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- (1) the sum of \$100,000 from federal receipts;
- (2) interest earned on amounts in the election fund required by the federal Help America Vote Act.

Subsection b (1) and (2) appropriate \$100,000 in federal receipts from the Help America Vote Act, plus interest earned, to the election fund.

*Legislative Fiscal Analyst Recommendation: This fund is for capital expenditures. Legislative Finance has made an effort in recent years to capitalize and expend funds in the same bill in order to ensure agreement between capitalization and expenditure. To be consistent with that practice, this section should be moved to the capital appropriations bill.*

- (c) The sum of \$25,921,360 is appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100) from the following sources:

Power cost equalization endowment fund (AS 42.45.070)	\$16,067,560
General fund	9,853,800

Subsection c capitalizes the PCE Fund with \$9.85 million in general funds and seven percent of the PCE Endowment (\$16.1 million). This fund capitalization provides the \$28.2 million needed to fully fund the PCE appropriations made in section 1.

*Legislative Fiscal Analyst Comment: An FY07 appropriation added \$182.7 million to the PCE Endowment. The endowment balance (\$395 million) is now sufficient to fund the PCE program at about \$25 million annually in the long run. However, the annual payout is based on a three-year average balance of the endowment, so general funds will be required through FY10.*

*The GF share of the PCE program is \$9.85 million in FY09, and should decline to \$5 million in FY10. By FY11, the impact of the \$182.7 million deposit on the three-year average balance of the endowment will be fully realized and PCE may be self-supporting at a level of about \$25 million annually.*

- (d) The sum equal to 25 percent of the amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(h) or former 42 U.S.C. 6508 on or before August 31, 2008, that is appropriated to the Department of Commerce, Community, and Economic Development for fiscal year 2009 capital project grants under the National Petroleum Reserve - Alaska impact grant program, that is not subject to a signed grant agreement between the Department of Commerce, Community, and Economic Development and an impacted municipality on or before August 31, 2008, and that lapses into the National Petroleum Reserve - Alaska special revenue fund is appropriated to the principal of the Alaska permanent fund from the National Petroleum Reserve - Alaska special revenue fund.

Subsection d (per AS 37.05.530(g)) appropriates 25 percent of the lapsing balance of grants to the Permanent Fund. No lapsing balance is anticipated.

**Funding:** The estimated fiscal impact of this section is zero.

- (e) The sum equal to 0.5 percent of the amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(h) or former 42 U.S.C. 6508 on or before August 31, 2008, that is appropriated to the Department of Commerce, Community, and Economic Development for fiscal year 2009 capital project grants under the National Petroleum Reserve - Alaska impact grant program, that is not subject to a signed grant agreement between the Department of Commerce, Community, and Economic Development and an impacted municipality on or before August 31, 2008, and that lapses into the National Petroleum Reserve - Alaska special revenue fund is appropriated to the public school trust fund (AS 37.14.110) from the National Petroleum Reserve - Alaska special revenue fund.

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**Subsection e** (per AS 37.05.530(g)) appropriates one-half percent of the lapsing balance of grants to the Public School Trust Fund. No lapsing balance is anticipated.

**Funding:** The estimated fiscal impact of this section is zero.

(f) The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(f) or former 42 U.S.C. 6508 on or before August 31, 2008, that is appropriated to the Department of Commerce, Community, and Economic Development for fiscal year 2009 capital project grants under the National Petroleum Reserve - Alaska impact grant program, that is not subject to a signed grant agreement between the Department of Commerce, Community, and Economic Development and an impacted municipality on or before August 31, 2008, that lapses into the National Petroleum Reserve - Alaska special revenue fund, and that is not appropriated under (d) and (e) of this section is appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100) from the National Petroleum Reserve - Alaska special revenue fund.

**Subsection f** (per AS 37.05.530(g)) appropriates the lapsing balance remaining after (e) and (f) to the PCE Fund to fund the PCE Program. No lapsing balance is anticipated.

**Funding:** The estimated fiscal impact of this section is zero.

(g) The following revenue collected during the fiscal year ending June 30, 2009, is appropriated to the fish and game fund (AS 16.05.100):

(1) receipts from the sale of crewmember fishing licenses (AS 16.05.480(a)) that are not deposited into the fishermen's fund under AS 23.35.060;

(2) range fees collected at shooting ranges operated by the Department of Fish and Game (AS 16.05.050(a)(15));

(3) fees collected at boating and angling access sites described in AS 16.05.050(a)(6) and managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement;

(4) receipts from the sale of waterfowl conservation stamp limited edition prints (AS 16.05.826(a)); and

(5) fees collected for sanctuary access permits (AS 16.05.050(a)(15)).

**Subsection g** appropriates revenue generated by the named licenses and fees into the Fish and Game Fund. Appropriations from this revenue source use the Fish and Game Nondedicated Receipts fund code (1194) to differentiate these appropriations (which are essentially GF appropriations) from the dedicated portion of the Fish and Game Fund.

**Funding:** The estimated fiscal impact of this subsection is \$2,315,700.

(h) The following amounts are appropriated to the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the sources indicated:

(1) the balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) in the general fund on July 1, 2008, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2008, estimated to be \$9,900,000, from the surcharge levied under AS 43.55.300.

**Subsection h** is standard language appropriating (to the Oil and Hazardous Substance Release Prevention Account) the balance of the Release Prevention Mitigation Account and the FY08

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collections from the 4 cent per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed the per barrel surcharge from \$0.03 to \$0.04.

**Funding:** Based on a five-year average, the projected balance of the oil and hazardous substance release prevention mitigation account (subsection (h)(1)) is \$1.8 million

(i) The following amounts are appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)(2)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the following sources:

(1) the balance of the oil and hazardous substance release response mitigation account (AS 46.08.025(b)) in the general fund on July 1, 2008, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2008, from the surcharge levied under AS 43.55.201.

**Subsection i** is standard language appropriating (to the Oil and Hazardous Substance Release Response Account) the balance of the Release Response Mitigation Account and the FY08 collections from the \$0.01 cent per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed the per barrel surcharge from \$0.02 to \$0.01.

**Funding:** Based on a five-year average, the projected balance of the response mitigation account that will be transferred under this section is approximately \$600,000. The surcharge collected under paragraph (2) became effective when the balance of the Response Account dropped below \$50 million. The drop in the balance is due to a Department of Law request for \$8.8 million to investigate two oil spills which occurred in 2006 from transit pipelines operated by BP in the Prudhoe Bay oil field. As of September 30, 2007, the cumulative balance of the accounts remains below \$50 million—at \$44.1 million.

*Legislative Fiscal Analyst Comment:* Based on the current balance and annual collections of \$2.3 million from the one cent surcharge, the surcharge may be in effect for several years.

(j) The portions of the fees listed in this subsection that are collected during the fiscal year ending June 30, 2009, are appropriated to the Alaska children's trust (AS 37.14.200):

(1) fees collected under AS 18.50.225, less the cost of supplies, for the issuance of birth certificates;

(2) fees collected under AS 18.50.272, less the cost of supplies, for the issuance of heirloom marriage certificates;

(3) fees collected under AS 28.10.421(d) for the issuance of special request Alaska children's trust license plates, less the cost of issuing the license plates.

**Subsection j** appropriates (to the Alaska Children's Trust) net receipts collected during FY09 from sales of heirloom birth certificates, heirloom marriage certificates and Trust license plates.

The Alaska Children's Trust was created by Chapter 19, SLA 1988. The legislature appropriated \$6 million from the investment loss trust fund to the principal of the trust in Chapter 123, SLA 1996. The trust was established to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect.

**Funding:** OMB projects \$45.4 net proceeds from the sale of certificates plates.

(k) The loan origination fees collected by the Alaska Commission on Postsecondary Education for the fiscal year ending June 30, 2009, are appropriated to the origination fee account (AS 14.43.120(u)) within the education loan fund (AS 14.42.210) of the Alaska Student Loan Corporation for the purposes specified in AS 14.43.120(u)

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Subsection k appropriates origination fees charged on student loans to the origination fee account within the student loan fund. The fees are intended to offset loan losses due to death, disability, bankruptcy and default.

**Funding:** The amount of the loan origination fee is capped by regulation at 5% and set annually by the corporation. It is currently set at 3%. Because the appropriation earmarks money within a fund, there is no impact on state expenditures.

(l) The amount of federal receipts received for disaster relief during the fiscal year ending June 30, 2009, is appropriated to the disaster relief fund (AS 26.23.300).

Subsection l is standard language appropriating federal receipts for disaster relief to the Disaster Relief Fund. The Governor needs no specific appropriations to spend money in the Disaster Relief Fund; money can be spent upon declaration of a disaster.

**Funding:** A \$9 million estimate for federal disaster relief receipts has been used for several years.

(m) The sum of \$7,000,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300).

Subsection m capitalizes the Disaster Relief Fund with \$7 million of general funds.

(n) The balance of the mine reclamation trust fund income account (AS 37.14.800(a)) on June 30, 2008, and money deposited in that account during the fiscal year ending June 30, 2009, is appropriated to the mine reclamation trust fund operating account (AS 37.14.800(a)) for the fiscal year ending June 30, 2009. The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2009, is appropriated from the mine reclamation trust fund operating account (AS 37.14.800(a)) to the Department of Natural Resources.

Subsection n authorizes an internal transfer of funds from the income account to the operating account; then appropriates the funds needed for the purposes from the account to DNR.

**Funding:** The agency estimates the amount needed for mine reclamation expenditures is about \$100,000.

(o) The sum of \$12,240,000 is appropriated to the Alaska clean water fund (AS 46.03.032) for the Alaska clean water loan program from the following sources:

Alaska clean water fund revenue bond receipts	\$2,040,000
Federal receipts	10,200,000

(p) The sum of \$9,960,000 is appropriated to the Alaska drinking water fund (AS 46.03.036) for the Alaska drinking water loan program from the following sources:

Alaska drinking water fund revenue bond receipts	\$1,110,000
Federal receipts	8,300,000
General fund match	550,000

Subsections o and p provide money to develop sewer and water systems in Alaska communities through revolving loan programs. The state typically issues short-term bonds that are repaid with earnings from the loan programs, and uses the bond proceeds to match federal money.

(q) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year ending June 30, 2008, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

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Subsection q appropriates earnings of the Bond Bank to its earnings reserve fund.

**Funding:** Earnings for FY08 were \$250,000 and a similar amount is expected in FY09.

(r) The bulk fuel revolving loan fund fees established under AS 42.45.250(j) and collected under AS 42.45.250(k) from July 1, 2007, through June 30, 2008, estimated to be \$45,000, are appropriated from the general fund to the bulk fuel revolving loan fund (AS 42.45.250).

Subsection r attempts to appropriate fee revenues to the bulk fuel revolving loan fund.

*Legislative Fiscal Analyst Recommendation:* If the legislature chooses to capitalize the loan fund, the subsection should begin with "An amount equal to..." in order to clarify that this is an appropriation of FY09 general funds. The effective date of the section is July 1, 2008, which means that the specified FY08 collections will no longer be accessible. The associated budget transaction uses FY09 general funds to capitalize the loan fund.

(s) The sum of \$2,500,000 is appropriated from the Alaska Student Loan Corporation fiscal year 2009 dividend to the education loan fund (AS 14.42.210) for AlaskAdvantage education grants under AS 14.43.400 - 14.43.420.

Subsection s appropriates ASLC dividends for the existing AlaskAdvantage grant program. This program provides financial assistance to eligible students to enable them to attend, or continue their attendance at, postsecondary educational institutions within Alaska.

*Legislative Fiscal Analyst Comment:* The Alaska Student Loan Corporation considers this funding the first step in building a sustainable, level funding source for future educational grant awards. The legislature denied a \$20 million request to endow grants in both FY07 and FY08. Those requests involved an internal transfer of funds that the ASLC considered a return of capital to the state. With the issuance of \$60 million in bonds in FY09, the plan to return capital to the state is complete.

*Legislative Fiscal Analyst Comment:* Corporate dividends are classified as "other" funds and customarily reserved for use in the capital budget. Replacing general funds with "other" funds complicates year-to-year comparisons of the operating budget. If this use of dividends is to be a continuing operating appropriation, the legislature could remove the reservation for capital projects.

(t) The sum of \$10,000,000 is appropriated from the general fund to the municipal harbor facility grant fund (AS 29.60.800).

*Subsection t appropriates funding for municipal harbor facility grants. Per statute, DOT&PF may grant funding for the stated purposes without further appropriation. A minimum of 50 percent of the prior year-end fund balance must be granted each year.*

*Legislative Fiscal Analyst Recommendation:* This fund is for capital expenditures. Legislative Finance has made an effort in recent years to capitalize and expend funds in the same bill in order to ensure agreement between capitalization and expenditure. To be consistent with that practice, this section should be moved to the capital appropriations bill.

(u) The sum of \$7,200,000 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) in the fish and game fund (AS 16.05.100) to the Alaska fish and game revenue bond redemption fund (AS 37.15.770).

Subsection u transfers the amount collected under the surcharge on sport fish licenses (created by SB 147 (Ch 94, SLA 2005)) from the sport fish enterprise account, where the revenue is deposited, to the bond redemption fund. The transfer is for payment of debt service on bonds authorized for hatchery construction. As both funds are subfunds of the Fish and Game Fund, this section has no fiscal impact; it is an attempt to preempt legal issues associated the fisheries revenue bonds.

(v) An amount equal to the federal receipts deposited in the Alaska sport fishing enterprise

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account (AS 16.05.130(e)), not to exceed \$1,520,400, as reimbursement for the federally allowable portion of the principal balance payment on the sport fishing revenue bonds series 2006 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) to the fish and game fund (AS 16.05.100).

The department may use federal operating receipts as reimbursement for a portion of debt service payments on the "Sportfish Bonds" issued in 2006 (see Section 23(u)). Subsection v clarifies that the department chooses to use \$1.52 million of current federal funding as reimbursement. No new money is involved.

*Legislative Fiscal Analyst Comment: The department's action increases flexibility in the use of existing federal receipts by placing federal money in the sport fishing enterprise account. Once there, the money can be used for sport fishing facilities intended to directly benefit license purchasers.*

**Funding:** The section simply transfers funds between accounts within the Fish and Game Fund; there is no fiscal impact.

(w) An amount calculated under AS 43.55.028(c), not to exceed \$200,000,000, is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028(a)).

Subsection w appropriates \$200 million to the newly created Oil and Gas Tax Credit Fund to refund oil and gas tax credits. The refunds are capped at \$25 million per applicant per year. Payment of individual refunds requires no further appropriation. The Governor has indicated that she will request an FY08 appropriation of \$125 million to supplement the appropriation of \$25 million for this purpose.

(x) The sum of \$5,000,000 is appropriated from the general fund to the information services fund (AS 44.21.045(a)).

*Subsection x appropriates \$5 million of general funds to the information services fund to support \$7.8 million of FY09 Information Technology capital projects.*

*Legislative Fiscal Analyst Recommendation: This fund is for capital expenditures. Legislative Finance has made an effort in recent years to capitalize and expend funds in the same bill in order to ensure agreement between capitalization and expenditure. To be consistent with that practice, this section should be moved to the capital appropriations bill.*

(y) The sum of \$19,099,558 is appropriated from the Alaska capital income fund (AS 37.05.565) to the school construction grant fund (AS 14.11.005).

Subsection y places almost \$20 million in the School Construction Grant Fund for the Susitna Valley High School Replacement. This is the number one school construction project on the Department of Education and Early Development's school construction priority list.

*Legislative Fiscal Analyst Recommendation: This fund is for capital expenditures. Legislative Finance has made an effort in recent years to capitalize and expend funds in the same bill in order to ensure agreement between capitalization and expenditure. To be consistent with that practice, this section should be moved to the capital appropriations bill.*

(z) The sum of \$80,702,477 is appropriated from the Alaska capital income fund (AS 37.05.565) to the major maintenance grant fund (AS 14.11.007).

Subsection z places almost \$81 million into the School Major Maintenance Grant Fund for projects 1-20 on the initial DE&ED maintenance priority list. An expected amendment will add project #21 and revise the cost of project #1 downward due to revisions in the priority list after submittal of the Governor's budget.

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*Legislative Fiscal Analyst Recommendation: This fund is for capital expenditures. Legislative Finance has made an effort in recent years to capitalize and expend funds in the same bill in order to ensure agreement between capitalization and expenditure. To be consistent with that practice, this section should be moved to the capital appropriations bill. Recent changes to the priority list emphasize the reason for placing fund capitalization and appropriations from a fund in the same bill.*

*Legislative Fiscal Analyst Recommendation: An effort should be made to ensure that all fund transfers are included in an appropriation bill. The Tobacco Use Education and Cessation Fund (and perhaps a few other funds) have no appropriation capitalizing them. Legislative Finance and Legal Services believe that statutory language specifying that a fund is comprised of money from certain sources does not take the place of annual appropriations.*

\* **Sec. 24. BOND CLAIMS.** The amounts received in settlement of claims against bonds guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of wells, are appropriated to the agency secured by the bond for the fiscal year ending June 30, 2009, for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond.

This section is standard language that appropriates claims against bonds for land reclamation to the agencies that will direct the reclamation.

**Funding:** The Department of Natural Resources estimates the impact of this section to be \$100,000.

\* **Sec. 25. RETAINED FEES AND BANKCARD SERVICE FEES.** (a) The amount retained to compensate the collector or trustee of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending June 30, 2009, is appropriated for that purpose to the agency authorized by law to generate the revenue. In this subsection, "collector or trustee" includes vendors retained by the state on a contingency fee basis.

Subsection a allows the state to compensate vendors that collect fees on behalf of the state. The provision originally addressed Fish and Game fishing, hunting and trapping license sales in which the vendor retained a portion of the sale. It also applies to several programs in the Department of Administration, Department of Natural Resources and Trial Courts.

**Funding:** These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

(b) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2009, is appropriated for that purpose to each agency of the executive, legislative, and judicial branches that accepts payment by bankcard or credit card for licenses, permits, goods, and services provided by that agency on behalf of the state, from the funds and accounts in which the payments received by the state are deposited.

Subsection b allows credit card service providers to retain fees charged for using a credit card.

**Funding:** These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

(c) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2009, is appropriated for that purpose to the Department of Law for accepting payment of restitution in accordance with AS 12.55.051 by bankcard or credit card, from the funds and accounts in which the restitution payments received by the Department of Law are deposited.

**NEW SUBSECTION:** Subsection c allows credit card service providers to retain fees charged for using a credit card for payment of restitution.

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**Funding:** These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

*Legislative Fiscal Analyst Recommendation:* It appears that the words "payment of restitution" can be added to the list in subsection b—implying that this subsection can be deleted.

\* **Sec. 26. SALARY AND BENEFIT ADJUSTMENTS.** (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2009, of the following collective bargaining agreements:

- (1) Alaska Public Employees Association, for the confidential unit;
- (2) Alaska State Employees Association, for the general government unit;
- (3) Public Employees Local 71, for the labor, trades and crafts unit;
- (4) Alaska Correctional Officers Association, representing correctional officers;
- (5) Teachers' Education Association of Mt. Edgecumbe.

(b) The operating budget appropriations made to the University of Alaska in this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2009, for university employees who are not members of a collective bargaining unit and for implementing the monetary terms of the collective bargaining agreements including the terms of the agreement providing for the health benefit plan for university employees represented by the following entities:

- (1) Alaska Higher Education: Crafts and Trades Employees;
- (2) Alaska Community Colleges' Federation of Teachers;
- (3) United Academics;
- (4) United Academics-Adjuncts.

(c) If a collective bargaining agreement listed in (a) or (b) of this section is not ratified by the membership of the respective collective bargaining unit, the appropriations made by this Act that are applicable to that collective bargaining unit's agreement are reduced proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

**Funding:** This section appropriates no money; it specifies that various salary adjustments are funded with money appropriated in section 1.

\* **Sec. 27. SHARED TAXES AND FEES.** (a) The amount necessary to refund to local governments their share of taxes and fees collected in the listed fiscal years under the following programs is appropriated to the Department of Revenue from the general fund for payment to local governments in fiscal year 2009:

REVENUE SOURCE	FISCAL YEAR COLLECTED
Commercial passenger vessel excise tax (AS 43.52.230(a))	2008
Regional cruise ship impact fund (AS 43.52.230(c))	2008
Fisheries business tax (AS 43.75)	2008

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Fishery resource landing tax (AS 43.77)	2008
Aviation fuel tax (AS 43.40.010)	2009
Electric and telephone cooperative tax (AS 10.25.570)	2009
Liquor license fee (AS 04.11)	2009

**Funding:** These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(b) It is the intent of the legislature that the payments to local governments set out in (a) of this section may be assigned by a local government to another state agency.

**NEW SUBSECTION:** Subsection b is intended to allow a municipality to assign their payment under subsection (a) to a state agency. For example, the City of Homer might receive Fisheries Business tax payments under subsection a, but owe the Department of Administration contributions for PERS. Homer could assign the payment to DOA, thus avoiding cash flow from the state to the city and back to the state.

\* **Sec. 28. STATE DEBT AND OTHER OBLIGATIONS.** (a) The amount required to pay interest on any revenue anticipation notes issued by the commissioner of revenue under AS 43.08 during the fiscal year ending June 30, 2009, is appropriated from the general fund to the Department of Revenue for payment of the interest on those notes.

Subsection a appropriates general funds to pay interest on any revenue anticipation notes that may be issued during the year.

*Legislative Fiscal Analyst Comment: No notes are expected to be issued.*

(b) The amount required to be paid by the state for principal and interest on all issued and outstanding state-guaranteed bonds is appropriated from the general fund to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2009, for payment of principal and interest on those bonds.

Subsection b appropriates general funds to pay principal and interest on state-guaranteed bonds (veterans mortgage bonds) if the revenue stream from the mortgage loans is insufficient to make those payments. The only purpose of the state general obligation pledge is to gain tax-exempt status for the bonds. Because the bonds are general obligations of the state, they must be authorized by law, ratified by the voters, and approved by the State Bond Committee.

**Funding:** The revenue stream from mortgage loans is expected to be sufficient to cover bond payments, so the expected fiscal impact of this subsection is zero. However, a potential general fund obligation exists.

(c) The sum of \$30,789,700 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A.

(d) The sum of \$13,600 is appropriated to the state bond committee from State of Alaska general obligation bonds, series 2003A bond issue premium, interest earnings, and accrued interest held in the Alaska debt service fund for the fiscal year ending June 30, 2009, for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A.

Subsections c and d appropriate \$30.8 million from the debt retirement fund and \$13,600 from bond premiums and interest, respectively, to pay debt service on series 2003A general obligation bonds. The bonds were authorized by the voters in 2002 for construction of schools and university facilities.

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(e) The sum of \$13,055,600 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B.

(f) The sum of \$6,900 is appropriated to the state bond committee from state-guaranteed transportation revenue anticipation bonds, series 2003B bond issue premium, interest earnings, and accrued interest held in the Alaska debt service fund for the fiscal year ending June 30, 2009, for payment of debt service and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B.

Subsections e and f appropriate \$13.1 million from the debt retirement fund and \$6,900 from premiums and interest, respectively, to pay debt service on series 2003B state guaranteed transportation revenue anticipation bonds. The bonds were authorized by voters in 2002 for road and harbor construction/renovation.

*Legislative Fiscal Analyst Comment: Although these bonds were issued with a GO pledge by the state, they are more appropriately referred to as GARVEE bonds. The majority of the debt service is paid using eligible federal-aid highway formula funding coupled with a state matching component.*

(g) The sum of \$50,027,400 is appropriated to the state bond committee for the fiscal year ending June 30, 2009, for payment of debt service and trustee fees on outstanding international airports revenue bonds from the following sources in the amounts stated:

SOURCE	AMOUNT
International Airports Revenue Fund (AS 37.15.430)	\$46,827,400
Passenger facility charge	3,200,000

Subsection g appropriates funding for payment of debt service and fees on outstanding international airports revenue bonds.

(h) The sum of \$2,050,000 is appropriated from interest earnings of the Alaska clean water fund (AS 46.03.032) to the Alaska clean water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 during the fiscal year ending June 30, 2009.

(i) The sum of \$1,115,000 is appropriated from interest earnings of the Alaska drinking water fund (AS 46.03.036) to the Alaska drinking water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 during the fiscal year ending June 30, 2009.

Subsections h and i appropriate the interest earnings of the clean water and drinking water funds to their respective bond redemption funds. Both funds are capitalized annually with federal receipts for drinking and clean water bond receipts (see sections 23(o) and (p)). The federal receipts require a state match. Federal restrictions on the loan funds, however, limit their use to making loans and paying debt service. This section takes advantage of the ability to use the funds to pay debt service. Issuing short-term bonds (secured by the assets of the loan fund) allows the "restricted" earnings of the funds to be used to pay off the bonds. Essentially, the earnings of the funds are used as match.

(j) The sum of \$8,061,300 is appropriated from the Alaska debt retirement fund (AS 37.15.011) to the state bond committee for the fiscal year ending June 30, 2009, for trustee fees and lease payments relating to certificates of participation issued for real property.

Subsection j appropriates funds from the debt retirement fund to the state bond committee for payment of trustee fees and lease payments related to state-issued certificates of participation. Certificates of participation (COPs) are sold by the state to finance construction or purchase of state

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facilities. COPs represent fractional interest in the ownership of the lease payments that are paid over time by the state. Eventually, the state owns the facility outright.

(k) The sum of \$3,467,100 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2009, for payment of obligations to the Alaska Housing Finance Corporation for the Robert B. Atwood Building in Anchorage.

Subsection k appropriates \$3.5 million for obligations associated with the Atwood Building. AHFC purchased the Robert B. Atwood Building for approximately \$39 million in cash and then issued revenue bonds secured by the building itself and lease payments from the state. The state will own the building at the end of the lease.

(l) The sum of \$22,424,525 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2009, for payment of obligations and fees for the following facilities:

FACILITY	ALLOCATION
(1) Anchorage Jail	\$5,091,125
(2) Spring Creek Correctional Center	1,755,600
(3) Yukon-Kuskokwim Correctional Center	951,800
(4) Point Mackenzie Correctional Center	14,626,000

Subsection l appropriates \$5.1 million to pay lease costs for the Anchorage Jail. Anchorage issued municipal bonds to pay for the construction of the Anchorage Jail, which the state leases.

*Legislative Fiscal Analyst Comment: In common language, the contract with the Municipality of Anchorage is a lease, but terms of the contract are such that Governmental Accounting Standards Board's (GASB) rule #34 classifies it as a Capital Lease. In simple terms, this means that a default on lease payments could affect the state's credit rating. Because of the potential impact on credit rating, the obligation is categorized as debt.*

*Legislative Fiscal Analyst Comment: Chapter 160, SLA 2004 (SB 65) authorized lease-purchase agreements for the Spring Creek Correctional Center (SCCC) expansion, the Yukon-Kuskokwim Correctional Center (YKCC) expansion, and the Point MacKenzie jail construction. Both SCCC and YKCC are ready to go. Upon renovation, the state will pay the debt service and utilize the facilities (a capital lease arrangement). SCCC is a \$22 million project with projected FY09 debt service of \$1.76 million (25 year term @ 5.25%). YKCC is a \$12.5 million project with projected FY09 debt service of \$952,000 (25 year term @ 5.25%).*

*The Point MacKenzie jail project is not as far along as the other jail projects. A variety of issues are unresolved (how many beds, how the utilities will be provided, etc.) and an appropriation for debt service may be premature. The requested debt service amount of \$14.6 million is based on a 1,120-bed prison costing \$212 million (25 year term @ 5.25%).*

(m) The sum of \$3,303,500 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2009, for payment of obligations to the Alaska Housing Finance Corporation for the Robert B. Atwood Building parking garage in Anchorage.

*Subsection m appropriates \$3.3 million for obligations associated with the Atwood parking garage. The obligation is a lease purchase similar to the obligation for the Robert B. Atwood Building and the Anchorage jail.*

(n) The sum of \$97,021,161 is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 from the following sources:

*Legislative Fiscal Analyst's Overview of the Governor's FY09 Request*

Alaska debt retirement fund (AS 37.15.011)	\$73,621,161
School fund (AS 43.50.140)	23,400,000

Subsection n appropriates funds for municipal school debt reimbursement. AS 14.11.100 authorizes the state to reimburse municipalities for selected bonds issued for school construction (from 60-90% of principal and interest depending on the authorization). The amount of this appropriation is the projected need for full reimbursement.

(o) The sum of \$8,035,959 is appropriated from the general fund to the following agencies for the fiscal year ending June 30, 2009, for payment of debt service on outstanding debt authorized by AS 14.40.257, AS 29.60.700, and AS 42.45.065, respectively, for the following projects:

AGENCY AND PROJECT	APPROPRIATION AMOUNT
(1) University of Alaska	\$1,413,330
Anchorage Community and Technical College Center	
Juneau Readiness Center/UAS Joint Facility	
(2) Department of Transportation and Public Facilities	
(A) Nome (port facility addition and renovation)	127,750
(B) Matanuska-Susitna Borough (deep water port and road upgrade)	754,870
(C) Aleutians East Borough/False Pass (small boat harbor)	101,841
(D) Lake and Peninsula Borough/Chignik (dock project)	115,338
(E) City of Fairbanks (fire headquarters station replacement)	868,790
(F) City of Valdez (harbor renovations)	223,138
(G) Aleutians East Borough/Akutan (small boat harbor)	308,701
(H) Fairbanks North Star Borough (Eielson AFB Schools, major maintenance and upgrades)	337,882
(3) Alaska Energy Authority	
(A) Kodiak Electric Association (Nyman combined cycle cogeneration plant)	943,676
(B) Cordova Electric Cooperative (Power Creek hydropower station)	2,245,840

## *Legislative Fiscal Analyst's Overview of the Governor's FY09 Request*

(C) Copper Valley Electric Association (cogeneration projects)	351,179
(D) Metlakatla Power and Light (utility plant and capital additions)	243,624

Subsection o appropriates \$8 million to various state agencies for reimbursement to municipalities and public entities for debt service on projects authorized in Ch. 115, SLA 2002 (HB 528). This level of reimbursement is lower than that enacted for FY08 (\$10.5 million). The level of reimbursement is discretionary.

(p) The sum of \$7,500,000 is appropriated from the Alaska fish and game revenue bond redemption fund (AS 37.15.770) to the state bond committee for payment of debt service, accrued interest, and trustee fees on outstanding sport fish hatchery revenue bonds. It is the intent of the legislature that the sum of \$2,200,000 of the appropriation made by this subsection be used for early redemption of the bonds.

Subsection p appropriates the majority of the surcharge levied on sport fish licenses authorized under Ch 94, SLA 2005—and transferred to the bond redemption fund in Section 19(l) of this bill—for payment of debt service on bonds issued for sport fish hatchery development. The appropriation exceeds the debt service due on the bonds, allowing the bonds to be paid off ahead of schedule.

(q) The sum of \$2,000,000 is appropriated from the general fund to the state bond committee for payment to the Municipality of Kodiak for the upgrade, expansion, or replacement of the Kodiak Community Jail. It is the intent of the legislature that the Municipality of Kodiak not receive proceeds of certificates of participation authorized by sec. 7, ch. 160, SLA 2004, as provided by sec. 8(a), ch. 160, SLA 2004.

Subsection q indirectly appropriates \$2 million to Kodiak for the state's share of the Kodiak jail. The appropriation is intended to substitute for the \$2 million that Kodiak would have received from the proceeds of a certificate of participation.

*Legislative Fiscal Analyst Comment: The substitution of a general fund appropriation for the proceeds of the sale of a certificate of participation (COP) is due to the prohibitive cost of issuing a (COP) of this small amount.*

*Legislative Fiscal Analyst Recommendation: This transaction may be addressed in the capital budget as a grant to a municipality. Doing so would categorize the appropriation as a grant rather than as debt service. Given that no COP is expected to be issued, a grant may be the more appropriate classification.*

(r) The sum of \$4,527,700 is appropriated from the general fund to the Department of Administration for payment of obligations and fees for the fiscal year ending June 30, 2009, for the following projects:

- (1) State of Alaska telecommunications system/Alaska land mobile radio build out and support projects;
- (2) telephone system replacement and stabilization phase 3.

Subsection r appropriates general funds for "master lease line of credit" payments for the above two FY08 projects. Appropriations from the Master Lease Line of Credit for these two projects totaled \$27 million.

\* **Sec. 29. CONSTITUTIONAL BUDGET RESERVE FUND.** (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2008 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number

## *Legislative Fiscal Analyst's Overview of the Governor's FY09 Request*

11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which they were transferred.

**Subsection a** is "sweep reversal language." The Constitution requires that year-end general fund balances be used to repay withdrawals from the CBRF. All general fund subaccounts are "swept" into the CBRF; this provision reverses that action.

(b) Unrestricted interest earned on investment of the general fund balances for the fiscal year ending June 30, 2009, is appropriated to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). The appropriation made by this subsection is intended to compensate the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for any lost earnings caused by use of the fund's balance to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2009, in anticipation of receiving unrestricted general fund revenue. The amount appropriated by this subsection may not exceed an amount equal to the earnings lost by the budget reserve fund as the result of the use of money from the budget reserve fund to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2009, in anticipation of receiving unrestricted general fund revenue.

**Subsection b** appropriates general fund earnings to the CBRF as compensation for earnings lost by the CBRF as a result of draws to meet the Treasury's cash flow requirements.

(c) The sum of \$245,700 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Revenue, treasury division, for operating costs related to management of the budget reserve fund for the fiscal year ending June 30, 2009.

**Subsection c** appropriates \$245,700 from the budget reserve fund to the Department of Revenue, Treasury Division, for investment management fees for FY09.

(d) The sum of \$155,300,000 is appropriated from the general fund to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(e) The sum of \$223,700,000 is appropriated from the general fund to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

**Subsection d** appropriates \$155.3 million of the FY09 surplus (the entire anticipated FY09 surplus) to the CBRF.

**Subsection e** appropriates \$223.7 million of the FY08 surplus (the entire anticipated FY08 surplus) to the CBRF. The section has an effective date of June 30, 2008.

*Legislative Fiscal Analyst Comment: These deposits are for the exact amount of the anticipated surplus in each fiscal year. Under these conditions, any shortfall in revenue will force a draw from the CBRF. The legislature typically leaves a cushion of several million dollars in case revenue is lower than anticipated.*

(f) The appropriations made by (a) and (e) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

**Subsection f** stipulates that appropriations made from the CBRF must be approved by at least three-quarters of the members of each house of the legislature.

*Legislative Fiscal Analyst Comment: The bill contains no language appropriating funds from the CBRF to cover any shortfall in unrestricted revenue.*

\* **Sec. 30. NONLAPSE OF APPROPRIATIONS.** The appropriations made by secs. 5(d), 6(b), 7(d), 8(b), 11(a), 11(b), 23, 28(h), and 28(i) of this Act are for the capitalization of funds and do not lapse.

*Legislative Fiscal Analyst's Overview of the Governor's FY09 Request*

\* **Sec. 31. RETROACTIVITY.** Those portions of the appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2008 program receipts or the unexpended and unobligated balance on June 30, 2008, of a specified account are retroactive to June 30, 2008, solely for the purpose of carrying forward a prior fiscal year balance.

\* **Sec. 32.** Sections 1'(a), 12(e), and 23(x) take effect April 13, 2008.

\* **Sec. 33.** Sections 21, 29(e), and 31 of this Act take effect June 30, 2008.

\* **Sec. 34.** Except as provided in secs. 32 and 33 of this Act, this Act takes effect July 1, 2008.

## ANCHORAGE PROJECT ACCESS 2008 BOARD OF DIRECTORS

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**2008 STATE LEGISLATIVE PROGRAM  
MUNICIPAL PRIORITY ISSUES  
Operating Budget - Public Health**

**ISSUE/PROJECT NAME:** Anchorage Project Access

**ISSUE/IMPROVEMENT TYPE:**

**STATE GRANT REQUEST:** \$250,000

**PRIORITY:**

**ISSUE/PROJECT DESCRIPTION:**

Health care is among the most expensive commitments of government, businesses, and individuals. According to the Institute of Social and Economic Research, health care costs almost doubled between 1991 and 2005, with businesses and governments in Alaska paying about 80% of those costs. Data indicates that about 30,000 Anchorage residents are uninsured with about half of those considered low income.

Anchorage Project Access ([www.anchorageprojectaccess.org](http://www.anchorageprojectaccess.org)) is a local replication of a national model that has proven to improve health outcomes and reduce emergency room charity care costs in many communities. Anchorage Project Access was founded and brought to the implementation stage through the collaborative efforts of many community stakeholders and opened its doors in December 2005. During the first 18 months of operation, Anchorage Project Access has processed 1,200 applications and provided medical services for about 600 people. Similar to pro bono services provided by attorneys, this model primarily provides specialty medical care to those who meet the qualifying criteria (income less than 200% of poverty, uninsured, medical need, and Anchorage resident). Impressively, Anchorage Project Access generates a four to one return on investment and the efforts of the Anchorage medical community has resulted in approximately \$2 million dollars of donated medical care in its first eighteen months of operation. There are roughly 375 participating physicians, nurse practitioners, and other health care providers in Anchorage who participate in the program by donating services. A variety of ancillary services including hospital costs, imaging and pharmacy services are also leveraged by the program at low or no-cost.

Sustainability, continuous growth in health care providers and patient referrals are instrumental in maintaining the ability of Anchorage Project Access to assist the underserved and uninsured. The largest expense of Anchorage Project Access is for staff time to enroll patients and coordinate their services. An investment of \$250,000 (less than \$1 per Anchorage resident) would leverage approximately \$1 million dollars of pro bono medical services. While currently a program that serves primarily Anchorage residents, Anchorage Project Access is a model that once established could likely be implemented in other localities in Alaska.

**Legislative District (s):**

House: 16-32

Senate: H-P

**CONTACT PERSON:** Diane Ingle, TITLE: Director,  
Department: Health and Human Services  
Phone: 907-343-6718

February 18, 2008

Representative Kevin Meyer  
Representative Mike Chenault  
Co-Chairs House Finance Committee  
State Capitol, Room 515  
Juneau, AK 99801-1182



Dear Representatives Meyer and Chenault,

As the budget process progresses to its final stages, we wanted to take a moment of your time to alert you to a funding request for Anchorage Project Access. You are likely familiar with Anchorage Project Access through this year's Municipality of Anchorage budget request packet.

Anchorage Project Access provides *pro bono* medical care to the most needy of the 15,000 low income uninsured Anchorage residents, some of whom have relocated from other parts of the State.

- **Efficient**—Anchorage Project Access was able to leverage \$2.1 million in donated medical care in the first 18-months of operation, a \$400 return for every \$100 invested;
- **Empowering**—patients are enrolled for short time periods (average 9-months) enabling return to independence;
- **Comprehensive**—340 physicians and 36 other practitioners (nurse practitioners, podiatrists, physical therapists, surgery, radiology, sleep centers and both hospitals – Providence and Alaska Regional) participate;
- **Compassionate**—the most needy are served, 200% of poverty or less;
- **Effective**—In the first 2-years of operation:
  - Over 1300 patients have been screened for eligibility;
  - Over 700 patients have been served;
- **Coordinated Care**—Care Coordination gets the right patient to the right doctor at the right time, avoiding unnecessary or repetitive care and minimizing emergency room use;
- **Our Request**—Start up grants, which funded the cost of program personnel and office operations (totaling \$420K per year) are expiring:
  - Funds are needed to continue services during 2009. Requesting \$250,000 for calendar year 2009.

A hard copy of this letter will be sent by U.S. Mail. Please feel free to contact either of us. We would be delighted to speak with you directly. Our Executive Director is also available and can be reached at the contact information below. We look forward to working with you.

Sincerely,

Catherine Schumacher, MD  
Anchorage Project Access Board Treasurer  
Cell phone 350-8137 (preferred)  
Anchorage Medical Surgical Clinic 272-2571

K.C. Kaltenborn, MD  
Anchorage Project Access Board Chair  
Cell phone 242-4136 (preferred)  
Alaska Kidney and Diabetes 562-9572

For more information contact: Executive Director, Charlene Spadafore Vassar, 1805 Academy Drive, Ste 101, Anchorage, AK 99507; (907) 339-8779; FAX (907) 339-8710; E-mail: [csvassar@anchorageprojectaccess.org](mailto:csvassar@anchorageprojectaccess.org); Website: [www.anchorageprojectaccess.org](http://www.anchorageprojectaccess.org)

CC: Representative Bill Stoltze, Vice-Chair  
Representative John Harris  
Representative Mike Hawker  
Representative Mike Kelly  
Representative Bill Thomas  
Representative Harry Crawford  
Representative Les Gara  
Representative Reggie Joule

Representative Mary Nelson



University of Alaska  
ANSEP: Alaska Native Science & Engineering Program

ANSEP students are Alaskans. The graduates remain in Alaska in professional positions, contributing to our economic growth.

This is not just a University program. Because of the longitudinal structure of the model,

the program has more high school students enrolled than university students. ANSEP is unique from a budgetary perspective as well. Funding formulas for neither Alaskan high schools, nor the University system cover ANSEP costs, yet both benefit from the program.

We are not aware of any similar education program that has demonstrated the success rates of ANSEP. A specific, annually recurring allocation of funds to ANSEP is necessary to assure the sustainability of the program. Investing public funds promises a high rate of return. ANSEP provides high paying jobs for Alaskans and the promise of Alaskans determining the fate of Alaska.

The following table is the budget required to partially support ANSEP annually. Supplemental funding will still be required from private and government grants.

	University of Alaska	
	Alaska Native SIEEM Enrollment	Annual ISD type graduation
Year	Enrollment	Degrees
2002-2003	157	17
2003-2004	191	13
2004-2005	219	19
2005-2006	227	15
2006-2007	279	18
2007-2008		23 (projected)

ANSEP Annual Budget	
ITEM	Annual Cost
<b>Personnel</b>	
Regional Director (North Slope, Northwest Arctic)	\$ 99,400
Regional Director (Western, Aleutians, Interior)	\$ 99,400
Regional Director (Southcentral, Southeast)	\$ 99,400
Campus Coordinator, UAF	\$ 110,000
Campus Coordinator, UAS	\$ 110,000
Campus Coordinator, UAA	\$ 110,000
Executive Director	\$ 170,000
Science Coordinator	\$ 110,000
Fiscal Manager	\$ 90,000
Administrative Assistant	\$ 60,000
Distance Tutors (40 Student Tutors)	\$ 200,000
<b>Total Staff:</b>	<b>\$ 1,258,200</b>
<b>Operational and Equipment</b>	
Travel	\$ 80,000
Supplies	\$ 50,000
High school academic enrichment	\$ 540,000
Distance tutoring equipment/software	\$ 100,000
<b>Total Operational and Equipment:</b>	<b>\$ 770,000</b>
<b>Total</b>	<b>\$ 2,028,200</b>



## University of Alaska ANSEP: Alaska Native Science & Engineering Program

### Summary

*Our objective is to effect a systemic change in the hiring patterns of Indigenous Americans in the fields of science, technology, engineering, and mathematics (STEM) by increasing the number of individuals on a career path to leadership within STEM fields.*

The Alaska Native Science & Engineering Program (ANSEP) was started on the University of Alaska Anchorage (UAA) campus in 1995 with a single Alaska Native engineering student. Since then we have grown to an alliance of 4 universities, 2 community

#### Indigenous Alliance Partners

- University of Alaska Anchorage
- University of Alaska Fairbanks
- University of Hawai'i Manoa
- University of Washington
- Kapiolani Community College
- Kuskokwim Community College

colleges, and 43 high schools in Alaska,

Washington and Hawai'i. There are now more than 1,100 Native university level STEM students involved and in excess of 400 high school students. Students are arriving prepared for engineering and science coursework at participating institutions in unprecedented

numbers. We have graduated 135 engineers since 2002. Annual STEM degree production has increased from 46 in 2000 to 116 in 2007. In May 2008 ANSEP will graduate 23 Alaska Native engineers and scientists from the University. More than 50 organizations support this effort with cash and internships.

The work we do is based on the fundamental Indigenous value that stresses the importance of community before the individual. ANSEP is a comprehensive suite of *Pre-College*, *Summer Bridging*, *University Retention*, and *Graduate* components. We have arrived at this model after 13 years of effort and with the awareness that a fragmented approach that deals with one of the four areas is not adequate to deal with the scope of the problem and ultimately falls short. Beginning with high school freshmen, structured programs lead students each step of the way through high school, into the undergraduate years, on to graduate school, and into professional life. At each level the goal is to create empowerment and excitement around careers in engineering and science.

- In Alaska, 487 students have participated in the ANSEP *Pre-College* component. Of these students, 59% have completed chemistry, physics, and Algebra II prior to graduation from high school.
- Of all the students who have completed ANSEP *Summer Bridge* in Alaska, 85% have earned BS degrees or are still enrolled at the University.
- ANSEP *University Retention* rates in engineering are above 70% on each campus where we work.



*Alaska Native Civil Engineering graduates Andy White and Michael Nabers helped architects and engineers to design a new 13,000 square foot building on the UAA campus to house ANSEP and the Indigenous Alliance.*

## Charter School Grant History

Legislation & Fiscal Year of Funding	Grant Amount
<i>HB375 Operating Budget - FY2005</i>	\$ 106,000
<i>HB67 Operating Budget - FY2006</i>	\$ 250,000
<i>HB365 Operating Budget - FY2007</i>	\$ 250,000
<i>CCS HB95 Operating Budget - FY2008</i>	\$ 100,000

### FY2005

District	Charter School	ADM	Amount due
Craig	PAGE Alternative Charter School	8.00	\$ 2,497.69
Juneau	Juneau Community Charter School	65.50	\$ 20,444.52
Kenai	Fireweed Academy Charter (Homer)	34.00	\$ 10,612.42
	Montessori Charter	100.10	\$ 31,244.21
	Kaleidoscope School of Arts & Sciences	88.00	\$ 27,467.44
Nome	Anvil City Science Academy	44.00	\$ 13,733.72
<b>TOTAL</b>		<b>339.60</b>	<b>\$ 106,000.00</b>

### FY2006

District	Charter School	ADM	Amount due
Anchorage	Winterberry Charter School	144.10	\$ 66,911.28
Juneau	Juneau Community Charter School	64.00	\$ 29,717.65
Kenai	Kaleidoscope Charter School	115.55	\$ 53,654.38
	Fireweed Academy Charter (Homer)	48.25	\$ 22,404.30
	Soldotna Montessori Charter	122.50	\$ 56,881.54
Nome	Anvil City Science Academy	44.00	\$ 20,430.85
<b>TOTAL</b>		<b>538.40</b>	<b>\$ 250,000.00</b>

### FY2007

District	Charter School	ADM	Amount due
Fairbanks	Elfie Cochrane Charter	97.65	\$ 58,487.12
Juneau	Juneau Community Charter School	67.65	\$ 40,518.62
Kenai	Fireweed Academy Charter (Homer)	66.00	\$ 39,530.36
Lower Kuskokwim	Ayaprun Eliitnaurvik Yup'ik Immersion (bothel)	142.60	\$ 85,409.92
Nome	Anvil City Science Academy	43.50	\$ 26,053.98
<b>TOTAL</b>		<b>417.40</b>	<b>\$ 250,000.00</b>

### FY2008

District	Charter School	ADM	Amount due
Juneau	Juneau Community Charter School	65.00	\$ 35,230.00
Kenai	Fireweed Academy Charter (Homer)	75.50	\$ 40,921.00
Nome	Anvil City Science Academy	44.00	\$ 23,849.00
<b>TOTAL</b>		<b>184.50</b>	<b>\$ 100,000.00</b>

Pat Pitney, Vice President  
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(907) 450-8181 fax  
pat.pitney@alaska.edu



UNIVERSITY  
of ALASKA  
*With Education One Alaska*

Planning & Budget  
PO BOX 755260  
910 Yukon Drive Ste. 108  
Fairbanks, AK 99775-5260

Representative Chenault  
House Finance Chairman  
State Capitol, Room 505  
Juneau, AK 99801-1182

February 22, 2008

Dear Representative Chenault:

Following the suggestion of the House Finance Sub Committee (HFSC), the UA Board of Regents called a special meeting on Wednesday, February 20, to review compensation structure options for our non-organized employees. In accordance with the HFSC desire that the University adopt a procedure similar to that used for state employees, the Board of Regents will modify the staff compensation structure in FY09 to include a 4.5% salary grid adjustment and suspend step adjustments. Over the next few months, the Board of Regents will look at a different staff compensation structure for FY10 and beyond that maintains UA's ability to recruit and retain qualified staff, but that will be more reliant on salary grid increases and will minimize the fiscal impact of annual steps.

This approach addresses your desire to only fund salary grid and not step increases. In FY09, it provides UA staff, the largest group of public employees not-represented by a union, a compensation adjustment similar to what they expected based on the Board of Regents' policy and budget request. And finally, it provides an adjustment for UA staff that is similar, albeit lower, than the level of recently negotiated union contracts covering state workers, university faculty, and school district teachers.

This action is virtually cost neutral and eliminates the political disconnect that has existed over this issue for years. In the HFSC, \$3,545.5 was cut from UA non-bargaining unit staff compensation. To accomplish the approach suggested by the HFSC, and outlined above, will require \$3,403.3.

The HFSC took the same approach to steps with the much smaller AHECTE represented employees (the UA "blue-collar" employees). There is a tentative agreement that AHECTE members are in the process of ratifying. The agreement includes small grid movements and high dependence on annual steps. By law, if the terms of the contracts are not funded, the University cannot pay the negotiated provisions. Meeting the terms of the AHECTE contract, which is expected to be ratified in the next week, requires restoration of the \$364.3 cut by HFSC. The alternative approach outlined above will be implemented for non-organized employees and will be presented by the University in subsequent collective bargaining negotiations for adoption by the AHECTE.

When comparing state and university compensation programs, it should be noted that UA's actual 8% personnel cost increases in the last 3 years have been less than the 8.5% for state government, 10.9% for the Legislature, and 10% for the Court system. These annual increases may seem high, but for all groups, retirement was a factor that pushed costs up. A comparison of the FY08 management plan shows UA's average compensation increase at 5.5% to be above the state agency average of 3%. However, when year-end figures are published, UA will be at, or below, state agency increases because agency increases are coming retroactively via the supplemental budget, a practice used many times in the past. It is important to note, looking back over the last few years, UA's personnel cost increases mirror UA's budget request for compensation. In other words, we have been transparent and accurate in our request.

Thank you very much for your timely attention to this request. We are hopeful it points to a way the interests of the Committee and the university and its employees can be served.

Sincerely,  
Pat Pitney

## What will happen if funding for ANSEP is not allocated?

ANSEP is a very successful model for educating Alaska Native students and others in engineering and the science. The numbers of graduates, and students enrolled in ANSEP shows clearly that it is probably the most successful program of this kind. In the Oval office, President George W. Bush personally presented the executive director with an award for his work with the program in 2005.

The positive side of this success is obviously the production of Alaskan professionals in fields previously unpopulated by Alaska Native people. There are more than 300 high school students currently enrolled in ANSEP across Alaska. The majority of those students will attend college at a University of Alaska campus. This rapidly growing rate of success has strained the ability of the current staff to administer the program, and to serve students attending college at campuses across the state.

- 600+ students have participated in ANSEP *Pre-College*. Data shows that 59% of ANSEP *Pre-College* students will complete chemistry, physics, and Algebra II prior to graduation from high school.
- Of all the students who have completed ANSEP *Summer Bridge* in Alaska, 85% have earned BS degrees or are still enrolled at the University.
- ANSEP *University Retention* rates in engineering are above 70% on each campus where we work.

The attached budget proposal requests appropriated funds to replace "soft" funds provided by private industry, individuals, philanthropic groups and agencies on an annual basis. These "soft" monies are used to fund all components of the program, including administration. This is money that cannot be counted on, as it is given entirely at the discretion of individuals and groups. These contributors believe that investment in ANSEP is good for Alaska and their organizations, and they have provided over 20 million dollars to the program in the last 13 years. **University funds will provide 19% of the funding required for the FY 2009 budget.**

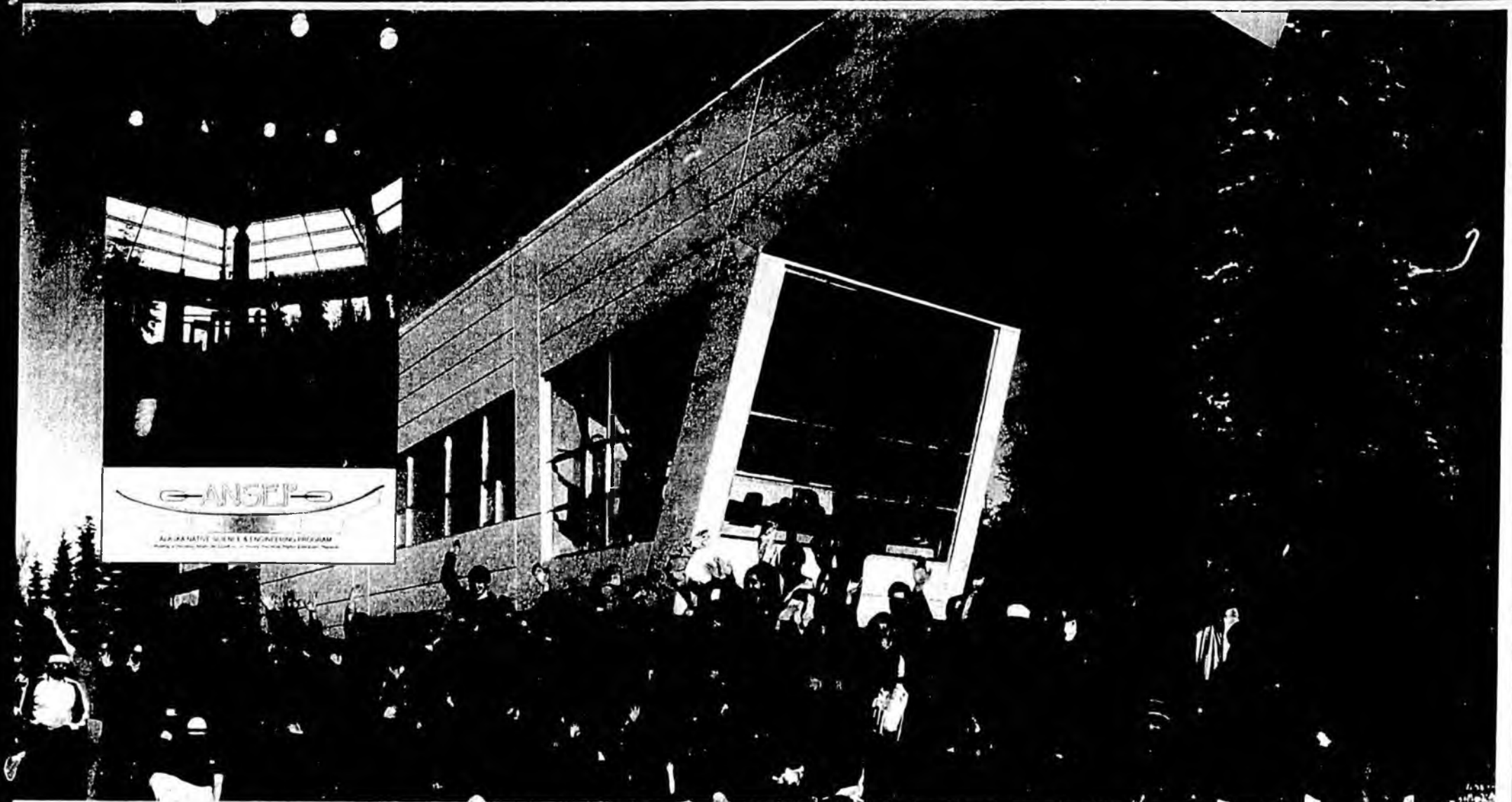
Although support and belief in the program is not waning, it is a very risky practice to depend on soft funds for a long-term, rapidly growing University program. It is particularly risky for a program that has the potential to provide so much for Alaska's workforce and involves a commitment to students across the state. Some of the requested funds are for a new position at the University of Alaska Southeast. UAS has the potential to provide unique educational opportunities, particularly for students studying fisheries and marine science.

If funding is not appropriated for ANSEP:

- It will be necessary to reduce recruitment activities in Alaska's high schools for students focused on science and engineering careers.
- There simply will not be adequate administrative capabilities to oversee the program at the level necessary to insure continued success.
- It is unlikely that ANSEP will be able to work at UAS.
- It will be impossible to maintain the current program.
- There will be a reduced number of high school students attending college in engineering and science.

In summary, these funds will be used to prepare for the surge of students, from across Alaska, that are currently enrolled in ANSEP. It is not an attempt to acquire additional funds simply to build the existing program. These funds are necessary to solidify the program, maintain it at the current level, and insure that ANSEP can commit to providing long-term service to Alaska's students and provide a professional workforce for Alaska's future.

**THE FOLLOWING DOCUMENT  
HAS NOT BEEN FILMED BUT IS  
AVAILABLE IN THE ORIGINAL FILE**



UNIVERSITY OF ALASKA  
ALASKA NATIVE SCIENCE & ENGINEERING PROGRAM  
[HTTP://ANSEP.UAA.ALASKA.EDU/](http://ANSEP.UAA.ALASKA.EDU/)

## REPORT TO THE PARTNERS

**Building a National Model for Excellence in Native American Higher Education Programs**

**ANSEP**

## Summary of Language Sections in the Operating Budget (HB 310)

Governor's Bill	Committee Substitute	Topic	Action
	Section 4	Intent regarding Supplementals	Added standard language
	Section 5	Intent regarding Costs of Job Reclassifications	Added standard language
	Section 6	Intent regarding Personal Services Transfers	Added new intent language
Section 4	Section 7	Alaska Aerospace Dev.	No change
Section 5		Alaska Housing Finance Corp	Removed--will be in capital bill
Section 6		Alaska Industrial Development	Removed--will be in capital bill
Section 7	Section 8	Alaska Permanent Fund	No change
Section 8		Alaska Student Loan Corporation	Removed--will be in capital bill
Section 9	Section 9	Administration--State catastrophe reserve account	No change
Section 10	Section 10	Commerce	No change
Section 11	Section 11	Education	a: PEF FY08 Capitalization: Delete \$1.6 billion supplemental  b: PEF FY09 Capitalization for FY2010: Increase \$1.0 billion to \$1.0041 billion and move to fund caps  c: School Incentive: Changed open-ended appropriation to \$4.8 million total a. Fully funded TRS at \$206,300,00  b. No change  c. Fully funded PERS at \$241,600,000  d. Changed wording; no impact  e. Removed \$450 million supplemental deposit to TRS  f. Added \$1,722,500 for DMVA
Section 12	Section 12	Retirement	No change
Section 13	Section 13	Labor	Oil & Gas \$5 million moved to numbers OTI
Section 14		Law	No change
Section 15	Section 14	DMVA	No change
Section 16	Section 15	Natural Resources	No change
Section 17	Section 16	DPS	No change
Section 18	Section 17	Revenue	No change
Section 19		DOTPF	Moved traffic safety \$44,300 to numbers
Section 20	Section 18	Governor, fuel trigger	Extended table to \$39 or more Modified payout schedule Revised allocations for HSS, DOC and UA
Section 21	Section 19	University	No change
Section 22	Section 20	Federal/other receipts	Removed Ocean Ranger program
Section 23	Section 21	Fund Transfers	
	a1	AHFC Dividend	Replaced debt retirement capitalization with GF
	a2	a1 Fed receipts	No change
	a3	AIDA Dividend	Replaced debt retirement capitalization with GF
	a4	a2 GF to Debt Retirement	Changed amount to \$107,043,300 (replaced Corp dividends)
	a5	a3 ILTF	No change
	a6	a4 AMBBA	No change
	b	America Vote Act	Removed--will be in capital bill
	c	PCE	GF reduced \$500,000 FY08 supp increased \$500,000 GF
	d	c NPRA	No change
	e	d NPRA	No change
	f	e NPRA	No change
	g	f Fish and Game Fund	No change
	h	g Oil Hazardous	No change
	i	h Oil Hazardous	No change
	j	i Alaska Children's Trust	No change
	k	j Post secondary Education	No change
	l	k Fed funds disaster relief	No change
	m	l Disaster Relief Fund	No change
	n	m Mine Reclamation Trust Fund	No change
	o	n Alaska Clean Water	No change

**Summary of Language Sections in the Operating Budget (HB 310)**

Governor's Bill	Committee Substitute	Topic	Action
	p	Alaska Drinking Water Fund	No change
	q	AMBBA	No change
	r	Bulk Loan Fund	Removed
	s	Alaska Student Loan Corporation	Removed
	t	Municipal Harbor Fund	Removed--will be in capital bill
	u	Alaska Sport Fishing Enterprise Account	No change
	v	Fed receipts to AK Sport Fishing	No change
	w	Oil and Gas Tax Credits	Reduced \$200 million to \$175 million
	x	Info Services Fund	Removed--will be in capital bill
	y	School construction Grant Fund	Removed--will be in capital bill
	z	Major maintenance Grant Fund	Removed--will be in capital bill
	t	Public Education Fund	Funded at \$1,004,100,000 for FY2010
	u	Revenue Sharing	Reduced \$75 million to \$50 million contingent on passage of Revenue Sharing Bill
Section 24	Section 22	Bond claims	No change
Section 25	Section 23	Retained Fees and Bankcard Service fees	Reword (no impact)
Section 26	Section 24	Salary and Benefit Adjustments	No change
Section 27	Section 25	Shared taxes and fees	Removed Regional Cruise Ship Impact Fund (requires appropriation)  Put Commercial Passenger Excise Tax on calendar year basis
Section 28	Section 26	State debt and other obligations	
	a-p		No change
	q	Kodiak	Removed (is in supplemental bill)
	r	Master lease line of credit	Removed
Section 29	Section 27	CBR	Removed supplemental appropriation
			Removed CBR deposit
Section 30	Section 28	Nonlapse of Appropriations	No change
Section 31	Section 29	Retroactivity	No change
Section 32	Section 30	Effective dates	Changed as appropriate
Section 33	Section 31	Effective dates	Changed as appropriate
Section 34		Effective dates	Removed

**HB**

**310**

**(FILE 2)**

**HFIN**

**FILE**

## 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 2/26

Amendment: Admin # 1

MEMBER	Favor	Oppose
KELLY		✓
NELSON	✓	
STOLTZE		✓
THOMAS	✓	
CRAWFORD	✓	
<del>FOSTER</del> HARRIS	✓	
GARA	✓	
HAWKER	✓	
JOULE	✓	
MEYER	✓	
CHENAULT	✓	

Yea 9

Nay 2

2/26/08 passed 9-2

Admin #1

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)

**OFFERED BY:** Rep. Thomas

**DEPARTMENT:** Administration  
**APPROPRIATION:** Public Communications Services  
**ALLOCATION:** Public Broadcasting - Radio

**ADD:** \$400,000 General Funds (1004)

Add the following intent language:

**It is the intent of the legislature that this increment be used to fund services only in rural and underserved regions of the State.**

**EXPLANATION:**

This amendment will provide funding for station operating grants administered by the Alaska Public Broadcasting Commission for public radio stations only. This funding will be used for rising fixed costs such as fuel and utility payments, property insurance, employee health insurance, engineering and programming costs.

2/26/08

adoptd  
N/D

DCCED 1

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)/CSHB 312(FIN)

OFFERED BY: *Chenault / Meyer*

DEPARTMENT: Department of Commerce, Community & Economic Development

APPROPRIATION: Community Assistance & Economic Development

ALLOCATION: Community and Regional Affairs

ADD: \$1.0 General Funds (1004)  
DELETE: \$1.0 Vehicle Rental Taxes (1200)

DEPARTMENT: Department of Natural Resources

APPROPRIATION: Parks and Recreation Management

ALLOCATION: Parks Management

ADD: \$1,127.2 Vehicle Rental Taxes (1200)  
DELETE: \$1,127.2 General Funds (1004)

**EXPLANATION:**

This amendment simplifies tracking of VRT receipts by eliminating a small amount used in DCCED. Use of VRT receipts in DNR Parks Management brings total FY09 appropriations of VRT Receipts to \$8,018,600—the available balance of Vehicle Rental Taxes for FY09.

# 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 2/26

Amendment: AM # DCEED #2

MEMBER

Favor

Oppose

MEMBER	Favor	Oppose
NELSON	✓	
STOLTZE	✓	
THOMAS	✓	
CRAWFORD	✓	
<del>ROBERT</del> HARRIS	✓	
GARA	✓	
HAWKER	✓	
JOULE	✓	
KELLY		✓
CHENAULT	✓	
MEYER	✓	

Yea 10

Nay 1

2/26/08

passed

10-1

OCCED 2

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)/CSHB 312(FIN)

OFFERED BY: Rep. Mary Nelson

DEPARTMENT: Department of Commerce, Community, and Economic  
Development  
APPROPRIATION: Alaska Energy Authority  
ALLOCATION: Alaska Energy Authority Power Cost Equalization

ADD: \$1,400,000

FUNDING SOURCE: 1089 Power Cost Equalization & Rural Electric  
Capitalization Fund

**EXPLANATION:** This amendment adds \$1.4 million to PCE from the Power Cost Equalization and Rural Electric Capitalization Fund to restore the Administration's requested increment to fully fund PCE this year.

Increased fuel costs necessitate an increase in the power cost equalization program appropriation to avoid pro-ration during FY09.

Even with PCE, individuals in PCE eligible communities still pay much more than urban and Railbelt consumers for electricity. At a time of escalating energy costs, full funding of PCE will help rural Alaskan's keep pace with the rest of the state.

adopted  
2-26

**DCCED 3**

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Rep. Mike Kelly

**DEPARTMENT:** Commerce, Community and Economic Development  
**APPROPRIATION:** Community Development Quota Program  
**ALLOCATION:** CDQ

**ADD:** 0.0

**FUNDING SOURCE:** N/A

**DELETE:** \$180.5

**FUNDING SOURCE:** Receipt Services

**EXPLANATION:** Remove Receipt Authority

# 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 2/20

Amendment: COR 1

MEMBER

Favor

Oppose

STOLTZE		✓
THOMAS		✓
CRAWFORD	✓	
<del>POSTER</del> HARRIS		✓
GARA	✓	
HAWKER		✓
JOULE	✓	
KELLY		✓
NELSON	✓	
MEYER		✓
CHENAULT		✓

Yea 4

Nay 7

Failed 4-7 2-26-08

OPERATING BUDGET AMENDMENT

COR 1

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)/CSHB 312(FIN)

OFFERED BY: Representative Les Gara

DEPARTMENT: Department of Corrections  
APPROPRIATION: Population Management  
ALLOCATION: Offender Habilitation Programs

ADD: \$1,162,800

FUNDING SOURCE: 1004 General Funds

**EXPLANATION:** This appropriation would provide much a much needed increase in funding for substance abuse treatment programs for incarcerated [substance abusers and those people on electronic monitoring.] In addition this appropriation would increase the funding for educational and apprenticeship materials to offenders. Education and training are essential to help rehabilitate offenders and to keep recidivism rates low. Finally, this appropriation would help offset the high cost of providing residential substance abuse treatment at the Combined Hiland Mountain and Wildwood Correctional Centers. This program helps to address criminal thinking and behavior as part of a bigger addiction treatment for offenders.

m.w. proposal  
increased funding  
for a recid. study

Withdrawn 2/20/08

OPERATING BUDGET AMENDMENT

COURTS 1

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)

OFFERED BY: Rep. Thomas & Chenault

DEPARTMENT: Alaska Court System  
APPROPRIATION: Alaska Court System  
ALLOCATION: Partners in Progress

ADD: \$50,000 OTI

FUNDING SOURCE: General Funds

EXPLANATION: This amendment will fund a grant to Partners for Progress, a non-profit entity supporting therapeutic courts. It will fund a variety of services including sobriety monitoring, therapeutic groups, sober housing, and training for therapeutic court team members.

2007 HOUSE FINANCE  
COMMITTEE VOTE SHEET

DATE: 2/24

Amendment: Do

MEMBER

Favor

Oppose

THOMAS		
CRAWFORD		
<del>BOEER</del> HARRIS		
GARA		
HAWKER		
JOULE		
KELLY		
NELSON		
STOLTZE		
CHENAULT		
MEYER		

Yea \_\_\_\_\_

Nay \_\_\_\_\_

2-26-08

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN) / CSHB 312(FIN)

OFFERED BY: Representative Les Gara

DEPARTMENT: Alaska Court System

APPROPRIATION: Judicial Council

ALLOCATION: Judicial Council

ADD: \$64,500

FUNDING SOURCE: General Funds 1004

**EXPLANATION:**

The Judicial Council has experienced substantially higher numbers of judicial vacancies in the past five years, particularly in the past few years. The Council anticipates that this trend will continue. There are more judges than in the past. The judiciary is aging. In addition, there are more judicial applicants per vacancy than in the past, in part due to a significant judicial pay raise authorized by the legislature in recent years. Council funding for judicial selection has not increased despite the increased workload.

Funding is needed to avoid delays in filling judicial vacancies. Delays in filling judicial vacancies will increase case disposition times when the public is demanding shorter disposition times. The Alaska Court System will incur significant costs of hiring pro tem judges while vacancies remain unfilled.

The Council has other important responsibilities from which it cannot divert funds to meet its increased judicial selection workload. To promote judicial accountability, the Council evaluates judges who will be on the ballot and recommends to the public whether those judges should be retained in office. This work is driven by the election schedule and cannot be deferred. The legislature provided funding to the Council to staff a Criminal Justice Working Group to pursue a collaborative approach to improving Alaska's criminal justice system. The group, co-chaired by the lieutenant governor and chief justice, is comprised of commissioners, police chiefs, other senior policymakers, and court administrators. The group depends on Council staff to organize meetings, provide data necessary to measure the group's success, and write reports. A primary aim of this group is to improve case disposition times. The Council's inability to participate in this effort would substantially impede the group's progress.

*Courts 2  
withdrawn*

**2007 HOUSE FINANCE  
COMMITTEE VOTE SHEET**

*passed  
10-1*

DATE: 2/26

Amendment: DEED 1

MEMBER

Favor

Oppose

<del>ROBERT</del> HARRIS	✓	
GARA	✓	
HAWKER	✓	
JOULE	✓	
KELL <sup>v</sup>		✓
NELSON	✓	
STOLTZE	✓	
THOMAS	✓	
CRAWFORD	✓	
MEYER	✓	
CHENAULT	✓	

Yea 10

Nay 1

2007 HOUSE FINANCE  
COMMITTEE VOTE SHEET

*failed 4-7*

*(Holloman) Conceptual*

DATE: 2/26  
Amendment: to DEED 1

MEMBER

Favor

Oppose

CRAWFORD	✓	
<del>ROPER</del> HARRIS		✓
GARA	✓	
HAWKER		✓
JOULE	✓	
KELLY		✓
NELSON	✓	
STOLTZE		✓
THOMAS		✓
CHENAULT		✓
MEYER		✓

*4*

Yea 4

Nay 7

*adopted  
10-1*

**OPERATING BUDGET AMENDMENT**

**DEED 1**

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Meyer

**Part A**

**DEPARTMENT:** Department of Education and Early Development  
**APPROPRIATION:** Teaching and Learning Support  
**ALLOCATION:** Head Start Grants

**ADD:** \$600,000 General Funds (1004)

**INTENT LANGUAGE:** It is the intent of the legislature that \$600,000 of the amount appropriated for Head Start Grants be distributed as grants by the Department of Education and Early Development to Head Start providers who match these grants on a dollar for dollar basis and who will use these funds to enroll additional children in their programs. Funds from these grants may not be used for capital or equipment expenditures.

*based  
4-  
Committee  
omit*

**DEPARTMENT:** Department of Commerce, Community and Economic Development  
**APPROPRIATION:** QTA Independent Traveler Grants  
**ALLOCATION:** QTA Independent Traveler Grants

**DELETE:** \$600.0 Vehicle Rental Tax (1200)

**DEPARTMENT:** Department of Natural Resources  
**APPROPRIATION:** Parks and Recreation Management  
**ALLOCATION:** Parks Management

**ADD:** \$600.0 Vehicle Rental Taxes (1200)

**DELETE:** \$600.0 General Funds (1004)

**EXPLANATION:**

Part A of this amendment will leverage state dollars to provide for \$1.2 million of new investment intended to reduce the Head Start program "wait list." According to the Department, 1,084 children are currently on the wait list. A survey by the Department

showed that Head Start providers have the capacity to serve between 241-331 additional children if funds were available.

This action reduces VRT receipts appropriated to independent traveler grants by \$600.0, and uses the money to replace an equal amount of general funds in parks management. The \$600.0 of newly available general funds is then appropriated to the Head Start program for grants.

**Part B**

**DEPARTMENT:** Education and Early Development  
**APPROPRIATION:** Teaching and Learning Support  
**ALLOCATION:** Early Learning Coordination (rename Head Start Grants and combine Early Learning Programs)

**ADD:** \$307.1 (GF 1004)  
1 PFT

**DEPARTMENT:** Department of Commerce, Community & Economic Development  
**APPROPRIATION:** QTA Independent Traveler Grants  
**ALLOCATION:** QTA Independent Traveler Grants

**ADD:** \$173.2 Vehicle Rental Taxes (1200)  
**DELETE:** \$173.2 Business License Receipts (1175)

**DELETE:** \$293.2 Vehicle Rental Taxes (1200)

**DEPARTMENT:** Department of Natural Resources  
**APPROPRIATION:** Parks and Recreation Management  
**ALLOCATION:** Parks Management

**ADD:** \$293.2 Vehicle Rental Taxes (1200)  
**DELETE:** \$293.2 General Funds (1004)

**EXPLANATION:**

Part B of this amendment will fund early learning programs at the Governor's original request level. One new position will coordinate the dissemination of information developed by the Ready to Read/Ready to Learn Task Force. In collaboration with Best Beginnings, funding for program support is necessary to work with public and private early education providers and other state departments. Support will also entail promoting, training, disseminating and providing technical assistance related to the

recently developed Early Learning Guidelines for birth to age five children and the new Kindergarten Developmental Profile aligned to specific goals from the Early Learning Guidelines.

Part B of this amendment replaces business license receipts in the QTA independent traveler grants so the entire allocation is funded with VRT receipts. It then zeroes out the independent traveler allocation and uses the \$293.2 VRT receipts remaining in that allocation to replace general funds in DNR parks management.

Replacement of general funds with VRT receipts in DNR parks management frees \$293.2 general funds for the Early Learning Coordination allocation. An additional \$13,900 general funds brings the total amount of general funds appropriated by Part B of this amendment to \$307,100.

The complex fund source changes involving VRT receipts are necessary to preserve the statutory limitation that VRT receipts be used for tourism purposes.

*withdrawn*

OPERATING BUDGET AMENDMENT

**AM  
DEED 2 sk**

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Rep. Bill Thomas/Rep. Mary Nelson

**DEPARTMENT:** Department of Commerce, Community, and Economic Development  
**APPROPRIATION:** Alaska Energy Authority  
**ALLOCATION:** Alaska Energy Authority Power Cost Equalization

**ADD:** \$1,400,000

**FUNDING SOURCE:** 1089 Power Cost Equalization & Rural Electric Capitalization Fund

**EXPLANATION:** This amendment adds \$1.4 million to PCE from the Power Cost Equalization and Rural Electric Capitalization Fund to restore the Administration's requested increment to fully fund PCE this year.

Increased fuel costs necessitate an increase in the power cost equalization program appropriation to avoid pro-ration during FY09.

Even with PCE, individuals in PCE eligible communities still pay much more than urban and Railbelt consumers for electricity. At a time of escalating energy costs, full funding of PCE will help rural Alaskan's keep pace with the rest of the state.

OPERATING BUDGET AMENDMENT

2/26/08

DEED 2

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)/CSHB 312(FIN)

*moved + withdrawn*

OFFERED BY: Representative Mary Nelson

DEPARTMENT: Department of Education and Early Development  
APPROPRIATION: Teaching and Learning Support  
ALLOCATION: Head Start Grants

ADD: \$1,500,000

FUNDING SOURCE: 1004 General Funds

**EXPLANATION:** This adds \$1,500,000 in general funds to the Department of Education and Early Development for increased grants to Head Start programs statewide. With state funding remaining flat for several years there are currently over 1,000 children on wait lists around the state for Head Start programs. With this proposed funding increase directed at currently approved program providers they could easily absorb all of the children currently on the waiting lists.

Existing programs complying with the Head Start Performance Standards, containing in excess of 1700 performance requirements, ensure that the State is not just receiving day care services.

*Withdrawn*

**DEED 3**

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Reggie Joule

**DEPARTMENT:** Department of Education and Early Development  
**APPROPRIATION:** Teaching and Learning Support  
**ALLOCATION:** Early Learning Programs

**ADD:** \$407,100

**FUNDING SOURCE:** 1004 General Funds

**EXPLANATION:** This funding continues the work of previous years to develop and distribute early learning guidelines and work with interested entities in developing effective early learning programs.

The Early Learning efforts of the Department of Education resulted in 11 Ready to Read, Ready to Learn recommendations. The funding provided through this allocation will be used to continue the department efforts as well as the efforts of Best Beginnings (formerly Ready to Read, Ready to Learn) a public/private collaborative effort. Best Beginnings works to communicate the importance of early childhood, the needs of children and families, and identify the gaps that currently exist in order to expand public engagement on behalf of children.

Nearly half of Alaska Children enter school unprepared to be successful readers or learners. Scientific research shows critical brain development occurs between birth and age 6. Investments in early childhood literacy and learning pay dividends many times over. Alaska lags behind most states in addressing early childhood literacy and learning issues.

**2007 HOUSE FINANCE  
COMMITTEE VOTE SHEET**

*failed 4-7*

DATE: 2/26

Amendment: DEED 4

MEMBER

Favor

Oppose

GARA	✓	
HAWKER		✓
JOULE	✓	
KELLY		✓
NELSON	✓	
STOLTZE		✓
THOMAS		✓
CRAWFORD	✓	
<del>XXXXXXXX</del> HARRIS		✓
CHENAULT		✓
MEYER		✓

Yea 4

Nay 7

OPERATING BUDGET AMENDMENT

DEED 4

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)/CSHB 312(FIN)

OFFERED BY: Representative Les Gara

*failed  
4-7*

DEPARTMENT: Department of Education and Early Development  
APPROPRIATION: Alaska Postsecondary Education Commission  
ALLOCATION: (new) Alaska Advantage Education Grants

ADD: \$2,500,000

FUNDING SOURCE: 1004 General Funds

**EXPLANATION:** Appropriates money to fund need-based education grants for Alaskan students attending Alaskan institutions. Alaska has ranked last in the country or the percentage of low-income students attending college for 14 of the 15 years. It ranks 49<sup>th</sup> in the level of financial aid it provides to low-income students. This appropriation will help educate students who seek higher education but cannot afford to do so, and will implement a recommendation by the University regents.

*adopted*  
OPERATING BUDGET AMENDMENT

DEC 1

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)

OFFERED BY: Representative Meyer/Thomas

DEPARTMENT: Environmental Conservation  
APPROPRIATION: Environmental Health  
ALLOCATION: Laboratory Services

ADD: \$80,000

FUNDING SOURCE: Commercial Passenger Vessel Environmental Compliance Funds

EXPLANATION: Restore funding for PSP testing that was removed from the FY09 Adjusted base. Funding would continue the program at the same level as in FY08.

*adopted*

OPERATING BUDGET AMENDMENT

**FY201**

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)

**OFFERED BY:** Representative Thomas

**DEPARTMENT:** Department of Fish and Game

See attached transaction report for appropriations in the Department of Fish & Game.

INSERT THE FOLLOWING INTENT UNDER THE DEPARTMENT OF FISH AND GAME:

It is the intent of the legislature to fund all of the increments and fund changes replacing the \$7.2 million of lost federal funding on a one-time basis. The Department is requested to prioritize these amendments for consideration in the FY2010 budget.

**Explanation:**

This amendment adopts the Governor's proposed amendments totaling \$7,228.4 in general funds increments to replace lost federal earmarks the department has traditionally received through the National Marine Fisheries Services.

**2008 Legislature - Operating Budget  
Transaction Compare - House Structure  
Between Hse Sub and House 1**

**Numbers and Language**

Agency: Department of Fish and Game

	Column	Trans Type	Total Expend	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Commercial Fisheries</b>													
<b>Southeast Region Fisheries Management</b>													
Southeast Alaska salmon management biologists	House 1	IncOTI	181.4	181.4	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund			181.4										
Southeast Alaska salmon port sampling program	House 1	IncOTI	324.2	269.3	10.0	24.9	20.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund			324.2										
Southeast Alaska coho salmon indicator stocks	House 1	IncOTI	257.9	160.5	10.0	52.5	34.9	0.0	0.0	0.0	0	0	0
1004 Gen Fund			257.9										
Southeast region shellfish/groundfish management and research	House 1	IncOTI	517.1	227.7	16.4	208.0	65.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund			517.1										
AMD: Transfer PCNs from CF Special Projects to CF Southeast Region due to funding change	House 1	TrIn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1	1	0
<b>** Allocation Difference **</b>			<b>1,280.6</b>	<b>838.9</b>	<b>36.4</b>	<b>285.4</b>	<b>119.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Central Region Fisheries Management</b>													
Central region shellfish/groundfish management and research	House 1	IncOTI	531.8	341.7	12.0	98.8	63.6	15.7	0.0	0.0	0	0	0
1004 Gen Fund			531.8										
<b>** Allocation Difference **</b>			<b>531.8</b>	<b>341.7</b>	<b>12.0</b>	<b>98.8</b>	<b>63.6</b>	<b>15.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>AYK Region Fisheries Management</b>													
AMD: Transfer PCNs from CF Special Projects to CF AYK Region due to funding change	House 1	TrIn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2	4	0
Lower Yukon River test fishery and stock assessment program	House 1	IncOTI	100.1	75.3	0.5	7.3	17.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund			100.1										
Yukon River salmon management sonar program	House 1	IncOTI	454.3	349.3	6.5	40.0	59.5	0.0	0.0	0.0	0	0	0
1004 Gen Fund			454.3										
Yukon River subsistence harvest estimations	House 1	IncOTI	179.7	137.5	20.4	16.2	5.6	0.0	0.0	0.0	0	0	0
1004 Gen Fund			179.7										
Yukon area salmon escapement surveys	House 1	IncOTI	52.9	24.3	1.9	25.7	1.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund			52.9										
Shoenjek River chum salmon escapement sonar program	House 1	IncOTI	113.1	91.8	2.0	10.2	9.1	0.0	0.0	0.0	0	0	0
1004 Gen Fund			113.1										
<b>** Allocation Difference **</b>			<b>900.1</b>	<b>678.2</b>	<b>31.3</b>	<b>99.4</b>	<b>91.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2</b>	<b>4</b>	<b>0</b>
<b>Westward Region Fisheries Management</b>													
Westward region shellfish / groundfish management and research	House 1	IncOTI	1,965.1	1,475.0	85.0	313.0	80.1	12.0	0.0	0.0	0	0	0
1004 Gen Fund			1,965.1										
AMD: Transfer PCNs from CF Special Projects to CF Westward Region due to funding change	House 1	TrIn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>** Allocation Difference **</b>			<b>1,965.1</b>	<b>1,475.0</b>	<b>85.0</b>	<b>313.0</b>	<b>80.1</b>	<b>12.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Headquarters Fisheries Management</b>													
Shellfish / groundfish management and research	House 1	IncOTI	569.2	383.5	70.3	61.5	53.9	0.0	0.0	0.0	0	0	0

**2008 Legislature - Operating Budget  
Transaction Compare - House Structure  
Between Hse Sub and House 1**

**Numbers and Language**

Agency: Department of Fish and Game

Column	Trans Type	Total Expend	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Commercial Fisheries (continued)</b>												
<b>Headquarters Fisheries Management (continued)</b>												
Shellfish / groundfish management and research (continued)												
		1004 Gen Fund	569.2									
** Allocation Difference **			569.2	383.5	70.3	61.5	53.9	0.0	0.0	0.0	0	0
<b>Commercial Fisheries Special Projects</b>												
	House 1	AMD: Reduce federal authority due loss of grant funding	-5,246.8	-3,717.3	-235.0	-858.1	-408.7	-27.7	0.0	0.0	0	0
		1002 Fed Rcpts	-5,246.8									
	House 1	AMD: Transfer out PCNs from the CF Special Projects to CF regional components due to funding change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-12	-5	0
** Allocation Difference **			-5,246.8	-3,717.3	-235.0	-858.1	-408.7	-27.7	0.0	0.0	-12	-5
*** Appropriation Difference ***			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>Sport Fisheries</b>												
<b>Sport Fisheries</b>												
	House 1	Inc/Dec Replace Federal Funds for Halibut Data Collection program	-494.9	0.0	0.0	0.0	0.0	0.0	0.0	-494.9	0	0
		1002 Fed Rcpts	-494.9									
	House 1	Inc/Dec Replace Federal Funds for Halibut Data Collection program	494.9	0.0	0.0	0.0	0.0	0.0	0.0	494.9	0	0
		1004 Gen Fund	494.9									
** Allocation Difference **			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
*** Appropriation Difference ***			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
<b>Wildlife Conservation</b>												
<b>Wildlife Conservation Special Projects</b>												
	House 1	Replace Federal Receipts for Aquatic Pinniped Research on Seals and Stellar Sea Lions	1,180.0	0.0	0.0	0.0	0.0	0.0	0.0	1,180.0	0	0
		1004 Gen Fund	1,180.0									
	House 1	Remove Federal Receipts for Aquatic Pinniped Research on Seals and Stellar Sea Lions	-1,180.0	0.0	0.0	0.0	0.0	0.0	0.0	-1,180.0	0	0
		1002 Fed Rcpts	-1,180.0									
** Allocation Difference **			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
*** Appropriation Difference ***			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
<b>Administration and Support</b>												
<b>Commissioner's Office</b>												
	House 1	Replace Unrealizable 1% indirect federal funds with GF to support commercial fisheries	38.2	0.0	0.0	0.0	0.0	0.0	0.0	38.2	0	0
		1004 Gen Fund	38.2									

**2008 Legislature - Operating Budget  
Transaction Compare - House Structure  
Between Hse Sub and House 1**

**Numbers and Language**

Agency: Department of Fish and Game

	Column	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Administration and Support (continued)</b>													
<b>Commissioner's Office (continued)</b>													
Remove unrealizable 1% indirect federal funds to support commercial fisheries	House 1	Dec	-38.2	0.0	0.0	0.0	0.0	0.0	0.0	-38.2	0	0	0
1007 I/A Rcpts			-38.2										
<b>** Allocation Difference **</b>			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>Administrative Services</b>													
Replace unrealizable 6.5% indirect federal receipts with general funds to support commercial fisheries	House 1	IncOTI	248.5	0.0	0.0	0.0	0.0	0.0	0.0	248.5	0	0	0
1004 Gen Fund			248.5										
Remove unrealizable 6.5% indirect federal receipts to replace with general funds to support commercial fisheries	House 1	Dec	-248.5	0.0	0.0	0.0	0.0	0.0	0.0	-248.5	0	0	0
1002 Fed Rcpts			-248.5										
<b>** Allocation Difference **</b>			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>*** Appropriation Difference ***</b>			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>**** Agency Difference ****</b>			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>***** All Agencies Difference *****</b>			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

*adopted*

OPERATING BUDGET AMENDMENT

*F-922*

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)

OFFERED BY: Representative Thomas, by request of the Governor

DEPARTMENT: Fish & Game  
APPROPRIATION: Habitat and Restoration  
ALLOCATION: Habitat

ADD: \$20,000

FUNDING SOURCE: General Funds 1004 OTI

**EXPLANATION:**

The amendment provides one time funding to cover moving costs associated with transfer of the Office of Habitat and Permitting staff from the Department of Natural Resources to the Department of Fish and Game. Under Executive Order #114, the positions and funding are transferred, effective July 1, 2008. This amendment provides a small amount of one-time funding for additional costs, such as moving, phone and computer transfer costs in the following locations:

Fairbanks (10 staff) / Petersburg (1 staff) - \$0 one-time cost as already co-located in ADF&G space;

Anchorage (10 staff) - \$9.0 one-time cost as nine people moving into ADF&G leased space;

Juneau (8 staff) - \$8.0 one-time cost as eight people moving into ADF&G leased space;

Palmer (4 staff) - \$1.0 one-time cost (phones/computer) but no moving, as located in same building as ADF&G;

Kenai (3 staff) - \$1.0 one-time cost (phones/computer) but no moving, as located in Kenai River Center shared space;

Craig (2 staff) - \$1.0 one-time cost (phones/computer) but no moving, as no available ADF&G leased space.

adopted

Gov 1

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Chenault

**DEPARTMENT:** Office of the Governor  
**APPROPRIATION:** Branch-wide Oil & Gas Development  
**ALLOCATION:** Branch-wide Oil & Gas Development

See attached transaction report for appropriations moved to the Office of the Governor.

Add Conditioning language as follows:

The appropriation for Branch-wide Oil & Gas Development may be distributed to the Department of Labor and Workforce Development, the Department of Law, the Department of Natural Resources, the Department of Revenue and the Office of the Governor for activities related to development of oil and gas resources in the state. It is the intent of the legislature that the Office of the Governor provide an annual expenditure report for the funds appropriated for oil and gas development.

**DEPARTMENT:** Department of Natural Resources  
**APPROPRIATION:** Resource Development  
**ALLOCATION:** Oil and Gas Development

Delete intent language.

**Explanation:**

This amendment consolidates oil and gas development appropriations in the Office of the Governor in a new appropriation named *Branch-wide Oil & Gas Development*. The language allows the appropriation to be spread to other agencies as required. Reasons for consolidating appropriations include:

1. Provides better tracking of the total amount spent on oil and gas development.
2. Allows more efficient use of money—money will be distributed according to need.

add \$1 million  
in general fund

**2008 Legislature - Operating Budget  
Transaction Detail - House Structure  
House Column**

Agency: Office of the Governor

**Numbers and Language**

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Branch-wide Oil &amp; Gas Development</b>												
<b>Branch-wide Oil &amp; Gas Development</b>												
FY09, AGIA Training Program Regional Economic Analysis, moved from Labor, Comm & Admin Svcs, Labor Market Info Allocation	Inc0T1	95.0	60.1	5.0	22.9	7.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		95.0										
FY09, Web and Print based AGIA Training Program guide, moved from Labor, AGIA Workforce Trng Prgm, Workforce Trng Info	Inc0T1	50.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		50.0										
FY09, Regional Training Centers for Pgm Coordinator, moved from Labor, AGIA Workforce Trng, Regional Trng Cntr Dev	Inc0T1	340.0	89.5	15.6	5.1	19.8	0.0	210.0	0.0	0	0	0
1004 Gen Fund		340.0										
FY09, Cooperative Training, moved from Labor, AGIA Workforce Trng, Cooperative Trng Allocation	Inc0T1	375.0	0.0	0.0	0.0	0.0	0.0	375.0	0.0	0	0	0
1004 Gen Fund		375.0										
FY09 Pipeline and Other Oil and Gas Projects moved from DOLaw, Civil Division, Oil, Gas and Mining allocation	Inc0T1	5,000.0	0.0	0.0	5,000.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		5,000.0										
FY09, One-Time Oil and Gas Workload funding, moved from DNR, Resource Development, Oil & Gas Development Allocation	Inc0T1	1,318.1	1,207.0	58.5	35.1	12.5	5.0	0.0	0.0	0	0	0
1004 Gen Fund		1,318.1										
<b>** Allocation Total **</b>		<b>7,178.1</b>	<b>1,356.6</b>	<b>79.1</b>	<b>5,113.1</b>	<b>39.3</b>	<b>5.0</b>	<b>585.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>*** Appropriation Total ***</b>		<b>7,178.1</b>	<b>1,356.6</b>	<b>79.1</b>	<b>5,113.1</b>	<b>39.3</b>	<b>5.0</b>	<b>585.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>**** Agency Total ****</b>		<b>7,178.1</b>	<b>1,356.6</b>	<b>79.1</b>	<b>5,113.1</b>	<b>39.3</b>	<b>5.0</b>	<b>585.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**2008 Legislature - Operating Budget  
Transaction Detail - House Structure  
House Column**

**Numbers and Language**

**Agency: Department of Labor and Workforce Development**

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Commissioner and Administrative Services</b>												
<b>Labor Market Information</b>												
	Dec	-95.0	-60.1	-5.0	-22.9	-7.0	0.0	0.0	0.0	0	0	0
		1004 Gen Fund	-95.0									
** Allocation Total **		-95.0	-60.1	-5.0	-22.9	-7.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		-95.0	-60.1	-5.0	-22.9	-7.0	0.0	0.0	0.0	0	0	0
<b>AGIA Workforce Training Program</b>												
<b>Workforce Training Information Services</b>												
	Dec	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0	0.0	0	0	0
		1004 Gen Fund	-50.0									
** Allocation Total **		-50.0	0.0	0.0	-50.0	0.0	0.0	0.0	0.0	0	0	0
<b>Regional Training Center Development and Coordination Grants</b>												
	Dec	-340.0	89.5	-15.6	-5.1	-19.8	0.0	-210.0	0.0	0	0	0
		1004 Gen Fund	-340.0									
** Allocation Total **		-340.0	-89.5	-15.6	-5.1	-19.8	0.0	-210.0	0.0	0	0	0
<b>Cooperative Training</b>												
	Dec	-375.0	0.0	0.0	0.0	0.0	0.0	-375.0	0.0	0	0	0
		1004 Gen Fund	-375.0									
** Allocation Total **		-375.0	0.0	0.0	0.0	0.0	0.0	-375.0	0.0	0	0	0
*** Appropriation Total ***		-765.0	-89.5	-15.6	-55.1	-19.8	0.0	-585.0	0.0	0	0	0
**** Agency Total ****		-860.0	-149.6	-20.6	-78.0	-26.8	0.0	-585.0	0.0	0	0	0

**2008 Legislature - Operating Budget  
Transaction Detail - House Structure  
House Column**

**Numbers and Language**

Agency: Department of Law

Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPI	THP
<b>Civil Division</b>											
<b>Oil, Gas and Mining</b>											
Gas Pipeline and Other Oil and Gas Projects moved to Governor, Branch-wide Oil & Gas Development 1004 Gen Fund	-5,000.0	0.0	0.0	-5,000.0	0.0	0.0	0.0	0.0	0	0	0
<b>** Allocation Total **</b>	<b>-5,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-5,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>*** Appropriation Total ***</b>	<b>-5,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-5,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>**** Agency Total ****</b>	<b>-5,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-5,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**2008 Legislature - Operating Budget  
Transaction Detail - House Structure  
House Column**

**Numbers and Language**

Agency: Department of Natural Resources

Trans Type	Total Expend	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP	
<b>Resource Development</b>												
<b>Oil &amp; Gas Development</b>												
FY09, One-Time Oil and Gas Workload funding, moved to Governor's Office, Branch-wide Oil & Gas Development Allocation												
1004 Gen Fund	-1,318.1											
<b>** Allocation Total **</b>		<b>-1,318.1</b>	<b>-1,207.0</b>	<b>-58.5</b>	<b>-35.1</b>	<b>-12.5</b>	<b>-5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>*** Appropriation Total ***</b>		<b>-1,318.1</b>	<b>-1,207.0</b>	<b>-58.5</b>	<b>-35.1</b>	<b>-12.5</b>	<b>-5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>**** Agency Total ****</b>		<b>-1,318.1</b>	<b>-1,207.0</b>	<b>-58.5</b>	<b>-35.1</b>	<b>-12.5</b>	<b>-5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>***** All Agencies Total *****</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

*adopted*

**HSS 1**

**OPERATING BUDGET AMENDMENT**

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310 (FIN)/CSHB 312 (FIN)

**OFFERED BY:** Representative Hawker

**DEPARTMENT:** HEALTH AND SOCIAL SERVICES  
**APPROPRIATION:** PUBLIC ASSISTANCE  
**ALLOCATION:** GENERAL RELIEF ASSISTANCE

**Delete:** 6 Permanent Full-Time Positions

**APPROPRIATION:** PUBLIC ASSISTANCE  
**ALLOCATION:** SENIOR BENEFITS PAYMENT PROGRAM

**Add:** 6 Permanent Full-Time Positions

**EXPLANATION:** This amendment transfers six (6) permanent full-time positions from the Public Assistance, General Relief Assistance Program to the Public Assistance, Senior Benefits Payment Program.

The transaction transferring the funding was accepted by the Health and Social Services' House Finance Budget Subcommittee, however, the six (6) permanent full-time positions were inadvertently omitted from the transaction. This amendment will correct that oversight.

*adopted*

**HSS2**

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** REPRESENTATIVE HAWKER AND REPRESENTATIVE JOULE

**DEPARTMENT:** Health and Social Services  
**APPROPRIATION:** Behavioral Health  
**ALLOCATION:** Behavioral Health Administration

**ADD:** \$ 200.0 OTI / 1 TMP  
Suicide Prevention Strategy and Implementation

**FUNDING SOURCE:** General Funds 1004

**ADD Intent:**

It is the intent of the legislature that the \$200.0 increment in the FY 09 budget for the Suicide Prevention Strategy and Implementation Plan be dedicated to developing a best practices, evidence based multi-dimensional strategy and implementation plan to reduce the rates of suicide in targeted rural regions of the state with the highest current rate of suicide. The strategy and plan must specifically propose the means to reduce in the rate of suicide and address various dimensions of the issue including differing age and social demographics of at-risk populations as well as implementation alternatives available in the targeted regions. The plan must be developed in coordination with stakeholders and relevant resources in the targeted regions. The Suicide Prevention Strategy and Implementation Plan must be completed and available to the legislature no later than December 15, 2008.

**Explanation:**

Pilot project for a targeted, evidence based, multidimensional strategy to reduce the occurrence of suicide in Alaska. An implementation plan is to be developed to reduce the suicide rate in coordination with targeted regions and communities with the current highest rates of suicide.

*adopted*

OPERATING BUDGET AMENDMENT

**HSS 3**

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** REPRESENTATIVE HAWKER AND REPRESENTATIVE JOULE

**DEPARTMENT:** Health and Social Services  
**APPROPRIATION:** Behavioral Health  
**ALLOCATION:** Behavioral Health Grants

**ADD:** \$ 750.0 GF  
Substance Abuse Provider Rate Increase

**FUNDING SOURCE:** General Funds 1004

**ADD Intent:**

It is the intent of the legislature that the \$750.0 increment in the FY09 budget for behavioral health grants be used exclusively to provide additional base funding for existing core services of current grantee providers of adolescent and adult substance abuse intervention or treatment services, who have demonstrated successful outcomes documented in accordance with the Department's performance based evaluation procedures. The Department should continue work on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2008.

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** REPRESENTATIVE HAWKER

**DEPARTMENT:** Health and Social Services  
**APPROPRIATION:** Departmental Support Services  
**ALLOCATION:** Commissioner's Office

**DELETE Intent:**

It is the intent of the legislature that the department continues working on implementing a provider rate rebasing process.

**ADD Intent:**

It is the intent of the legislature that the department continues working on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2008.

*Adopted HSSY*

OPERATING BUDGET AMENDMENT

*Adopted*  
**ASS 5**

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** REPRESENTATIVE HAWKER AND REPRESENTATIVE CRAWFORD

**DEPARTMENT:** Health and Social Services  
**APPROPRIATION:** Public Health  
**ALLOCATION:** Health Planning and Infrastructure

**ADD:** \$ 250.0 OTI  
Anchorage Project Access

Grant to Named Recipient:  
In accordance with AS 37.05.316, it is intended that \$250.0GF be provided as a grant to Anchorage Project Access.

**FUNDING SOURCE:** General Funds 1004

**Explanation:**

Anchorage Project Access is based on a national model that has proven to improve health outcomes and reduce emergency room charity care costs. Similar to pro bono services provided by attorneys, this model provides specialty medical care to those who meet the qualifying criteria: income less than 200% of the poverty level, uninsured, medical need and Anchorage resident (10% of quarterly referral may be referred from outside of the Anchorage Bowl). Anchorage Project Access is under the 501c3 umbrella of Christian Health Associates: CHA dba Anchorage Project Access.

The request for \$250,000 represents a portion of the total program need; the state contribution would be used to leverage other funding through grants and private donations.

Annual Operating Budget 2008:	\$402,000
Personnel:	\$261,608
Supplies:	\$ 40,740
Consulting/Info Tech	\$ 15,000
Travel and Mileage	\$ 1,000
Taxi Tokens	\$ 500
National Prgm Contract & Database	\$ 7,000
Pharmacy (cap \$500 per patient)	\$ 60,000
Overhead Costs with CHA	\$ 16,152

Staff: 1 Executive Director: funding, volunteers, marketing, Dr. coordination  
2 Case Managers: patient screening, apt scheduling, assistance with hospital financial clearing, pharmacy, durable medical goods  
1 Administrative Assistant

Historical Funding: Grants from Providence, Rasmuson, Denali Commission, AK Community Foundation, AMHTA, Premera Blue Cross Blue Shield, Private Contributions

OPERATING BUDGET AMENDMENT

Ass 6

Withdrawn

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Harry Crawford

**DEPARTMENT:** Department of Health and Social Services  
**APPROPRIATION:** Behavioral Health  
**ALLOCATION:** Behavioral Health Grants

**ADD:** \$1,750,000

**FUNDING SOURCE:** 1037 General Funds/ Mental Health

**EXPLANATION:** Services for substance use disorders comprehensive system of care: Alaskans in large urban communities currently must wait one to three months to receive treatment, if they do not present a danger to themselves or others. Available detoxification services are at maximum capacity, and failure to meet the need leads to more costly hospital admissions, inappropriate incarceration, public inebriation, and placement into the correctional system. In addition, there is a failure to appropriately serve dual-disordered clients, such as those with traumatic brain injury and a substance use disorder. This increment will fund grants to create an enhanced continuum of care, from the least restrictive to the most intensive. Substance abuse treatment providers also are in need of a rate increase similar to those under consideration for other providers within the behavioral health delivery system. Recipients of substance abuse treatment are seldom eligible for Medicaid. Therefore, funds are not available to provide the rate increase through leverage of federal funds. This funding could provide up to a 9% increase for substance abuse treatment providers to allow providers to catch up to current costs.

# 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 2/27

Amendment: HSS 7

MEMBER

Favor

Oppose

KELLY		X
NELSON	X	
STOLTZE		X
THOMAS		X
CRAWFORD	X	
<del>FOGGER</del> HARRIS <i>absent</i>	<hr/>	
GARA	X	
HAWKER		X
JOULE		X
MEYER		X
CHENAULT		X

Yea 3

Nay 7

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Les Gara

*Failed  
7/3*

**ASS7**

**DEPARTMENT:** Department of Health and Social Services  
**APPROPRIATION:** Behavior Health  
**ALLOCATION:** Behavior Health Grants – Treatment and Services for Clients with Severe Mental Illness and Co-Occurring Disorders

**ADD:** \$1,750,000

**FUNDING SOURCE:** 1004 General Fund

**EXPLANATION:** This appropriation would fund grants that provide essential services for the severely mentally ill who also suffer from substance abuse problems.

## 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

*failed  
4-7*

DATE: 2/27/08

Amendment: HCS 8

MEMBER

Favor

Oppose

NELSON	✓	
STOLTZE		✓
THOMAS		✓
CRAWFORD	✓	
<del>WARRER</del> HARRIS		✓
GARA	✓	
HAWKER		✓
JOULE	✓	
KELLY		✓
CHENAULT		✓
MEYER		✓

Yea 4

Nay 7

*failed 4-7*

**HSSB**

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Mary Nelson

<b>DEPARTMENT:</b>	Department of Health and Social Services
<b>APPROPRIATION:</b>	Public Assistance
<b>ALLOCATION:</b>	Energy Assistance Program

**ADD:** \$9,805,700

**FUNDING SOURCE:** 1004 General Funds

**EXPLANATION:** This amendment would add \$9,805,700 general funds to the Division of Public Assistance, Energy Assistance Program in the Department of Health and Social Services to expand the state's ability to provide energy assistance to low income individuals throughout the state.

The amount requested matches the existing federal grant contribution to the Low Income Heating Energy Assistance Program or LIHEAP. LIHEAP is a federal program providing financial heating and weatherization assistance. The Federal contribution in 2008 was \$10,970,000 while the FY09 Governor's budget shows \$9,805,700.

In 2006, the most recent year with available data, Alaska provided over 10,700 households with financial heating assistance. This is 23.4% of the 45,817 eligible households in the state.

*adopted as amended #*

**HSS9**

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)

**OFFERED BY:** Rep. Harry Crawford

**DEPARTMENT:** Health & Social Services  
**APPROPRIATION:** Behavioral Health  
**ALLOCATION:** Behavioral Health Grants

**ADD:** \$100,000

**FUNDING SOURCE:** General Funds

**EXPLANATION:** This amendment is to add an increment back into the budget that was deleted from the Governor's amended budget. This money will provide grants for training of service providers for the treatment of people with traumatic brain injury.

The training program includes three separate components: 1) Contracted brain injury specialists utilizing Alaska Psychiatric Institute's telebehavioral health project and other communication options for case consultation; 2) Regional workshops specific to needs of the area utilizing multidisciplinary hub and spoke model highlighting the needs across several life domain 3) Developing training format and material to include self study modules utilized in other states. The project is a designated grant request to the Alaska Brain Injury Advisory Board.

The Comprehensive Integrated Mental Health Plan for FY09 has identified a lack of early-intervention services. Once a brain injury has occurred early intervention, appropriate treatment, and skilled professional help are important factors in the expected recovery for mild, moderate, and severe brain injuries. The Department has estimated that there are more than 10,000 Alaskans living with traumatic brain injury. While there is little evidence for mild traumatic brain injury, in 2006 there were 800 Alaskans hospitalized with a moderate to severe brain injury.

This increment will ensure that every provider serving Alaskans with a brain injury will have access to brain injury specialist for consultation and will have a road map on how to address the screening, assessment, referral, and treatment planning.

*Adopted*

OPERATING BUDGET AMENDMENT

*Labor 1*

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Chenault

**DEPARTMENT:** Labor  
**APPROPRIATION:** Construction Academy Training  
**ALLOCATION:** Construction Academy Training

**ADD:** 3,500.0 OTI

**FUNDING SOURCE:** General Fund

**EXPLANATION:** The Alaska Construction Academy Training Opportunities more appropriately belongs in operating budget, not in capital-requested the Administration to move this appropriation

Passed  
7-4

### 2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 2/28/08

Amendment: Amendment 2

MEMBER

Favor

Oppose

MEMBER	Favor	Oppose
THOMAS	✓	
CRAWFORD		✓
<del>ROBERT</del> HARRIS	✓	
GARA		✓
HAWKER	✓	
JOULE		✓
KELLY	✓	
NELSON		✓
STOLTZE	✓	
CHENAULT	✓	
MEYER	✓	

Yea 7

Nay 4

*adopted  
1-4*

OPERATING BUDGET AMENDMENT

*Labor 2*

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Chenault

**DEPARTMENT:** Labor and Workforce Development  
**APPROPRIATION:** Commissioner and Administrative Services  
**ALLOCATION:** Office of Citizenship

**DELETE:** \$65.6 General Funds

Delete the following intent language:

**It is the intent of the legislature that the Department of Labor and Workforce Development use this allocation to fund the permanent full-time position in the Kodiak Job Center and eliminate the permanent full-time position in the Juneau Job Center.**

**EXPLANATION:**  
This amendment zeros out the allocation and eliminates intent language for the Office of Citizenship.

*Withdrawn*

*labor 3*

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)

**OFFERED BY:** Representative Harry Crawford

**DEPARTMENT:** Department of Labor & Workforce Development  
**APPROPRIATION:** Commissioner & Administrative Services  
**ALLOCATION:** Office of Citizenship Assistance

**ADD:** \$93.9

**FUNDING SOURCE:** Gen Fund

**DELETE:** Intent Language:  
AI: Office of Citizenship Assistance Intent  
It is the intent of the legislature that the Department of Labor and Workforce Development use this allocation to fund the permanent full-time position in the Kodiak Job Center and eliminate the permanent full-time position in the Juneau Job Center.

**EXPLANATION:** This amendment will ensure funding is maintained for one full-time position at the Office of Citizenship Assistance in Juneau and one full-time position in Kodiak. The cut made in the Department of Labor Subcommittee resulted in not only the position for Juneau being eliminated but the position in Kodiak being underfunded. Juneau has a large population of immigrants who are struggling with citizenship issues and require the State's aide. The office in Juneau has historically aided all immigrants throughout the state while the Kodiak office has aided Kodiak residents. Removing the position from Juneau would cause great hardship for not only the citizens of Juneau but all legal immigrants throughout the state.

withdrawn

Labor 4  
2/27/08

OPERATING BUDGET AMENDMENT

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Harry Crawford

**DEPARTMENT:** Labor & Workforce Development  
**APPROPRIATION:** Workforce Development  
**ALLOCATION:** Southwest Alaska Vocational & Education Center  
Operations Grant

**ADD:** \$195,000

**FUNDING SOURCE:** 1004 General Funds

**EXPLANATION:**

This amendment was requested by the Governor through her 2/13 budget amendments, and was rejected by the House subcommittee.

SAVEC's federal earmark for operational expenses will end in FY08. Receipts are insufficient to cover operating costs. Without temporary assistance, the Center will not be able to operate in FY09. GF is requested to sustain operations for one year. The Southwest Alaska Vocational & Education Center is located in King Salmon and serves the Bristol Bay area.

adopted Mo

Law 1

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)/CSHB 312(FIN)

2/29/08

OFFERED BY: Representative Stoltze

DEPARTMENT: Law  
APPROPRIATION: Civil Division  
ALLOCATION: Commercial and Fair Business

DELETE: \$503.2 SPDR (1108)  
ADD: \$263.2 GF (1004)

And modify conditioning language as follows:

The amount allocated for Commercial and Fair Business section includes the unexpended and unobligated balance on June 30, 2008, of designated program receipts [and general fund program receipts] of the Department of Law, Commercial and Fair Business section that are required by the terms of a settlement or judgment to be spent by the state for consumer education or consumer protection.

**EXPLANATION:**

This amendment limits receipts that can be carried forward to those that are restricted to use for consumer education or protection. It also reduces the authorization level of these receipts to what is intended to be a sustainable level of spending (400.0). The reduction in authorization prevents the department from depleting its reserves of SDPR. The Department will require partial replacement of SDPR (with general funds) in order to maintain the current level of activity.

2/27/08

OPERATING BUDGET AMENDMENT

Law 2

**OFFERED IN:** The House Finance Committee

passed  
w/o

**TO:** HCS CSHB 310 (FIN)

**OFFERED BY:** Representative Stoltze

**DEPARTMENT:** Law  
**APPROPRIATION:** BP Corrosion (New)

**Add:** \$4,700,000 OTI

**FUNDING SOURCE:** General Funds (1004)

**EXPLANATION:** BPXA Corrosion Litigation funding and creation of a new appropriation for the Oil, Gas and Mining allocation.

The House Finance subcommittee received an amendment request less than one day before the scheduled closeout meeting and did not have the time necessary to recommend a funding level.

This amendment funds the requested \$4,700,000 for the BPXA Corrosion Litigation request. It also places "sideboards" on where this large appropriation can be spent by placing the Oil, Gas and Mining allocation into its own separate appropriation.

The current allocation for Oil, Gas and Mining contained on line 22 of the CS would be removed and added to the \$4,700,000 approved in this amendment and contained in a new separate appropriation.

The agency's provided the following explanation for the requested increment:

Law (DOL) requests an appropriation for FY 2009 in the amount of \$4.7 million to pursue claims for penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. DOL's current investigation, funded through the Response Fund, is ongoing but expected to be complete next fall. A limited tolling agreement with BP Exploration (Alaska), Inc. (BPXA) with regard to potential claims subject to a two year statute of limitations will expire as early as September 2008. While the investigation is not yet complete, DOL anticipates making a recommendation to pursue the state's claims.

We believe that it is unlikely that an agreement could be reached to resolve the claims prior to expiration of the tolling agreement. Expiration of the tolling agreement means that we will need to file a court case later this year or risk certain claims being time barred; hence this request for an appropriation to fund the anticipated litigation in FY 2009.

DOL's investigation includes evaluation of claims for lost revenues. At the Alaska Legislature Joint Natural Resources Committees' hearing on August 18, 2006, former Attorney General David W. Marquez outlined DOL's investigation of the spills and pipeline corrosion issues. His written comments are available at: <http://www.law.state.ak.us/pdf/press/081806-dwm-bp-leg.pdf>.

As directed by the former Governor, this effort includes "reviewing the state's rights, particularly the full extent to which BP and possibly other parties can be held legally responsible for losses incurred by the state."

Due to delays in obtaining documents and information from BPXA, the investigation is not yet complete. Although to date approximately 2 million pages of documents have been provided, subpoenaed documents important to evaluation of the state's losses have not yet been produced.

Based upon information gathered to date, DOL anticipates making a recommendation to commence litigation to recover the state's revenue losses, as well as civil penalties and damages under the state's environmental statutes. In March and August of 2006, crude oil leaked from oil transit lines (OTLs) operated by BPXA at Prudhoe Bay.

In its Plea Agreement with the United States executed in October 2007, BPXA acknowledged that it "acted negligently by failing to adequately inspect and clean the OTLs." The company is "required to operate the OTLs as a reasonable operator." BPXA "did not expend sufficient resources to address the complex issues of corrosion in the OTLs." "BPXA failed to clean the OTLs with a piece of equipment called a maintenance (or cleaning) pig and inspect the pipe for corrosion activity with a smart pig." These admissions are borne out by our own investigation.

BPXA's documents substantiate that these failings resulted in shutdowns and reduced production of tens of millions of barrels of crude oil in 2006-07. The loss of revenue in royalties and taxes to the state for those years amounts to several hundred million dollars.

This is a complex matter with many documents. It is anticipated that the FY 2009 litigation phase activities will cost \$4.7 million for costs of counsel, document management, experts, and litigation costs. The case budget for FY 2009 is broken down into pre-litigation filing activities and then nine months of litigation. We anticipate the litigation will last three to four years at least and that appropriations will be needed for future years.

2/27/08

OPERATING BUDGET AMENDMENT

adopted  
n/o  
DMVA-1

**OFFERED IN:** The House Finance Committee

**TO:** CSHB 310(FIN)/CSHB 312(FIN)

**OFFERED BY:** Representative Stoltze

**DEPARTMENT:** Military and Veterans Affairs  
**APPROPRIATION:** Military and Veteran's Affairs  
**ALLOCATION:** Alaska Statewide Emergency Communications

**DELETE:** \$3.3 Federal (1002)  
**ADD:** \$3.3 General Funds (1004)

**EXPLANATION:**

This amendment corrects an FY08 fund source change that was inadvertently removed from the FY09 budget.

2/27/08

OPERATING BUDGET AMENDMENT

amended DMVA 2

OFFERED IN: The House Finance Committee

TO: CSHB 310(FIN)

OFFERED BY: Representative Stoltze

DEPARTMENT:	Military and Veterans Affairs
APPROPRIATION:	Military and Veterans Affairs
ALLOCATION:	Veterans Services

ADD: \$30,000

[ \$45,000 ]

FUNDING SOURCE: General Funds (1004)

EXPLANATION: Increase grants for the Veterans outreach programs.

The veterans' service organizations might play the most important role in the veteran community. The Veterans of Foreign Wars, the American Legion and the Disabled Veterans of America interact daily with Alaskans and are led by veterans who have earned the trust of their brothers in arms.

The legislature approved a similar grant of \$30,000 in last year's budget.