

**ALASKA LEGISLATURE**

**2284**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002**

LAW#5

AMENDMENT

OFFERED TO SENATE FINANCE  
TO: SCS CSHB403/404

BY: Senator(s) Hoffman, Olson

ADD

Department: Law

BRU: Criminal Division

Component: Third Judicial District

<u>Fund Source</u>	<u>Amount</u>
General Fund	33.3

ADD

Department: Law

BRU: Criminal Division

Component: Fourth Judicial District

<u>Fund Source</u>	<u>Amount</u>
General Fund	70.9

ADD

Department: Law

BRU: Civil Division

Component: Human Services section

<u>Fund Source</u>	<u>Amount</u>
General Fund	148.3

*DESCRIPTION*

*This amendment fully funds the fiscal note for therapeutic court legislation (Ch 64, SLA 01) which will ensure adequate prosecutorial involvement in the program.*

AMENDMENT

LAW # 6

OFFERED TO SENATE FINANCE  
TO: S CS CS HB 403 (FIN)

BY: Senator(s) Hoffman, Olson

ADD

Department of Law	<u>Funding Source</u>	<u>Amount</u>
Criminal Division Third Judicial District	General Funds	\$168,400

*Explanation: This increment provides funds the fiscal note for new drunk driving legislation (Ch 63, SLA 2001). Passage of stiffer alcohol laws requires new prosecutors in Anchorage to handle the increased drunk driving prosecutions as a result of the .08 percent BAC and the changes to the "look-back" periods for repeat DWI and felony DWI offenses. Failure to adequately fund new staff required by the passage of this legislation will mean the level of prosecution will not meet the public's expectation.*

MILITARY & VETERANS'  
AFFAIRS

AMENDMENT

M&VA #1

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403 (FIN)

ADD

Department: Military and Veterans Affairs

BRU: Alaska National Guard

Component: Alaska Military Youth Academy

<u>Fund Source</u>	<u>Amount</u>
General Funds	240.000

*DESCRIPTION:*

*The payment of graduate stipends is essential to Phase III of the program, the twelve months after graduation. Every year since its inception the Alaska Military Youth Academy has paid a graduate stipend. Accommodating the stipends from existing resources will result in the lay-off of most divisional staff between classes.*

*The Federal grant allows a stipend payment of \$2.2 based on specified conditions. This amendment would fund a reduced stipend of \$1.5 per graduate.*

AMENDMENT

M & VA #2

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403 (FIN)

DELETE

Department: Military & Veterans Affairs

BRU: Alaska National Guard

Component: Alaska Military Youth Academy

<u>Fund Source</u>	<u>Amount</u>
Interagency Receipts	(S654,700)

ADD

Department: Military and Veterans Affairs

BRU: Alaska National Guard

Component: Alaska Military Youth Academy

<u>Fund Source</u>	<u>Amount</u>
General Funds	S654,700

**DESCRIPTION:**

*The Senate Finance Subcommittee approved a fund change from general funds to inter-agency receipts that are dependent on the passage of HB 312. HB312 proposes to fund the Alaska Military Youth Academy based on a per-student count formula. The House passed this legislation and the bill is awaiting Senate action.*

*Without the certainty of the passage of HB 312 for FY03, if this funding is not restored, it may result in the loss of the full base ChalleNGe grant from the federal government and result in total closure of the program.*



PUBLIC SAFETY

DPS#1

AMENDMENT

OFFERED TO SENATE FINANCE  
TO: SCS CSHB 403/404 (FIN)

BY: Senator(s) Hoffman, Olson

ADD

Department: Public Safety  
BRU: Statewide Support  
Component: Administrative Services

<u>Fund Source</u>	<u>Amount</u>
General Funds	\$707.2

Explanation:

*Restore Centralized Administrative function so field staff can concentrate on field duties*

*The Senate Finance Subcommittee proposal to reduce funding to the Division of Administrative Services will have a direct impact on public safety by taking troopers out of the field to perform administrative functions and would cripple management and financial support to all divisions and programs. At a minimum, workload for 11 of the 28 authorized positions would need to be charged out or shifted to line divisions. Either method would have the effect of seriously reducing the commissioned divisions' presence in the field since the majority of the Department's administrative support is dedicated for trooper and fish and wildlife protection services and funds or support would need to be diverted to accomplish necessary administrative work.*

AMENDMENT

DPS #2

OFFERED TO SENATE FINANCE  
TO: SCS CSHB 403(FIN)

BY: Senator(s) Hoffman, Olson

ADD

Department: Public Safety  
BRU: ~~Commissioner's Office~~ of the Commissioner  
Component: Commissioner's Office

Fund Source	Amount
General Funds	\$278.0

*Explanation:*

*Restore non-trooper portion of Agency-wide unallocated reduction.*

*These funds are needed to provide essential support services to public safety activities, and include direct trooper support activities, such as crime lab analysis and support for the department's information systems, and other public safety activities, such as fire safety inspections for schools and other public buildings.*

AMENDMENT

DPS#3

OFFERED TO SENATE FINANCE  
TO: SCS CSHB 403/404 (FIN)

BY: Senator(s) Hoffman, Olson

ADD

Department: Public Safety  
BRU: Alaska State Trooper Detachments  
Component: Alaska State Trooper Detachments

<u>Fund Source</u>	<u>Amount</u>
General Funds	\$825.0

Explanation:

*Add 5 new troopers for investigating serious reports of harm to children.*

*The Senate Finance Subcommittee proposal does not include funding for 5 new Alaska State Troopers requested by the Governor to work exclusively on child abuse investigations. Without these additional troopers, an immediate response to these serious crimes is often not possible and the backlog of investigations involving sexual abuse, serious physical abuse and criminal exploitation of children will continue. The areas with the greatest current need for these investigators are Palmer, Fairbanks and Soldotna.*

DPS #4

AMENDMENT

OFFERED TO SENATE FINANCE  
TO: SCS CSHB 403/404 (FIN)

BY: Senator(s) Hoffman, Olson

ADD

Department: Public Safety  
BRU: ~~Commissioner's Office~~ of the Commissioner  
Component: Commissioner's Office

<u>Fund Source</u>	<u>Amount</u>
General Funds	\$95.2

Explanation:

*Restore Public Safety oversight capability.*

*The subcommittee recommended a reduction of general funds in the Commissioner's Office. These reductions will result in the loss of 2 positions or reassignment of line division staff to the Commissioner's Office. This cut would have a serious impact on the ability of the Commissioner's Office to provide:*

- *oversight or state public safety management and strategic planning;*
- *oversight of mission-critical public safety services with adverse, possibly life threatening affects to the public during times of public safety crises, prevention and investigation of crimes, and search and rescue missions throughout the state;*
- *timely responses to citizens inquiries and complaints;*
- *timely responses to legislative inquiries (including bill analysis, fiscal notes, testimony at hearings and general information);*
- *oversight of division compliance with statutory and legislative mandates (including missions and measures);*
- *oversight of labor issues (grievances, arbitration hearings, negotiation of resolution to problems); and*
- *analysis of changes to or adoption of regulations.*

AMENDMENT to SCS CSHB 403(FIN), Draft Version \_\_

DPS#5

Offered By:

Senator Hoffman, Olson

ADD

Department: Public Safety  
BRU: Fish and Wildlife Protection  
Component: Enforcement

Fund Source	Amount
General Funds	\$154.6

Explanation:

Fund FWP increased fuel costs.

The Senate Finance Subcommittee proposal not to fund projected fuel costs could significantly impact the ability of troopers to perform field activities. If prices stay at current levels, taking enforcement vessel(s) out of service and additional staff layoffs would have to occur.





AMENDMENT'

DOT #1

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403 (FIN)

Department: Transportation and Public Facilities

Page 58, line 16:

Delete: \$39,120,600

Insert: \$45,769,800

ADD

BRU: ~~Alaska~~ Marine Highway System

Component: <sup>marine</sup> Vessel Operations

<u>Fund Source</u>	<u>Amount</u>
___ Alaska Marine Highway Fund	\$6,649.2

**DESCRIPTION:**

*The Alaska Marine Highway Fund was created to provide stability during times of transition and unexpected events. In the past few years, AMHS has experienced several events that contributed to the fund's depletion. Rather than stopping service, the State has drawn upon the Fund balance to provide continued and predictable service. The fund will be empty this year. Continued rising costs to operate the system have resulted in increased appropriation need.*

*This amendment would restore weeks of service that will be lost with the lay up of the Taku and Columbia, and the surplus of the Malaspina. Will restore service levels to Bellingham, Prince Rupert, SE Panhandle and North Lynn Canal.*

AMENDMENT

DOT #2

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403 (FIN)

ADD

Department: Transportation and Public Facilities

BRU: Highways and Aviation

Component: Southeast Region Highways and Aviation

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$475,000

*DESCRIPTION:*

*Restore maintenance to Category III roads in Juneau, Skagway, Ketchikan, Haines, Klawock, Gustavus*

*This amendment will restore equipment operator positions in Gustavus (1PT), Haines (1FT, 1PT), Juneau (1FT), Skagway (1FT, 1PT), Klawock (1FT), and Ketchikan (1FT). It will also restore winter snow removal and year round maintenance on 170 lane miles of highways in Southeast communities. Summer maintenance will also be restored to current levels to avoid degradation of the highways.*

*Category III roads include such roads as Mendenhall Peninsula, Montana Creek, Pt. Lena Loop in Juneau Old South Tongass, Cemetery Road, Shoreline Drive, and Totem Bite in Ketchikan Lutak Road and Mud Bay in Haines*

AMENDMENT

DOT #3

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403 (FIN)

ADD

Department: Transportation and Public Facilities

BRU: Highways and Aviation

Component: Central Region Highways and Aviation

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$514,600

Component: Northern Region Highways and Aviation

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$616,900

**DESCRIPTION:**

*Restore maintenance station closures and partial closures.*

*Central Region*

*Willow Maintenance Station                      \$292,700 general fund*

*Restore 2 FT equipment operators. Station will return to single shift, 7 day a week operation with full contingent of equipment and commodities to maintain the Parks Highway from Big Lake up to Chulitna area.*

*Kalsin Bay Maintenance Station                      \$221,900 general fund*

*Restore full time operation with 2 FT operators and all equipment and commodities to previous levels. This will provide 7 day a week coverage of the Chiniak and Pasaghak Highways. This will allow much more efficient operation rather than relying on equipment and personnel traveling 24 miles from Kodiak to Kalsin Bay to perform road maintenance.*

*Northern Region*

*Birch Lake Maintenance Station                      \$185,000 general fund*

*Restore one equipment operator, a dump truck, a loader, and a grader. The level of service will be restored on the Richardson Highway in the area of Birch Lake. This action will enable crews*

*to respond timely to storm events. It will avoid road closures, increased delays and reduced legal speed limits.*

*Chitina Maintenance Station                      \$431,900 general fund*

*Restore two full time and one seasonal position, a grader, truck, loader and associated consumables. Service levels will be restored to Edgerton Highway, Village of Chitina, Kenny Lake School District and the Chitina dipnet fishery.*

AMENDMENT

DOT #4

OFFERED TO SENATE FINANCE  
TO: SCS CSHB 403 (FIN)

BY: Senator(s) Hoffman, Olson

Department: Transportation and Public Facilities

DELETE

BRU: Traffic Signal Management

Component: Traffic Signal Management

<u>Fund Source</u>	<u>Amount</u>
__ General Fund	(S309.0)

ADD

BRU: Highways and Aviation

Component: Central Region Highways and Aviation

<u>Fund Source</u>	<u>Amount</u>
Anchorage Snow Hauling __ General Fund	S200.0
Central Region H&A Fuel Cost Increases _ General Fund	S109.0

**DESCRIPTION:**

*This amendment will restore 2 snow hauls that have been reduced from the budget and will avoid the layoff of 1 full time and 1 seasonal equipment operators.*

AMENDMENT

DOT# 5

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403 (FIN)

ADD

Department: Transportation and Public Facilities

BRU: Statewide Facility Maintenance and Operations

Component: Central Region Facilities

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$130,000

*DESCRIPTION:*

*Restore cuts to Central Region facilities*

*Restore 2 FT building specialists to maintain the Highway Maintenance Stations and 199 other buildings owned and maintained by DOT&PF. The plumber and electrician would be able to keep buildings from further deterioration and provide continual operation so that highway crews can accomplish their work.*



AMENDMENT

UNIV# 1

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403/404(FIN)

ADD

Department: University of Alaska

BRU: \_\_\_\_\_

Component: Budget Reductions/Additions- ~~Statewide~~ Systemwide

Fund Source

Amount

General Fund

\$8,989,700

**DESCRIPTION:**

*This amendment fully funds the Board of Regents University of Alaska FY2003 request.*

AMENDMENT

UNIV #2

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman. Olson

TO: SCS CSHB 403/404(FIN)

DELETE

Department: University of Alaska

Component: Fairbanks Organized Research

<u>Fund Source</u>	<u>Amount</u>
Science and Tech Endowment	-S2,315,000

ADD

Department: University of Alaska

Component: Fairbanks Organized Research

<u>Fund Source</u>	<u>Amount</u>
General Fund	S2,315,000

*Description: This amendment replaces a new proposed inappropriate funding source to the university with general funds to maintain base funding.*

AMENDMENT

UNIV.#3

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403/404(FIN)

ADD

Department: University of Alaska

BRU: \_\_\_\_\_

Component: Budget Reductions/Additions- ~~Statewide~~ Systemwide

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$800,000

**DESCRIPTION:**

Currently the University scholars program is funded through the Natural Resources Fund (NRF) at an FY02 costs of \$1.9 million. University's commitment to the Scholars program has fully utilized available Natural Resource Fund resources. The FY03 estimated cost of the UA Scholars program is \$2.7 million. This \$800.0 request will fund the cost in excess of what is available from NRF resources.



GOV #1

AMENDMENT

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: S CS CS HB 403 (FIN)

ADD

Governor

Agencywide Reductions	<u>Fund Source</u>	<u>Amount</u>
Agencywide Unallocated Reduction	General Funds	567,000

*Explanation: This unallocated cut would reduce departmental employees by an estimated 9 full-time positions. The reduction will significantly reduce the resources available to a new governor in establishing the new administration and operations of the Governor's Office.*

AMENDMENT

GOV#2

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: S CS CS HB 403 (FIN)

ADD

Governor

Agencywide Reductions

Agency-wide Unallocated  
Reductions

Fund Source

Amount

General Funds

\$243,400

G/F Match

24,200

*Explanation: This amendment would restore the unallocated reduction of \$267,600 that is equivalent to the amount needed to fund labor costs in FY2003. Not funding the Year 3 labor costs will force vacant at least 3 departmental positions. This will further impede the new administration.*

AMENDMENT

GOV # 3

OFFERED TO SENATE FINANCE  
TO: SCS CSHB 403 (FIN)

BY: Senator(s) Hoffman, Olson

ADD

Department: Governor

BRU: Governmental Coordination

Component: Governmental Coordination

<u>Fund Source</u>	<u>Amount</u>
Federal Funds	\$350,000

*DESCRIPTION:*

*Anticipated increase in Alaska's allocation for the federal 6217 coastal nonpoint source pollution program funding.*

*No additional general funds are required to match this increased allocation.*







AMENDMENT

LANG#1

OFFERED TO SENATE FINANCE

BY: Senator(s) Hoffman, Olson

TO: SCS CSHB 403 (FIN)

Page 53, line 7:

**DELETE**

"INTENT AND FINDINGS. (a) It is the intent of the legislature that the amounts appropriated by this Act are the full amounts that will be appropriated for those purposes for the fiscal year ending June 30, 3003.

(b)"

*It appears that this section initiates the action outlined in SB 182 (the Pro-Rata Bill), particularly with the reductions to formula programs in DHSS (Adult Public Assistance and Foster Care).*

AMENDMENT

LANG#2

OFFERED TO SENATE FINANCE  
TO: SCS CSHB403/404 (FIN)

BY: Senator(s) Hoffman, Olson

Page 58, following subsection (b) under Learning Opportunity Grants

Insert a new subsection to read:

( c ) It is the intent of the legislature that the funding allocated for Learning Opportunity Grants be allocated to school districts based on the school district's adjusted average daily membership. It is further the intent of the legislature that if legislation is approved by the Twenty-Second Alaska State Legislature to increase the quality school grants within the public school funding program, that this funding will be utilized for that increase rather than for Learning Opportunity Grants.

ADOPTED AMENDMENTS

C&ED #1

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: SCS CSHB 403(FIN). Draft Version "R"

ADD:

**Department of Community and Economic Development**

BRU: Community Assistance & Economic Development

Component: Community and Business Development

160,000 General Funds

(160,000) Inter-Agency Receipts

AMENDMENT

COR#10

OFFERED IN THE SENATE

BY SENATOR WARD

TO: SCS CSHB 403(FIN), Draft Version "R"

**DELETE:**

**Department of Corrections**

BRU: Administration & Operations

Component: Correctional Industries Administration

(207,100) General Funds

**ADD:**

**Department of Corrections**

BRU: Community Residential Centers

Component: Existing Community Residential Centers

207,100 General Funds

Amendment

H4SS#1

OFFERED IN SENATE FINANCE

TO: CS HB 403/HB 404(FIN)

Offered by Sen. Green

ADD

Department: Health and Social Services

BRU: State Health Services

Component: Emergency Medical Services (EMS) Grants

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$204,300

DELETE

Department: Health and Social Services

BRU: State Health Services

Component: Community Health Grants

<u>Fund Source</u>	<u>Amount</u>
General Fund	\$204,300

*This amendment moves \$204,300 from Community Health Grants to EMS Grants. The Community Health Grants line is larger and can more readily absorb a cut of this size. In addition the Community Health Grantees are receiving increasing amounts of Federal and other funds to make up the general fund shortfall.*

AMENDMENT

L&WD#1

OFFERED IN THE SENATE

BY SENATOR AUSTERMAN

TO: SCS CSHB 403(FIN), Draft Version " "

DELETE Department: Labor and Workforce Development

BRU: Employment Security

Component: Employment Services

<u>Fund Source</u>	<u>Amount</u>
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General Funds	(8,900)
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ADD Department: Labor and Workforce Development

BRU: Labor Standards and Safety

Component: Mechanical Inspection

<u>Fund Source</u>	<u>Amount</u>
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General Funds	8,900
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DESCRIPTION:

This technical amendment corrects an error made in the previously approved amendment titled Multi #1 which reduced the Mechanical Inspection Component by 110.0. The 110.0 reduction to Labor and Workforce Development should have been a reduction of 101.1 in the Mechanical Inspection Component for FY 03 Governor increases to this component (funded by Senate Finance Subcommittee) and a reduction of 8.9 for FY 03 Governor increases in the Employment Services Component.

DNR#1

AMENDMENT

OFFERED IN THE SENATE

BY: Senators Leman, Green

TO: SCS CSHB 403(FIN)

Sec. \_ McKinley Meat Packing Plant. The sum of \$300,000 is appropriated from the agriculture revolving loan fund to the Department of Natural Resources, Division of Agriculture, for the fiscal year June 30, 2003, for part time operation and preparation for transfer to the private sector of the McKinley meat packing plant. The Department of Natural Resources will provide a report to the legislature by February 1, 2003, on actions taken toward implementation of a plan to transfer the meat packing plant to the private sector.

*Explanation:*

*The McKinley Meat Packing Plant is owned by the ARLF and has been operated by the Department of Corrections for a number of years at a cost of \$300,000 per year. This appropriation is intended to keep the plant open for one year and help move the meat plant to the private sector.*

**AGRICULTURAL REVOLVING LOAN FUND**  
**Summary of Resume Loan Balances**  
**FY 02**

Beginning Balance per Resume	7/1/2001	\$11,913,850
<b><u>Additions</u></b>		
New Loans / Advances	\$1,292,866	
Loan Modifications	0	
Contracts for Sale of Assets	495,000	
Judgments	0	
Notes Receivable	0	
<b>Net Additions</b>	<u>1,787,866</u>	<b>1,787,866</b>
<b><u>Payments</u></b>		
Cash	(1,469,368)	
Non-Cash	0	
<b>Net Payments</b>	<u>(1,469,368)</u>	<b>(1,469,368)</b>
<b><u>Write-offs</u></b>		
Hendershot	(248,189)	
Wassink	(668,916)	
<b>Net Write-offs</b>	<u>(917,105)</u>	<b>(917,105)</b>
Ending Balance per Resume	2/28/2002	<u>\$11,315,244</u>

AMENDMENT

LANG#3

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: SCS CSHB 403(FIN). Draft Version "R"

- 1) Amend language in section 11.

Page 53, line 23:

Delete "relative"

Insert "compared"

Page 53, line 26, following "Act.":

Insert "Each department of state government will be held accountable for its actions, including compliance with appropriation made in sec. X of this Act."

- 2) Amend section 12 to reduce the amount of "second-half" money that can be moved (via the LB&A Committee review process) to the "first-half" of the year.

Page 53, line 27, following "Act.":

Insert "an amount not to exceed two percent of"

- 3) Identify the appropriations that are excluded from the process (that is, they get full year appropriations in sections 1, 2 and 3 of the bill). Sections 2 and 3 are fund roll-ups by agency and statewide. Excluded appropriations consist of:

- All language appropriations (sections 10 through end of bill)
- All formula programs
- The University of Alaska
- Courts
- Legislature
- Other Allocations specified in the attached list

- 4) Divide the remainder of all appropriations in half. The half-year appropriations will appear as sections 4 through 9. (Sections 5 and 7 are fund roll-ups by agency and sections 8 and 9 are fund roll-ups statewide.)

Insert lead-in language in Section 4.

The following appropriation items are for operating expenditures from the general fund or other funds as set out in section 5 of this Act to the agencies named for the purposes expressed for the portion of the fiscal year beginning July 1, 2002 and ending December 31, 2002, unless otherwise indicated. A department-wide, agency-wide, or branch-wide unallocated reduction or increase set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch.

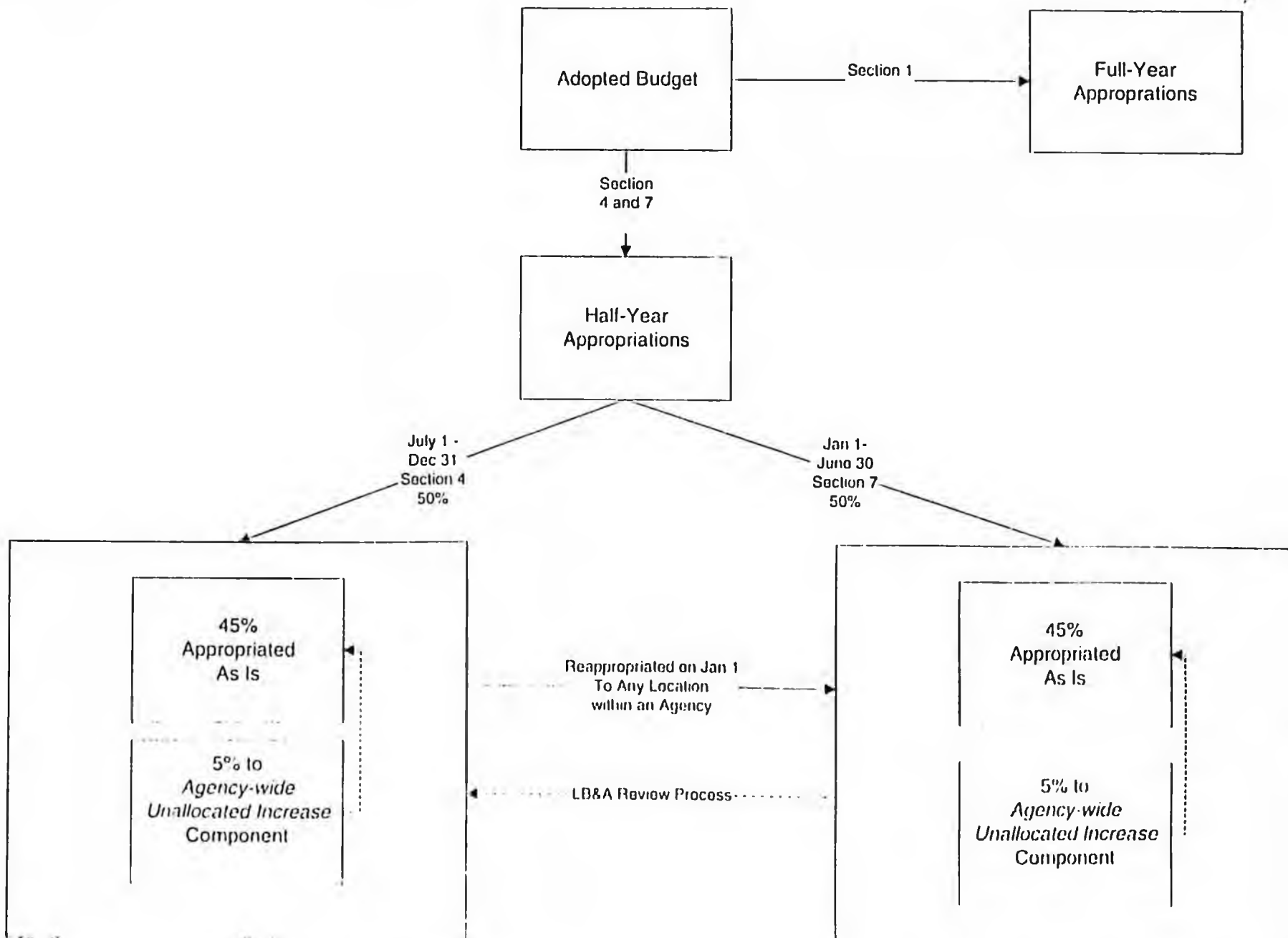
Insert lead-in language in Section 7.

The following appropriation items are for operating expenditures from the general fund or other funds as set out in section 8 of this Act to the agencies named for the purposes expressed for the portion of the fiscal year beginning January 1, 2003 and ending June 30, 2003, unless otherwise indicated. A department-wide, agency-wide, or branch-wide unallocated reduction or increase set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch.

5) In sections 4 and 7, reduce each allocation by 10%, and appropriate that 10% to new *Agency-wide Unallocated Increases* components in each agency.

Section 11 of draft version R differs from the house version of HB 403: it clarifies that accounting is to be on a cash basis (thus minimizing effort associated with the December 31 close-out) and it includes intent language regarding reports to the legislature.

FY03 Operating Budget - Senate Version



## **Exempt from Bifurcation**

### **Department of Administration**

#### **Special Systems**

- Unlicensed Vessel Participant Annuity Retirement Plan
- Elected Public Officers Retirement System Benefits

#### **Longevity Bonus Grants**

- Longevity Bonus Grants

### **Department of Community and Economic Development**

#### **State Revenue Sharing**

- State Revenue Sharing
- Municipal Assistance
- National Program Receipts
- Fisheries Business Tax

#### **Safe Communities Program**

- Safe Communities Program

#### **Qualified Trade Association Contract**

- Qualified Trade Association Contract

#### **Alaska Aerospace Development Corporation**

- Alaska Aerospace Development Corporation
- Alaska Aerospace Development Corporation Facilities Maintenance

#### **Fisheries Enhancement Tax Receipts**

- Fisheries Enhancement Tax Receipts

#### **Alaska Industrial Development and Export Authority**

- Alaska Industrial Development and Export Authority
- Alaska Industrial Development Corporation Facilities Maintenance
- Alaska Energy Authority Statewide Operations and Maintenance

#### **Rural Energy Programs**

- Energy Operations
- Circuit Rider

#### **Alaska Science and Technology Foundation**

- Alaska Science and Technology Foundation

#### **Alaska Seafood Marketing Institute**

- Alaska Seafood Marketing Institute

### **Department of Education and Early Development**

#### **K-12 Support**

- Foundation Program
- Tuition Students
- Boarding Home Grants
- Youth in Detention
- Schools for the Handicapped
- Community Schools

## **Exempt from Bifurcation**

### **Department of Education and Early Development**

#### **K-12 Support**

Schools for the Handicapped

Community Schools

#### **Pupil Transportation**

Pupil Transportation

### **Alaska Postsecondary Education Commission**

Western Interstate Commission for Higher Education-Student Exchange Program

### **Department of Environmental Conservation**

#### **Air and Water Quality**

Air and Water Director

Air Quality

Water Quality

Commercial Passenger Vessel Environmental Compliance Program

### **Department of Health and Social Services**

#### **Public Assistance**

Alaska Temporary Assistance Program

Adult Public Assistance

General Relief Assistance

Old Age Assistance-Alaska Longevity Bonus (ALB) Hold Harmless

Permanent Fund Dividend Hold Harmless

Tribal Assistance Programs

#### **Medical Assistance**

Medicaid Services

#### **Catastrophic and Chronic Illness Assistance**

Catastrophic and Chronic Illness Assistance (AS 47.08)

#### **Public Assistance Administration**

Child Care Benefits

#### **Children's Health Eligibility**

Children's Health Eligibility

#### **Purchased Services**

Foster Care Base Rate

Foster Care Augmented Rate

Foster Care Special Need

Foster Care Alaska Youth Initiative

Subsidized Adoptions & Guardianship

Court Orders and Reunification Efforts

### **Department of Military and Veterans Affairs**

#### **Alaska National Guard Benefits**

Retirement Benefits

## **Exempt from Bifurcation**

### **Department of Revenue**

Permanent Fund Corporation

Permanent Fund Corporation

Alaska Housing Finance Corporation

Alaska Housing Finance Corporation Operations

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

International Airports

International Airport Systems Office

Anchorage Airport Administration

Anchorage Airport Facilities

Anchorage Airport Field and Equipment Maintenance

Anchorage Airport Operations

Anchorage Airport Safety

Fairbanks Airport Administration

Fairbanks Airport Facilities

Fairbanks Airport Field and Equipment Maintenance

Fairbanks Airport Operations

Fairbanks Airport Safety

Marine Highway System

Marine Vessel Operations

Marine Engineering

Overhaul

Reservations and Marketing

Southeast Shore Operations

Southwest Shore Operations

Vessel Operations Management

Southeast Vessel Operations

Southwest Vessel Operations

### **University of Alaska**

University of Alaska

Budget Reductions/Additions - Systemwide

Statewide Programs and Services

Statewide Services

Statewide Networks (ITS)

University of Alaska Anchorage

Anchorage Campus

Kenai Peninsula College

Kodiak College

Matanuska-Susitna College

Prince William Sound Community College

University of Alaska Fairbanks

Cooperative Extension Service

Bristol Bay Campus

## **Exempt from Bifurcation**

### **University of Alaska**

#### **University of Alaska Fairbanks**

- Chukchi Campus
- Fairbanks Campus
- Fairbanks Organized Research
- Interior-Aleutians Campus
- Kuskokwim Campus
- Northwest Campus
- Rural College
- Tanana Valley Campus

#### **University of Alaska Southeast**

- Juneau Campus
- Ketchikan Campus
- Sitka Campus

### **Alaska Court System**

#### **Alaska Court System**

- Appellate Courts
- Trial Courts
- Administration and Support
- Agency-wide Unallocated Reduction

#### **Commission on Judicial Conduct**

- Commission on Judicial Conduct

#### **Judicial Council**

- Judicial Council
- Courtwatch

### **Legislature**

#### **Budget and Audit Committee**

- Legislative Audit
- Ombudsman
- Legislative Finance
- Committee Expenses
- Legislature State Facilities Rent

#### **Unallocated Reduction**

- Agency-wide Unallocated Reduction

#### **Legislative Council**

- Salaries and Allowances
- Administrative Services
- Session Expenses
- Council and Subcommittees
- Legal and Research Services
- Select Committee on Ethics
- Redistricting Board

## **Exempt from Bifurcation**

### **Legislature**

Legislative Operating Budget

Legislative Operating Budget

### **Debt Service and Special Appropriations**

#### **Debt Service**

Debt Retirement Fund

Certificates of Participation

School Debt Reimbursement

Alaska Clean Water Fund Revenue Bonds

Alaska Drinking Water Fund Revenue Bonds

International Airport Revenue Bonds

#### **Special Appropriations**

Anchorage Jail Lease

#### **Fund Transfers**

Alaska Children's Trust

Alaska Clean Water Fund

Alaska Drinking Water Fund

Disaster Relief Fund

Fish and Game Fund

Marine Highway Stabilization

Municipal Capital Project Matching Grant Fund

Oil and Hazardous Substance Release Prevention Account

Oil and Hazardous Substance Release Response Account

Power Cost Equalization and Rural Electric Capitalization Fund

Permanent Fund Dividend Fund

Storage Tank Assistance Fund

Unincorporated Community Capital Project Matching Grant Fund

Power Project Fund

MULTI #1

22-LS1295 R.4  
Utermohle  
4/18/02

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: SCS CSHB 403(FIN), Draft Version "R"

1 Page 53, line 7:

2 Delete "FINDINGS."

3 Insert "INTENT AND FINDINGS. (a) It is the intent of the legislature that the  
4 amounts appropriated by this Act are the full amounts that will be appropriated for those  
5 purposes for the fiscal year ending June 30, 2003.

6 (b)"

OFFERED IN THE SENATE

TO: SCS CSHB 403(FIN), Draft Version "R"

1 Page 54, lines 14 - 16:

2 Delete all material and insert:

3 "\* Sec. 15. ALASKA HOUSING FINANCE CORPORATION. (a) The board of directors  
4 of the Alaska Housing Finance Corporation anticipates that the net income from the second  
5 preceding fiscal year will be available in each of the fiscal years 2004 through 2008. During  
6 fiscal year 2003, the board of directors anticipates that \$103,000,000 will be available for  
7 payment of debt service, appropriation for capital projects, and transfer to the Alaska debt  
8 retirement fund (AS 37.15.011). Of that amount, approximately \$84,299,967 will be retained  
9 by the corporation for the following purposes:

10 (1) \$1,000,000 for debt service on University of Alaska, Anchorage,  
11 dormitory construction, authorized under ch. 26, SLA 1996;

12 (2) \$37,986,612 for debt service on the bonds authorized under sec. 2(c),  
13 ch. 129, SLA 1998;

14 (3) \$12,013,355 for debt service on the bonds authorized under sec. 10.  
15 ch. 130, SLA 2000;

16 (4) \$33,300,000 for capital projects.

17 (b) After deductions for the items set out in (a) of this section are made, any  
18 remaining balance of the \$103,000,000 anticipated by the board of directors of the Alaska  
19 Housing Finance Corporation to be available in fiscal year 2003 is appropriated to the Alaska  
20 debt retirement fund (AS 37.15.011)."

21

22 Reletter the following subsections accordingly.

23

24 Page 54, line 28:

1 Delete "(b)"

2 Insert "(c)"

3

4 Page 55, line 3:

5 Delete "(b)"

6 Insert "(c)"

7

8 Page 58, line 4:

9 Delete "The sum of \$12,372,000"

10 Insert "(a) The sum of \$16,510,000"

11

12 Page 58, following line 15:

13 Insert a new subsection to read:

14           "(b) The unexpended and unobligated general fund balance of that portion of  
15 the appropriation made by sec. 1, ch. 60, SLA 2001, page 11, line 30, that is allocated  
16 on line 31 (Foundation Program - \$665,017,700) is reappropriated to the Department  
17 of Education and Early Development for the fiscal year ending June 30, 2003, for  
18 payment as learning opportunity grants to school districts based on the school district's  
19 average daily membership to pay for instructional programs intended to improve  
20 student performance. Learning opportunity grants will provide the opportunity to  
21 move schools toward standards-based education, including vocational education  
22 programs. The increased funding is available to pay for costs associated with  
23 improving student performance by developing standards-based programs, including  
24 implementation of standards, aligning student assessment to standards, adopting  
25 instructional models based on basic skills, performance tasks, and projects, and  
26 adopting a standards-based reporting system. Accomplishing this goal may include  
27 acquisition of text books and other educational material."

28

29 Page 62, line 2:

30 Delete "\$27,710,800"

31 Insert "\$14,663,600"

1

2 Page 63, lines 2 - 10:

3 Delete all material and insert:

4 "(k) The sum of \$2,061,400 is appropriated from the tobacco use education  
5 and cessation fund (AS 37.05.580) to the Alaska debt retirement fund (AS 37.15.011).6 (l) The sum of \$100,000 is appropriated from the investment loss trust fund  
7 (AS 37.14.300) to the Alaska debt retirement fund (AS 37.15.011).8 (m) The sum of \$783,100 from the fiscal year 2003 dividend that is declared  
9 by the Alaska Commission on Postsecondary Education is appropriated from the  
10 education loan fund (AS 14.42.210) to the Alaska debt retirement fund  
11 (AS 37.15.011).12 (n) The balance, including unobligated and unencumbered earnings, of the  
13 international trade and business endowment (AS 37.17.440) on July 1, 2002 is  
14 appropriated to the Alaska debt retirement fund (AS 37.15.011)."

15

16 Page 64, line 16:

17 Delete "15(a)"

18 Insert "15(b)"

19 Following "34(g),":

20 Insert "34(k), 34(l), 34(m), 34(n),"

21

22 Page 64, following line 18:

23 Insert a new bill section to read:

24 "\*\* Sec. 41. Section 24(b) of this Act takes effect June 30, 2002."

25

26 Renumber the following bill section accordingly.

27

28 Page 64, line 19:

29 Delete "sec. 40"

30 Insert "secs. 40 and 41"

OFFERED IN THE SENATE

TO: SCS CSHB 403(FIN), Draft Version "R"

1 Page 20, line 33:

2 Delete "111,897,700"

3 Insert "111,997,700"

4 Delete "85,837,000"

5 Insert "85,937,000"

6 *100,000 increase fee supported services*

7 Page 21, line 14:

8 Delete "17,833,000"

9 Insert "17,933,000"

10 *100,000 increase fee supported services*

11 Page 57, following line 26:

12 Insert a new bill section to read:

13 **\*\* Sec. 23. DEPARTMENT OF HEALTH AND SOCIAL SERVICES.** The amount  
14 appropriated to the Department of Health and Social Services for community  
15 health/emergency medical services under the appropriation for state health services in sec. 1  
16 of this Act includes the unexpended and unobligated receipts from business license  
17 endorsement fees collected under AS 43.70.075 by the Department of Community and  
18 Economic Development during the fiscal years ending June 30, 2002, and June 30, 2003."

19

20 Renumber the following bill sections accordingly.

21

22 Page 64, line 16:

23 Delete "25, 28, 29, 34(c), 34(i), 34(j), and 36"

24 Insert "26, 29, 30, 35(c), 35(i), 35(j), and 37"

1

2 Page 64, line 18:

3 Delete "Section 35(b)"

4 Insert "Section 36(b)"

5

6 Page 64, following line 18:

7 Insert a new bill section to read:

8 "\* Sec. 42. Section 23 of this Act takes effect June 30, 2002."

9

10 Renumber the following bill section accordingly.

11

12 Page 64, line 19:

13 Delete "sec. 40"

14 Insert "secs. 41 and 42"

ADD

Department of Labor and Workforce Development

BRU: Labor Standards and Safety

Component: Alaska Safety Advisory Council

Add the following language:

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2002, of the Department of Labor and Workforce Development, Alaska Safety Advisory Council receipts under AS 18.60.840.

**DESCRIPTION:**

*This amendment is identical to language the House accepted and provides the Alaska Safety Advisory Council the ability to expend receipts received for the Governor's annual safety conference.*

ADD

Department of Natural Resources

BRU: Forestry Management and Development

Component: Forestry Management and Development

Add the following language:

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2002, of the timber receipts accounts (AS 38.05.110).

**DESCRIPTION:**

*This amendment is identical to language the House accepted and provides the Forestry Management and Development increased timber receipt authority.*

Add (delete) the amounts specified in various agencies as follows:

**Department of Administration**

Motor Vehicles

Motor Vehicles

100,600 General Funds  
281,700 GF Program Receipts

**Department of Community and Economic Development**

Community Assistance & Business Development

Community and Business Development

(160,000) General Funds

Community Assistance & Business Development

International Trade and Market Development

100,000 General Funds

Include the following language:

This appropriation includes \$100,000 for a grant to a named recipient, the World Trade Center, for a project development grant.

**Department of Corrections**

Administration and Operations

Agency-wide Unallocated Reduction

1,000,000 General Funds

**Department of Education and Early Development**

K-12 Support

Foundation Program

4,138,000 General Funds

Note: this transaction brings LOGs to a total of \$16.51 million. This amount plus a reappropriation of FY02 lapsing balance brings LOGs to a total of \$23.32 million, which offsets inflation of 2.9%.

Teaching and Learning Support  
Quality Schools

130,000 General Funds

Kotzebue Technical Center Operations Grant  
Kotzebue Technical Center Operations Grant

470,000 General Funds  
(470,000) ACPE Dividend

Alaska Postsecondary Education Commission  
WWAMI Medical Education

63,100 General Funds  
(63,100) ACPE Dividends

**Department of Environmental Conservation**  
Environmental Health  
Food Safety & Sanitation

(654,000) Federal Receipts  
613,200 General Funds  
(1,576,100) GF/Program Receipts  
1,576,100 Receipt Supported Services

Environmental Health  
Solid Waste Management

230,400 General Funds  
(230,400) GF Program Receipts

Air and Water Quality  
Air Quality

61,000 General Fund Match  
(61,000) GF Program Receipts

Air and Water Quality  
Water Quality

(175,000) Federal Receipts  
25,000 GF/Program Receipts  
150,000 General Funds

Non-Point Source Pollution Control  
Non-Point Source Pollution Control

715,400 Federal Receipts

**Department of Fish & Game**  
Commissioner's Office  
Agency-wide Unallocated Reduction

(1,485,700) General Fund

Commercial Fisheries  
Westward Region Fisheries Management

741,000 General Funds

Commercial Fisheries  
Headquarters Fisheries Management

744,700 General Funds

**Department of Health and Social Services**  
Public Assistance  
Adult Public Assistance

(1,250,000) General Funds

Medical Assistance  
Medicaid Services

(3,230,000) General Funds  
(1,000,000) Tobacco Education

Purchased Services  
Foster Care Special Needs

(250,000) General Funds

Purchased Services  
Subsidized Adoptions & Guardianship

(1,500,000) General Funds

State Health Services  
Tobacco Prevention and Control

1,000,000 Tobacco Education

Alcohol and Drug Abuse Services  
ADA Treatment Grants

1,000,000 General Funds

The following changes will be incorporated in HB 262:

BRU	Component	ADD: Receipt Supported Services Funding Source 1156	DELETE: General Fund Program Receipts Funding Source 1005
Medical Assistance	Medicaid Services	364.0	(364.0)
Public Assistance Administration	Public Assistance Administration	42.0	(42.0)
Purchased Services	Foster Care Base Rate	991.5	(991.5)
State Health Services	Nursing	112.1	(112.1)
State Health Services	Maternal Child and Family Health	340.5	(237.7)
State Health Services	Community Health and Emergency Medical Services	151.0	(51.0)
State Health Services	Public Health Laboratories	72.7	(72.7)
Alcohol and Drug Abuse Services	Alcohol Safety Action Program	650.8	(150.8)
Institutions and Administration	Mental Health and Developmental Disabilities Administration	10.1	(10.1)
	Total:	2,734.7	(2,031.9)

Department of Labor and Workforce Development  
Labor Standards and Safety  
Wage and Hour Administration

(102,000) General Funds

Labor Standards and Safety  
Mechanical Inspection

(110,000) General Funds

**Department of Military and Veterans Affairs**  
Local Emergency Planning Committee Grants  
Local Emergency Planning Committee

50,000 General Funds  
(50,000) ILTF

Alaska National Guard Benefits  
Educational Benefits

250,000 General Funds  
(250,000) ACPE Dividends

**Department of Natural Resources**  
Oil and Gas Development  
Oil and Gas Development

400,000 General Funds  
(400,000) I/A

Parks and Recreation Management  
Parks Management

(1,445,000) GF Program Receipts  
2,225,800 Receipt Supported Services

RS2477 Navigability Assertions & Litigation Support  
RS2477 Navigability Assertions & Litigation Support

150,000 General Funds  
(75,000) CIP Receipts

**Department of Public Safety**  
State Troopers  
Search and Rescue

50,000 General Funds  
(50,000) ILTF

Alaska State Trooper Detachments  
Alaska State Trooper Detachments

2,200,000 General Funds

Statewide Support  
Alaska Criminal Records and ID

200,000 Receipt Supported Services

### **Department of Revenue**

Replace all non-GF year-3 salary reductions removed by the subcommittee.

### **Department of Transportation & Public Facilities**

Statewide Facility Maintenance and Operations  
Central Leasing & Property Mgt

46,200 GF Program Receipts

Statewide Facility Maintenance and Operations  
Northern Leasing & Property Mgt

16,100 GF Program Receipts

Traffic Signal Management  
Traffic Signal Management

362,700 General Funds

Highways and Aviation  
Central Highways and Aviation

359,200 General Funds  
130,000 GF Program Receipts

Highways and Aviation  
Northern Highways and Aviation

729,500 General Funds

Highways and Aviation  
Southeast Highways and Aviation

47,100 General Funds

The following changes will be incorporated in HB 262:

BRU	Component	ADD: Receipt Supported Services Funding Source 1156	DELETE: General Fund Program Receipts Funding Source 1005
Administrative Services	Regional Administrative Services	155.0	-155.0
Statewide Aviation	Statewide Aviation	226.3	-226.3
Design and Engineering Services	Central Design and Engineering Services	234.5	-234.5
Design and Engineering Services	Northern Design and Engineering Services	121.2	-121.2
Design and Engineering Services	Southeast Design and Engineering Services	81.4	-81.4
Statewide Facility Maintenance and Operations	Central Region Leasing and Property Management	579.6	-579.6
Statewide Facility Maintenance and Operations	Northern Region Leasing and Property Management	571.5	-571.5
Highways and Aviation	Central Region Highways and Aviation	705.3	-705.3
Highways and Aviation	Northern Region Highways and Aviation	760.1	-760.1
Highways and Aviation	Southeast Region Highways and Aviation	377.4	-377.4
	Total:	3,812.3	-3,812.3

**DESCRIPTION:**

*These changes allow the department to collect receipts and reimburse the state's expenditure to offer the specific program and/or service. Specifically, these receipts are from airport property leasing, utility right-of-way permits and the Highway Damages Program.*

**University of Alaska**  
University of Alaska  
Budget Reductions/Additions-Systemwide

8,000,000 General Funds

**Alaska Court System**  
Alaska Court System  
Appellate Courts

96,700 General Funds

Alaska Court System  
Trial Courts

747,600 General Funds  
25,000 MHTAAR

Alaska Court System  
Agency-wide Unallocated Reduction

1,655,700 General Funds

MULTT #2

AMENDMENT

OFFERED IN SENATE FINANCE  
TO: CS HB 403 (FIN) Work Draft R

BY: SENATOR LEMAN

ADD

**Department of Administration**  
BRU: Motor Vehicles  
Component: Motor Vehicles

FUND SOURCE	AMOUNT
GF/Prgm	(S5,636.2)
RSS	S5,636.2

**Department of Education**  
BRU: Alyeska Central School  
Component: Alyeska Central School

FUND SOURCE	AMOUNT
GF/Prgm	(S500.0)
RSS	S500.0

BRU: Mt. Edgecumbe Boarding School  
Component: Mt. Edgecumbe Boarding School

FUND SOURCE	AMOUNT
GF/Prgm	(S57.4)
RSS	S57.4

BRU: Alaska Library and Museums  
Component: Museum Operations

FUND SOURCE	AMOUNT
GF/Prgm	(S293.9)
RSS	S293.9

**Department of Revenue**

BRU: Child Support Enforcement

Component: Child Support Enforcement

FUND SOURCE	AMOUNT
GF/Prgm	(S3,036.5)
RSS	\$3,244.0
Fed Rcpts	\$ 194.2

BRU: Administration & Support

Component: Agency-wide Unallocated Reduction

FUND SOURCE	AMOUNT
GF	\$424.5
GF/PR	\$ 60.5

BRU: Alcohol Beverage Control Board

Component: Alcohol Beverage Control Board

FUND SOURCE	AMOUNT
GF	\$15.0 (hearings/investigate complaints)

Language Changes in HB 403

House S version (Finance, with CBR language) to SenSub version R

\* Sec. 11. REAPPROPRIATION OF UNEXPENDED BALANCE. (a) The unexpended balance on a cash basis on December 31, 2002, of an appropriation made in sec. X of this Act is reappropriated to the department to which the appropriation was made for operating expenses of that department during January 1, 2003, through June 30, 2003.

(b) It is the intent of the legislature that each agency of the state report to the legislature the percentage of the fiscal year 2003 authorized operating expenditures that were expended during the first six months of fiscal year 2003 relative to the percentage of fiscal year 2002 authorized operating expenditures that were expended during the first six months of fiscal year 2002. The reports shall be submitted to the legislature by January 31, 2003, and should contain line item information for each allocation of an appropriation made in this Act.

This section refers to use of funds not spent in the first half of FY03 (assuming the budget is bifurcated). The state accounting system is designed to prevent unintentional overspending but cannot prevent overspending by people who are determined to violate the spirit of the law. Clarifying that "close out" is to be done on a cash basis greatly reduces the time and effort associated with the end of the first half-year appropriation period. Subsection (b) offers a means to identify the people/programs that spend more than their "fair share" of FY03 appropriations and makes that information available to the legislature.

\* Sec. 25. MARINE HIGHWAY SYSTEM FUND. The sum of \$39,120,600 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060).

This change reduces GF capitalization of the AMHS fund by \$1.8 million.

\* Sec. . . .

Power Cost Equalization is funded at a reduced level in a fiscal note associated with SB 185.

Deleted: AND UNOBLIGATED

Deleted: and unobligated

Deleted: 4

Deleted: 40.969 400

Deleted: POWER COST EQUALIZATION. (a) In accordance with sec. 14(a)(2), ch. 60, SLA 2000, seven percent of the market value of the power cost equalization endowment fund (AS 42.45.070) as of February 1, 2002, is appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100). (b) The sum of \$2,034,000 is appropriated from the general fund to the power cost equalization and rural electric capitalization fund (AS 42.45.100). \* Sec. 31.

\* Sec. 34. (c) The sum of \$27,710,800 is appropriated from the general fund to the Alaska debt retirement fund (AS 37.15.011).

Deleted: \$21,700

House and Senate sources for capitalizing the Alaska Debt Retirement Fund differ. The Senate version requires additional GF capitalization.

\* Sec. 36. STORAGE TANK ASSISTANCE FUND. The sum of \$784,004 is appropriated from the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) to the storage tank assistance fund (AS 46.03.410).

The DEC subcommittee report included language to ensure that funds in the prevention account—which *may* be spent on underground storage tanks—are directed specifically for that purpose. Additional language appropriating program receipts was not included in the work draft because doing so would have increased spending.

\* Sec. 38. (d) The appropriations in (a) - (c) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

Deleted intent language added by the House.

Deleted: (e) It is the intent of the Alaska House of Representatives that, in preparing the fiscal year 2003 operating budget, the constitutional budget reserve draw be limited to \$600,000,000 and the remaining \$400,000,000 be made up in new revenues.



# Alaska State Senate


## Senate Finance Committee

Official Business

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

April 12, 2002

TO: Senate Finance Committee Members

FROM: Deb Davidson, Finance Committee Aide  
with Senator Dave Donley, Co-Chair 

RE: Senate Finance Committee Schedule April 15 and April 19

Listed below is the tentative order for reports from budget subcommittees next Monday and Tuesday. Also included is the tentative schedule for public testimony to be taken on Wednesday and Thursday. Please remember that the deadline for amendments is 1:00 p.m. on Thursday, April 18, and that only Senate Finance Committee members may sponsor amendments.

Monday, April 15: 4:00 p.m. - 7:00 p.m.

Administration *Ward*  
Community & Economic Development *Kelly*  
Corrections *Ward*  
Education & Early Development *Wilken*  
Environmental Conservation *LEMAN*  
Fish & Game *Kelly*  
Health & Social Services *Green*  
Labor *Austerman*  
*Law Wilken*  
Military & Veterans Affairs *Austerman*

Tuesday, April 16: 9:00 a.m. - 11:00 a.m.

✓ Natural Resources *LEMAN*  
✓ Public Safety *Austerman*  
Revenue *LEMAN*  
✓ Transportation & Public Facilities *Ward*  
✓ Court System *Wilken*  
✓ Governor's Office *Donley*  
✓ Legislature *Donley*

Break for session

**Tuesday, April 16: 4:00 p.m. – 7:00 p.m.**

University of Alaska closeout

Adopt all committee reports for incorporation into committee substitute work draft

Public testimony is tentatively scheduled for Wednesday and Thursday as follows.

**Wednesday, April 17: 4:00 p.m. – 6:15 p.m.**

Formally adopt committee substitute work draft

4:00 – 4:45 Dillingham, Homer, Seward, Valdez

4:45 – 5:30 Cordova, Kenai, Kodiak, Bethel

5:30 – 6:15 Glennallen, Petersburg, Sitka

break

7:00 – 9:00 Anchorage

**Thursday Morning 9:00 – 11:00**

9:00 – 10:00 Mat-su, Delta Junction, Kotlikan, Tok

10:00 – 11:00 Wrangell, Nome, Kotzebue, Barrow

break for session

**Thursday Afternoon 4:00**

✓ 4:00 – 5:15 Offnet Sites

✓ 5:15 – 6:30 Fairbanks

break

7:15 – 9:00 Juneau

People wishing to testify may want to arrive early in the event testimony from previous LIOs concludes before the scheduled time. Meetings will conclude at the state time or when all those present have made their comments.

**SENATE FINANCE COMMITTEE REPORT**

REPORTED BY  
APR 26 2002  
SENATE FINANCE  
COMMITTEE

DATE: 3/20/02

FURTHER:

DATE TURNED IN TO OFFICE: 26 April 2002

Finance Committee considered CS FOR HOUSE BILL NO. 404(FIN)  
HB 404 APPROPRIATION: MENTAL HEALTH BUDGET

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

and recommends:

- be replaced with S CS CS HB 404 (FIN)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

- Senate Bill:**  
 same title  
 new title
- House Bill:**  
 same title  
 technical title  
 new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Green</i>	<input checked="" type="checkbox"/>			
<i>Allen Austin</i>			<input checked="" type="checkbox"/>	
<i>Tom Hoff</i>			<input checked="" type="checkbox"/>	
<i>Bill Brown</i>			<input checked="" type="checkbox"/>	
<i>Gary Walker</i>	<input checked="" type="checkbox"/>			
<i>Don Toland</i>	<input checked="" type="checkbox"/>			
<i>John D. Luman</i>	<input checked="" type="checkbox"/>			
COCHAIR: <i>James Spivey</i>	<input checked="" type="checkbox"/>			
COCHAIR: <i>Pete Kelly</i>	<input checked="" type="checkbox"/>			

**HB**

**403/404**

**(File 2)**

SFIN

FILE

HB 403

OPERATING  
BUDGET

PUBLIC  
TESTIMONY



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Senate Finance Committee  
Committee Name  
 Committee on State Operating Budget Dated April 18, 2002  
Bill / Subject

see attached statements from myself and  
 my wife, Marsha Knobel

SIGNED: Ronald L. Smith  
 Testifier  
myself  
 Representing  
P.O. Box 80272, Fairbanks 479-4644  
 Address / Phone Number  
3635 Rosie Creek Rd.

To: All members of the Alaska Legislature

From: Ronald L. Smith  
P.O. Box 80272  
Fairbanks, AK 99708  
3635 Rosie Creek Rd.  
ffrls@uaf.edu  
479-4644

Re: Current status of proposed state operating budget

I am submitting my opinions by FAX because there will be many others who will wish to call in and time will be limited for everyone to register their opinions. I am responding to the general tone of the legislative deliberations so far this session and, more specifically, to the comments made by State Commissioners as reported in the Fairbanks Daily News Miner Wednesday April 17, Section B, pages 1-2.

To say that I am upset and really fed up with the Republican majority-led slashing of the State's operating budgets for the past four or five years would be a massive understatement. It appears that the Republican majority consists primarily of a group of mean-spirited, self-serving reactionaries. Overall, they appear to wish we lived in a third-world country free from the burden of paying for the amenities of civilization. Certainly, we appear to be rapidly moving toward third-world status based on the cuts that appear to be coming at the end of the legislative session. I bet most third-world countries that are interested in attracting tourists have restaurant inspection programs. Inspections are as much a matter of public safety as is appropriate levels of law enforcement. How can anyone honestly tout Alaska as a tourist destination when the State doesn't even inspect its own restaurants? If the restaurant inspection goes away I'm thinking seriously about paying for a large advertisement in the New York Times informing their readers that Alaska doesn't care enough about the safety of tourists to continue restaurant inspections. It is more important that each Alaskan receive a lot of free money, not pay state income taxes or state sales taxes than it is to protect the health of visitors and residents. That should play well in the lower 48!

We don't have appropriate law enforcement either, thanks to cuts to the State of Alaska operating budget made by previous wrong-headed legislators. Now, according to the News Miner, we can look forward to losing four more State Troopers from the interior. Maybe the State Legislators should have their houses broken into, as we did several years ago, and have no trooper ever show up to get our story directly. Maybe the Legislators should have a party at their homes, have someone drive by, put five bullet holes in a guest's car and have overworked, out-of-sorts troopers show up and be rude, arrogant and belligerent to the **VICTIMS** of the crime rather than the perpetrators. This actually happened to me and my friends. We need **more** and **better** law enforcement in Alaska, especially the interior, not less. Further cuts to the Division of Public Safety are **UNACCEPTABLE**.

What is the sense of closing Alaska State Parks? The tourism industry is crying for help and you people want to stop restaurant inspections and close State Parks! Don't bother maintaining state roads either. That way, tourists can destroy their cars hitting chuck holes, tell all their friends and relatives back home and, consequently, tourism will take a real nose-dive. Cutting the restaurant inspection program and closing the state parks is **UNACCEPTABLE**. The only logically consistent thing I've heard so far is cutting the \$2 million to promote tourism. If the state isn't going to insure their safety and enjoyment of Alaska, don't get them up here in the first place.

How about promoting or assisting a forest products industry in the interior? How better to stifle that industry than by cutting back on the Forestry Division, the agency that develops and administers timber sales? Cutting the Division of Forestry is

**UNACCEPTABLE.** Of course, the stock answer from conservative legislators is that there is so much waste in these State Agencies. In my opinion, the most wasteful aspect of the entire State Government is the State Legislature. Here is an idea for an unfunded mandate that would save the state \$37 million. Quit funding the State Legislature! Legislators shouldn't get a salary, per diem or travel expenses. You can all serve for gratis...like a number of programs or activities you have passed into State Law but for which you provided no funds.

I spent 31 years teaching and doing research at the University of Alaska Fairbanks. The University system is one of the significant money-makers for the state of Alaska while providing a tremendous<sup>ly</sup> valuable set of educational services. Not fully funding the University system is shortsighted and costs the state millions of dollars in lost income and economic development. If the legislature were really compelled to cut waste it would direct the UA system to eliminate satellite campuses in rural communities; the cost per credit hour out there is astronomical. What? Not politically expedient to talk about whacking rural communities? Where is your courage; don't you really want to cut the waste? Cutting the UA system budget (by flat funding) is **UNACCEPTABLE.**

All the wrangling in the legislature over the exact type of **inadequate** tax to impose on the citizens of the state has really been tiring. Inadequate because it won't raise enough money to cover the presumed shortfall. Of course, every legislator hears from the most vociferous constituents, all of whom want to pay nothing or next to nothing for all the services they claim they don't really get. There are a lot of us who are ready to pay for the services one would expect to receive while living in a civilized society. I looked at the budget worksheet provided in a recent update letter by Rep. John Davies. I didn't respond then but I am now. I think the PFD should be cut in half, making available revenues of about \$500 million. I think there should be a statewide sales tax of at least 2% and a statewide income tax of at least 2% of the federal tax. Objections about those fat cats who pay no federal income tax getting away without paying state income tax? Levee the state tax as a proportion of the gross adjusted income (1040, page 2, top line) instead of the actual federal tax paid. We need to start thinking out of the box here! These measures would almost completely cover the presumed shortfall. I think there will be a huge outcry from a minority of people. Those people are always free to move to another state...where their tax burden will be much higher than Alaska's with these new measures in place. Their places will be taken by others willing to live in the last frontier, pay their share and have some of the evidences of civilization.

It occurs to me that most of what I've heard from the last five or more legislatures is their desire to promote economic development in the state of Alaska. It also occurs to me that, with the single exception of oil exploration and development, the legislature seems to be behaving in a way to accomplish exactly the opposite. Who would want to move to a state where restaurants aren't inspected, state parks are closed, the streets and roads are not maintained, homes and businesses are unsafe and unprotected, the tourism industry is hamstrung, the forestry products industry is hamstrung, sustained fisheries and hunting opportunities are hamstrung by cuts to ADF&G...Does this sound like an inviting picture? I don't think so. What good is all that free money (PFD check) if you feel someone could walk into your home (or stop your car) and take it and no public safety officers would **EVER** show up?

Finding solutions to our state's problems requires real leadership. Leadership sometimes requires leaders to make agonizing decisions that aren't going to be popular with some of their constituents but which are necessary for the good of all. Finding a long-term budget solution is one of those cases. Putting off or ignoring a long-term solution is **UNACCEPTABLE.**

DATE: April 18, 2002  
TO: Alaska State Legislators  
FROM: Marsha Knobel  
SUBJ: Budget Cuts

P.O. Box 80272  
Fairbanks, AK 99708  
479-4644

*Marsha Knobel*

What the heck is wrong with you people?! Wednesday's Daily News-Miner reports that you are cutting state trooper positions, Fish and Wildlife employees, closing state parks, cutting road maintenance, and eliminating food inspection services. This in addition to leaving UAF high and dry. Have you totally lost your minds?

For one thing, I don't believe we have this billion dollar deficit (see Dermot Cole's column enclosed), or at least the state has money to cover a deficit if you would just use it. To better outline my opinions, here's what I think:

1. As I have written to you before, **DO NOT CUT STATE TROOPER POSITIONS, especially in the interior.** We have been short the necessary trooper coverage for several years as the population here has grown. My husband has written in his letter to you about the house theft we suffered four summers ago. Our front door was kicked in, over \$1,000 in property was stolen, (including jewelry belonging to visiting relatives), and no trooper ever responded. The over-worked officer who did get the case finally had no time to properly investigate. My husband even had to buy back his own camera from the pawn shop where we tracked it down--pawned there by a red-headed woman with tattoos all over her arms! There used to be a burglary-suppression unit here but that had to be done away with years ago when staffing was cut. I won't even describe the drive-by shooting at our home. My husband mentioned that too. I do know, what I have to do now is get a Carry and Conceal Permit. I've been shooting guns for 55 years, feel very comfortable with one, and it looks like I'll have to take steps to protect myself and our property since you--the political leaders we count on--don't seem to think law enforcement is important.

2. **DO NOT CUT RESTAURANT INSPECTION FUNDING.** Have you ever had salmonella food poisoning? Believe me, it's not pretty. I contracted that a few years ago from a local restaurant that purchased bad eggs. True, a food inspector might not have been able to determine the eggs were tainted but at least produce sellers and restaurant owners should know that some kind of quality control is in place. It's crazy for Alaska to tout tourism as one of their main economic sources and then entice visitors to come here and eat in uninspected restaurants! And what about us locals who want to patronize our city and borough restaurants? We should have the confidence that these businesses are clean and held to high standards.

3. **DO NOT CUT UNIVERSITY FUNDING.** This just goes on and on--the cutting and lack of acknowledgment of education's vital place. I've written to you before about this. I guess there must be thousands of Alaskans telling you not to fund the university system with one more dime because the voices of us who support funding are not being heard.

4. **DO NOT CUT FISH AND WILDLIFE PROTECTION.** This is a lot like trooper cuts. How can the biggest state in the union, and one of the last places on earth to still have real space with real wildlife, not take care of its responsibilities?

5. **DO NOT CLOSE INTERIOR STATE PARKS.** There goes the tourist market again. How can you possibly think anyone wants to come here when they can't camp in or visit a state park? And, what about those of us who have lived here over 30 years like me and want to enjoy the outdoors. So much for touring around our own state.

Maybe I'm just too simple-minded about this, but it seems obvious where the money is to fund these essentials. I suggest any of all of the following:

1. **CUT THE PERMANENT FUND DIVIDEND.** You're probably all shaking in your boots to even think about that because a wailing and moaning will echo throughout the state. Hey! This free money thing is obscene and embarrassing. I was raised on a farm in Nebraska and my

family worked our butts off making a living and were proud of every dollar earned. Alaskans don't have some God-given right to have this dividend and we should rue the day this decision was made. At least, cut the dividend in half and set it at that. Having a couple thousand dollars sent to me will not offset getting mugged because there's no trooper to help me, or I'm in the hospital getting my stomach pumped from food poisoning.

2. INSTITUTE AN INCOME TAX. There must be thousands of selfish, stupid people in this state if they think they can have everything they want for nothing. I cannot possibly conceive of expecting to have a safe place to live, decent roads, a good university, a land with sensibly monitored wildlife programs, clean restaurants, accessible parks--without paying something for the privilege. We citizens have to be willing to fund these things.

3. INSTITUTE A SALES TAX. This seems to be one of the fairest tax methods.

4. TAKE MONEY OUT OF THE PERMANENT FUND. I need to be more educated about this area of government, but I'm sure there's money we can use. As I've said in prior letters, we are told this is the state's "rainy day" money. According to you in Juneau, we are facing a cloudburst of typhoon proportions so why is that fund so sacred and untouchable? I don't get it.

Lastly, DO SOMETHING! Quit being so afraid of everything. Is somebody going to come to your home and shoot you if you vote for an income tax? Well, don't call the troopers if you live in Fairbanks because either nobody will come, or, by the time they get there, you'll be a goner. You've got to start ignoring this whining bunch of people or whoever is controlling your thinking about our funding. I'll bet the people who don't want their dividend reduced, who don't want to pay for anything, are those I see driving down the road pulling their four snow machines, headed for the pull-tab parlor and then to the Silver Spur for a night of partying. Listen to your Commissioners who are saying these cuts are "nonsense" and "embarrassing". This is like a continuing bad dream. I'm sending this plea that you all find the nerve to take action and get the money we need.

# Fund's earnings make 'billion

IT WAS GEORGE ORWELL who wrote about the "magical property of names."

"Nearly all human beings feel that a thing becomes different if you call it by a different name," Orwell wrote.

In this regard, whenever you hear a reference to the state "\$1 billion deficit," it's not exactly the right name for Alaska's financial condition.

We need a new budget vocabulary. There is no \$1 billion state deficit because there is not a \$1 billion gap between all revenues and all expenditures.

This is not to say that our political leaders have misrepresented the great downfall in state income that has occurred with the decline of Prudhoe Bay oil production. The decline in direct oil income is undeniably true.

It's just that largely out of force of political habit, we haven't included as income the huge gains in recent years in the

value of stocks held by the permanent fund. It is unrealistic to expect those gains to continue forever, but Alaska's fund has benefited greatly from the bull market.

The names we use to describe the state's financial situation influence our perceptions. They can also influence our opinions about whether our state can afford such things as public television, for example.

Whatever one may believe about what Alaskans and our elected officials should do about state spending, it would be best to first check our addition and subtraction.

If financial analysts from other states were asked to check Alaska's balance sheet, I can't imagine they would agree with the assumptions that have led to what has become in our political and journalistic shorthand, a \$1 billion deficit.

The bean counters would look at the earnings from the

Dermot Cole



state's largest investment account, which are expected to total \$2 billion this year. They would soon grasp the concept that \$999 million of the money is to be paid out in dividends to Alaskans and \$287 million is likely to be deposited back in the fund to help protect the buying power of the principal.

But they would have a hard time accepting the logic that the other \$700 million in income doesn't belong in the final tally. They would want to know why some of that money can't be used to help finance the government.

For guidance they might be directed to the state revenue forecast, which states: "Perma-

## dollar deficit' a misnomer

nent fund income may be legally appropriated in the same manner as unrestricted revenue, but the established practice has been to treat Permanent Fund net income as if it were restricted."

That practice grew out of the time when direct oil income paid all the bills for state government in Alaska. But that time has passed because oil production at Prudhoe Bay is half of what it was a decade ago and prices are down.

Even if prices were to rise sharply, the drop in production has been so great that nothing will bring back the era when oil money financed everything.

In this new era, legislators are beginning to look at revising the "established practice" because our options are limited.

"There's now general agreement between the House and Senate on some use of Permanent Fund earnings, but the House is still resisting taxes.

That could change," former Fairbanks legislator Mike Bradner wrote in the latest edition of his newsletter, Alaska Legislative Digest: An Inside View of Alaska Policy.

In planning state budgets, Alaskans have focused almost entirely for 20 years on the price of oil.

While oil income has been on the decline for many years, investment income has been on the rise.

Alaskans still watch the price of oil as if our financial future depended on it, but more and more it is the people's account known as the Permanent Fund that makes up our state's financial foundation.

The action of OPEC is no longer as important as it once was to Alaska, but the action in the stock market, where half of the permanent fund is invested, has become far more critical to Alaska's future.

A RECENT LEGAL OPINION by the law firm of

Morrison & Foerster, requested by the trustees of the permanent fund board, dealt with several important questions.

The legal opinion, which has the concurrence of the attorney general, stated unequivocally that the definition of "principal" includes all money required to be deposited under the constitution, plus additional appropriations by the Legislature. The Alaska Constitution mandates that the principal of the permanent fund can not be spent, but must be invested in ways that produce income.

The constitution further mandates that the permanent fund board is to manage its assets to generate income for distribution as the Legislature directs.

In our vocabulary the earnings ought to be counted as income, a name change that would help frame the budget debate in a more accurate manner.

Dermot Cole is a News-Miner columnist. He can be reached at cole@newsminer.com or at 459-7530.