
23	Advisory Board on Alcoholism	335,600		
24	and Drug Abuse			
25	Administrative Services	5,700	-44,300	50,000
26	Commissioner's Office	50,000		
27	Information Technology	-44,300		
28	*****	*****		
29	***** Department of Law *****			
30	*****	*****		
31	Human Services Section	60,600	60,600	

1		Appropriation	General	Other
2	Allocations	Items	Funds	Funds
3	*****	*****		
4	***** Department of Natural Resources *****			
5	*****	*****		
6	Mental Health Trust Lands	765,200		765,200
7	Administration			
8	*****	*****		
9	***** Department of Revenue *****			
10	*****	*****		
11	Alaska Mental Health Trust	887,600		887,600
12	Authority			
13	*****	*****		
14	***** University of Alaska *****			
15	*****	*****		
16	University of Alaska	350,300	200,300	150,000
17	Information Technology	-500		
18	Anchorage Campus	350,800		
19	*****	*****		
20	***** Alaska Court System *****			
21	*****	*****		
22	Trial Courts	79,300	79,300	
23	* Sec. 4 The following sets out the funding by agency for the appropriations made in Sec. 3 of this			
24	Act.			
25	Department of Administration			
26	General Fund / Mental Health	3,117,900		
27	Mental Health Trust Authority Authorized	407,200		
28	Receipts			
29	*** Total Agency Funding ***	\$3,525,100		
30	Department of Corrections			
31	General Fund / Mental Health	3,435,200		
32	*** Total Agency Funding ***	\$3,435,200		

1	Department of Education	
2	General Fund / Mental Health	227,500
3	*** Total Agency Funding ***	\$227,500
4	Department of Health and Social Services	
5	General Fund / Mental Health	101,585,100
6	Mental Health Trust Authority Authorized	4,291,200
7	Receipts	
8	*** Total Agency Funding ***	\$105,876,300
9	Department of Law	
10	General Fund / Mental Health	60,600
11	*** Total Agency Funding ***	\$60,600
12	Department of Natural Resources	
13	Mental Health Trust Authority Authorized	765,200
14	Receipts	
15	*** Total Agency Funding ***	\$765,200
16	Department of Revenue	
17	Mental Health Trust Administration	887,600
18	*** Total Agency Funding ***	\$887,600
19	University of Alaska	
20	General Fund / Mental Health	200,300
21	Mental Health Trust Authority Authorized	150,000
22	Receipts	
23	*** Total Agency Funding ***	\$350,300
24	Alaska Court System	
25	General Fund / Mental Health	79,300
26	*** Total Agency Funding ***	\$79,300
27	***** Total Budget *****	\$115,207,100

28 (SEC. 5 OF THIS ACT BEGINS ON PAGE 11)

1 * Sec. 5 The following appropriation items are for capital projects and grants from
 2 the general fund or other funds as set out in Section 6 of this act by funding
 3 source to the agencies named for the purposes expressed and lapse under AS
 4 37.25.020, unless otherwise noted.

	Appropriation	General	Other
	Allocations	Fund	Funds
5			
6			
7	* * * * *	* * * * *	
8	* * * * * Department of Administration	* * * * *	
9	* * * * *	* * * * *	
10	Mental Health Capital Amendment -	105,000	105,000
11	Complete Special Care Units in		
12	Sitka and Palmer Pioneer Homes		
13	Dementia Units (ED 99)		
14	* * * * *	* * * * *	
15	* * * * * Department of Health and Social Services	* * * * *	
16	* * * * *	* * * * *	
17	Mental Health Capital Amendment -	375,000	187,500
18	Client Data Integration Project		
19	(ED 99)		
20	Mental Health Capital Amendment -	480,000	480,000
21	Hope Cottages Intermediate Care		
22	Facilities (ED 99)		
23	Mental Health Capital Amendment -	300,000	300,000
24	Competitive Grants for Mental		
25	Health Trust Beneficiaries -		
26	Program Facility Modifications		
27	(ED 99)		
28	Mental Health Capital Amendment -	250,000	250,000
29	Competitive Grants for Mental		
30	Health Trust Beneficiaries - ADA		
31	(ED 99)		
32	Mental Health Capital Amendment -	150,000	75,000
33	Competitive Grants for Mental		
34	Health Trust Beneficiaries -		
35	Equipment (ED 99)		
36	Mental Health Capital Amendment -	1,800,000	1,800,000
37	Beneficiary and Special Needs		
38	Housing Program (ED 99)		

	Appropriation	General	Other
	Allocations	Fund	Funds
1			
2			
3	* * * * *	* * * * *	
4	* * * * * Department of Natural Resources	* * * * *	
5	* * * * *	* * * * *	
6	Mental Health Capital Amendment -	460,000	460,000
7	Trust Land Office (ED 99)		
8	* * * * *	* * * * *	
9	* * * * * Department of Transportation/Public Facilities	* * * * *	
10	* * * * *	* * * * *	
11	Mental Health Capital Amendment -	150,000	75,000
12	Competitive Grants for		75,000
13	Beneficiary Transportation and		
14	Vehicles (ED 99)		
15	* Sec. 6 The following sets out the funding by agency for the appropriations made		
16	in Section 5 of this act.		
17	Department of Administration		
18	Mental Health Trust Authority Authorized Receipts	52,500	
19	Alaska Housing Finance Corporation Receipts	52,500	
20	*** Total Funding ***	\$105,000	
21	Department of Health and Social Services		
22	General Fund / Mental Health	262,500	
23	Mental Health Trust Authority Authorized Receipts	902,500	
24	Alaska Housing Finance Corporation Receipts	2,190,000	
25	*** Total Funding ***	\$3,355,000	
26	Department of Natural Resources		
27	Mental Health Trust Authority Authorized Receipts	460,000	
28	*** Total Funding ***	\$460,000	
29	Department of Transportation/Public Facilities		
30	General Fund / Mental Health	75,000	
31	Mental Health Trust Authority Authorized Receipts	75,000	
32	*** Total Funding ***	\$150,000	
33	The following summarizes the funding sources for the appropriations made in Section		
34	5 of this act.		
35	General Fund / Mental Health	337,500	
36	Mental Health Trust Authority Authorized Receipts	1,490,000	
37	Alaska Housing Finance Corporation Receipts	2,242,500	
38	* * * * * Total Budget * * * * *	\$4,070,000	

1 * Sec. 7 This act takes effect July 1, 1997.

HB 76 #1

AMENDMENT
to
CS HB76(FIN)

For the Senate Finance Committee

BY SENATOR PARNELL

Page 1, line 8, following "RECEIPTS"

INSERT

(a) Mental Health Trust Authority authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) that exceed the amounts appropriated by this Act, not to exceed a cumulative total of \$1,700,000, are appropriated conditioned upon compliance with the program review provisions of AS 37.07.080(h).

(b)

AMENDMENT

OFFERED IN THE SENATE

moved BY SENATOR PARNELL
w/o objection adopted

TO: SENATE (Fin) CSHB76(Fin)

Department of Transportation and Public Facilities

Mental Health Capital Amendment - Competitive Grants for Beneficiary
Transportation and Vehicles

Delete: Mental Health Trust Administration	75.0
Insert: Mental Health Trust Authority Authorized Receipts	75.0

HB 76 #3

AMENDMENT

to
CS HB76(FIN)

Offered in the Senate Finance Committee

moved BY SENATOR PARNELL
w/o objection adopted

ADD

Department: Health and Social Services
BRU: Public Assistance Administration
Component: Public Assistance Administration \$24.0 MHTAAR

HB 76 # 4

AMENDMENT

IN THE SENATE FINANCE COMMITTEE
TO SCS HB 76 (FIN)

moved BY SENATOR SHARP
w/o objection adopted

Add component to Section 5 (Operating)

Department:	Health and Social Services		
BRU:	Alcohol and Drug Abuse Services		
Component:	Alcohol and Drug Abuse Grants - Chronic Alcoholics Domiciliary Care Facilities	200.0	MHTAAR 1092

This amendment has no net effect on the Department's General Fund budget cap.

AMENDMENT

*moved by Sen. Parnell
w/o objection adopted*

OFFERED IN THE SENATE

TO: CSHB 76(FIN)

1 Page 1, line 8, following "RECEIPTS.":

2 Insert

3 "(a) Mental Health Trust Authority authorized receipts (AS 37.14.036) or
4 administration receipts (AS 37.14.036) that exceed the amounts appropriated by this Act, not
5 to exceed a cumulative total of \$1,700,000, are appropriated conditioned upon compliance
6 with the program review provisions of AS 37.07.080(h). It is the intent of the legislature that
7 requests for approval of revised programs may be submitted to the Legislative Budget and
8 Audit Committee through the program review process established under AS 37.07.080(h), and
9 that the revised programs be limited to only those items of an emergency nature, such as the
10 loss of funds if action is not taken until the next session of the legislature. Unless the
11 legislature has expressly provided through legislative intent that a revised program be
12 submitted to the Legislative Budget and Audit Committee for a particular agency or program,
13 the Legislative Budget and Audit Committee program review process should not be used to
14 restore funding for budget reductions made by the Twentieth Alaska State Legislature or for
15 program enhancements that must be considered by the full legislature at the next session of
16 the legislature. Requests for capital budget items should be limited to requests for review of
17 emergency items, such as flood damage repair from new federal funds. The Legislative
18 Budget and Audit Committee program review process should not be used to establish new
19 capital projects or to change funding sources for existing capital projects; such requests
20 should be held for consideration by the full legislature during the regular capital appropriation
21 process.

22 (b)"

HB 76 #6

4/14

D-GH0052\F.1
Utermohle
4/14/97

(JC)

w/o objection, adopted

AMENDMENT

OFFERED IN THE SENATE

TO: Draft SCS CSHB 76(FIN) ("F" Version, Dated 4/13/97)

- 1 Page 2, line 16, through page 3, line 5:
- 2 Delete all material.
- 3 Renumber the following bill sections accordingly.
- 4 Page 3, line 6:
- 5 Delete "SECTION 5"
- 6 Insert "SECTION 3"
- 7 Delete "PAGE 5"
- 8 Insert "PAGE 4"

HB

81

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 12, 1998

FURTHER REFERRALS:

Date of Committee Action: 5/1/98

The FINANCE Committee considered:

HB 81

HOUSE BILL NO. 81

PERMANENT FUND BOARD MEMBERS & STAFF

"An Act relating to the members of the board and staff of the Alaska Permanent Fund Corporation."

recommends it be replaced with the following committee substitute CSHB 81 (Fin) the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) HFC for PFDC zero fiscal note(s) op 1, 2/12/98

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Gene Therriault</u> Therriault				X
<u>Edon Muller</u> Muller	✓			
<u>Harry Martin</u> Martin			X	
<u>Viggo Kohring</u> Kohring	X			
<u>John Davies</u> Davies	X			
<u>Ben Gussendorf</u> Gussendorf	X			
<u>Charles Moses</u> Moses			X	
<u>Tommy Davis</u> Davis			X	
<u>Pat Kelly</u> Kelly			✓	

CHAIR'S SIGNATURE Gene Therriault

FISCAL NOTE

Bill Version: HB 81

(H) Publish Date: 2/12/98

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

Revision Date _____ Dept. Affected Office of the Governor
 Title "An Act relating to the members of the board
and staff of the Alaska Permanent Fund Corporation." BRU Executive Operations
 Component Executive Office
 Sponsor Representative James
 Requester House State Affairs Component Serial No. 6

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estim. any current year (FY98) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would not have a fiscal impact on the Office of the Governor.

Prepared by Michael A. Nizich, Administrative Director Phone 465-3876
 Division Administrative Services Date 2/2/98
 Approved by Jim Ayers, Chief of Staff Date 2/2/98
 Agency Office of the Governor

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSHB 81 (FIN)

Revision Date: _____
 Title: An Act relating to the members of the board and staff of the
Alaska Permanent Fund Corporation
 Sponsor: Representative James
 Requester: _____

Dept. Affected Alaska Permanent Fund Corp.
 BRU _____
 Component Alaska Permanent Fund Corp.
 Component Serial No. 109

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by Mark Hanley
 Rep. Mark Hanley, Co-Chair House Finance Committee

Gene Therriault
 Rep. Gene Therriault, Co-Chair House Finance Committee

Phone 465-4933
 Phone 465-4797
 Date 5/1/98

AMENDMENT

4

A docted

AS amended

OFFERED IN THE HOUSE

BY

DAVIES

TO: HB 81

Page 1, line 4, delete through page 2, line 7.

Page 2, line 9, following "a"

Delete "public"

Page 2, line 9, following "office"

Delete "only"

Page 2, line 10:

Delete "for cause"

Page 2, line 11, following "removal."

Insert "A removal by the Governor must be in writing and must state the reason for the removal; the reason ~~should~~^{may} not be based on the general decision to have the governor's own appointments on the board. ~~The governor may not request a member of the board to submit a resignation.~~"

Page 2, line 13, following "governor."

Delete through line 26

Page 3, line 5, delete through line 14.

fm 3
5/1/98
Sec 4: 6 only NO OBJ

HOUSE BILL NO. 81

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE JAMES

Introduced: 1/22/97

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the members of the board and staff of the Alaska
2 Permanent Fund Corporation."

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

4 * **Section 1.** AS 37.13.050(a) is amended to read:

5 (a) The Board of Trustees of the Alaska Permanent Fund Corporation consists
6 of seven [SIX] members appointed by the governor. Two of the members must be
7 heads of principal departments of state government, one of whom shall be the
8 commissioner of revenue. Five [FOUR] members shall be appointed by the governor
9 from the public and may not hold any other state or federal office, position, or
10 employment, either elective or appointive, except as a member of the armed forces of
11 either the United States or of this state.

12 * **Sec. 2.** AS 37.13.050(b) is amended to read:

13 (b) The [FOUR] public members of the board must have recognized
14 competence and wide experience in finance, investments, or other business

1 management-related fields, and at least one of the public members must have
2 recognized competence and experience in investment portfolio management.

3 * Sec. 3. AS 37.13.060 is amended to read:

4 **Sec. 37.13.060. Term of office.** The public members of the board shall be
5 appointed for terms of four years, and they may be reappointed. The terms of the
6 public members shall be staggered so that the terms of no more than two [ONE
7 TERM OF A] public ~~members expire~~ [MEMBER EXPIRES] each year.

8 * Sec. 4. AS 37.13.070(a) is amended to read:

9 (a) The governor may remove a public member of the board from office only
10 for cause. A removal by the governor must be in writing and must state the reason
11 for the removal. A member who is removed by the governor may not participate in
12 board business and may not be counted for purposes of establishing a quorum after the
13 member receives written notice of removal from the governor. In this subsection,
14 "cause" means

15 (1) incompetency, which is the inability or the unintentional or
16 intentional failure to perform the duties of the trustee; or

17 (2) misfeasance or malfeasance in office, which includes the failure
18 of the trustee to exercise prudent judgment in the affairs of the corporation or
19 intentionally taking action for reasons other than the financial best interest of the
20 corporation.

21 * Sec. 5. AS 37.13 is amended by adding a new section to read:

22 **Sec. 37.13.075. Limitations on governor.** (a) The governor shall base the
23 decision to appoint a board member solely on the financial best interest of the fund.

24 (b) The governor may not influence or attempt to influence the board to make
25 an investment decision that violates prudent investment principles.

26 (c) Violation of this section constitutes a violation of AS 39.52.

27 * Sec. 6. AS 37.13.100 is amended to read:

28 **Sec. 37.13.100. Corporation staff.** The board may employ and determine the
29 salary of an executive director. The executive director may, with the approval of the
30 board, select and employ additional staff as necessary. The executive director and
31 other employees with investment responsibilities serve at the pleasure of the

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1 board, except that the board may enter into employment contracts that do not
2 exceed two years' duration. An employee of the corporation, including the executive
3 director, may not be a member of the board. The executive director and the other
4 employees of the board are in the exempt service under AS 39.25.

5 * Sec. 7. AS 37.13.120(a) is amended to read:

6 (a) The prudent-investor rule shall be applied by the board in the management
7 and investment of fund assets. The prudent-investor rule as applied to investments of
8 the fund means that, in making investments, the board shall exercise the judgment and
9 care under the circumstances then prevailing that an institutional investor of ordinary
10 prudence, discretion, and intelligence exercises in the management of large investments
11 entrusted to it not in regard to speculation but in regard to the permanent disposition
12 of funds, considering probable safety of capital as well as probable income. Each
13 board member has a fiduciary duty to the fund, and each member shall perform
14 official actions solely in accordance with that duty.

withdrawn 5/1/98 am

AMENDMENT

1

OFFERED IN THE HOUSE

BY

DAVIES

TO: HB 81

Page 2, line 19, following "the"

Delete "financial"

Page 2

Delete lines 21 - 26

Page 3, line 14, following "actions"

Delete "solely"

Withdrawn 5/1/98 am

#2

A M E N D M E N T

OFFERED IN THE HOUSE

BY DAVIES

TO HB 8!

Page 2, line 2:

Delete "experience"

Insert "expertise"

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to the members of the board and staff of the BRU: Alaska Permanent Fund Corporation
Alaska Permanent Fund Corporation Component: Alaska Permanent Fund Corporation
 Sponsor: Representative James
 Requestor: State Affairs, Finance COMPONENT SERIAL NO. 109

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL	20.7	21.0	21.4	21.7	22.1	22.5
CONTRACTUAL	2.4	2.5	2.6	2.7	2.8	2.9
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	23.1	23.5	24.0	24.4	24.9	25.4
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1007 GF/Mental Health						
Other	23.1	23.5	24.0	24.4	24.9	25.4
TOTAL	0.0	23.5	24.0	24.4	24.9	25.4

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

- * This fiscal note assumes implementation on July 1, 1998 and projects costs associated with increasing the number of trustee public members from four to five.
- * Travel assumes five trips per year in-state and two trips per year out-of-state.
- * Transportation and lodging costs are assumed to increase at a rate of 4% per year; per diem and honorarium costs remain constant.
- * Contractual includes registration fees at two out-of-state seminars; costs are assumed to increase at a rate of 4% per year.
- * Other Fund Source: Corporate Receipts.

Prepared by: Byron I. Mallott, Executive Director Phone: (907) 465-2047
 Division: Alaska Permanent Fund Corporation Date: February 17, 1998
 Approved by Commissioner: Wilson L. Condon Date: _____
 Agency: Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

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PART-TIME						
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HOUSE COMMITTEE REPORT

2-12-98
Finance

(7)
 Date Referred to Committee: January 22, 1997

FURTHER REFERRALS:

Date of Committee Action: 2/12/98

The STATE AFFAIRS Committee considered:

HB 81

HOUSE BILL NO. 81

PERMANENT FUND BOARD MEMBERS & STAFF

“An Act relating to the members of the board and staff of the Alaska Permanent Fund Corporation.”

recommends it be replaced with the following committee substitute _____ [] the same title
[] a new title

[] additional referral to _____ Committee:
 [] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____

[] fiscal note(s) _____ [] fiscal note(s) _____

[] zero fiscal note(s) GOV [] zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
Dyson	✓			
Kezey			✓	
Hodgins			✓	
Ivan			✓	
	(1)		(3)	

Vice
 CHAIR'S SIGNATURE
Ivan

JEANNETTE JAMES

House Of Representatives

Lamenting the tremendous turnover in the top management of the Alaska Permanent Fund with both the Knowles and Hickel Administrations, HB 81 is designed to take the politics out of the Permanent Fund Board of Directors appointment process.

House Bill 81, "An Act relating to the members of the board and staff of the Alaska Permanent Fund Corporation." is designed to create continuity within the board by restricting *any* Governor's ability to remove board members without cause and creating staggered terms.

Presently the members serve at the pleasure of the Governor, HB 81 allows the Governor to replace members only for cause. The staggered term provision allows for continuity.

Governor Knowles vetoed similar legislation passed in the Nineteenth Legislature, disregarding a resolution from the Permanent Fund's Board urging him not to do so.

With the Fund breaching \$20 billion, it's in the States best interest to protect the fund from the political whims of changing administrations.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 465-2078

June 10, 1996

Honorable Tony Knowles
Governor
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Re: HCS CSSB 89(FIN) -- Relating to
the board and staff of the
Permanent Fund Corporation
Our file 883-96-0072

Dear Governor Knowles:

At your legislative office's request on your behalf, we have reviewed HCS CSSB 89(FIN), a bill relating to the board and staff of the Permanent Fund Corporation.

Section 1 of the bill would increase the number of members on the board from six to seven, by adding another public member appointed by the governor. Section 2 of the bill would require that at least one public member have "recognized competence and experience in investment portfolio management." Section 3 of the bill makes a technical change to conform to the increase in the number of public members. Section 4 of the bill would allow the governor to remove a public member only for cause, and defines cause as either incompetency or misfeasance or malfeasance in office. Section 5 of the bill would require the governor to base the decision to appoint a board member solely on the best financial interest of the fund, would prohibit the governor from attempting to influence the board to make an investment decision that violates prudent investment principles, and would make a violation of this section a violation of the executive branch ethics act (AS 39.52). Section 6 would provide that the fund executive director, and other fund employees with investment responsibilities, serve at the pleasure of the board, but would allow the board to enter into employment contracts with these employees that do not exceed two years in duration. Finally, sec. 7 of the bill would specify that each board member has a fiduciary duty to the fund, and must perform official actions solely in accordance with that duty.

As we indicated in testimony before the legislature, we believe that section 4 of this bill may violate your appointment power under art. III, sec. 26 of the Alaska Constitution, by making the

Hon. Tony Knowles, Governor
Our file: 883-96-0072

June 10, 1996
Page 2

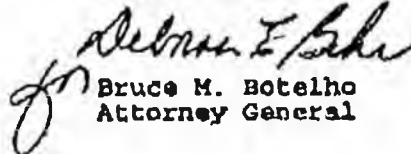
public members removable only for cause.¹ We have previously discussed this appointment power question in our review of the 1991 bill which would have established the Alaska State Pension Investment Board, and which also contained a removal-for-cause provision.² See 1991 Inf. Op. Att'y Gen. 311 (883-91-0071; June 11). What we said there is equally applicable here:

The removal-for-cause provision may constitute a usurpation of the executive power of appointment. The ability to remove an appointee is an incident of the power of the appointment. The governor's ability to assure that appointees remain faithful to his or her philosophies and programs is preserved when appointees may be removed at the governor's pleasure. Article III of the Alaska Constitution specifically authorizes the legislature to provide for the removal of members of regulatory and quasi-judicial boards and commissions. Alaska Const., art. III, sec. 26. There is no other specific grant of power to the legislature to prescribe grounds for removal for other agencies governed by a board. Because the corporation is not a regulatory or quasi-judicial agency, the legislature lacks the power to restrict the governor's removal power in the manner set out in this bill.

Id. at 312.

We find no other constitutional or legal problems with the bill.

Sincerely,


Bruce M. Botelho
Attorney General

¹ Comments by certain legislators indicated to us that this provision was included in lieu of a legislative confirmation requirement, which art. III, sec. 26 of the Alaska Constitution would not allow. Under that section, confirmation power is limited to those boards and commissions at the head of a principal department (such as the Board of Education) and those with regulatory or quasi-judicial powers. The board of the Permanent Fund Corporation is neither type of board. And the Alaska Supreme Court ruled in *Hradnar v. Hammond*, 353 P.2d 1 (Alaska 1975), that the legislature could not confer confirmation power upon itself beyond that specified in the constitution.

² That bill was vetoed by Governor Hickel, at our recommendation, because of numerous legal problems. A better bill establishing the investment board became law the next year.