



ALASKA STATE LEGISLATURE

HOUSE FINANCE COMMITTEE



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DATE: January 21st, 2025

TO: House Finance Subcommittee Chairs

FROM: Representative Andy Josephson, Co-Chair
House Finance Committee

RE: FY26 Operating Budget Subcommittees

This memo provides a high-level framework for reviewing the operating budget by the House Finance Operating Budget Subcommittees. The subcommittee process is meant to increase members' understanding of the responsibilities and challenges facing the agencies and make recommendations to the Fiscal Year 2026 (FY26) budget.

The *Legislative Fiscal Analyst's Overview of the Governor's Request* is available at <https://www.legfin.akleg.gov/Overview/Overview2026.pdf>. Please begin to work with your Legislative Finance Analyst and review the Legislative Finance Division's (LFD) overview.

SUBCOMMITTEE ADMINISTRATION AND OPERATION

Meetings

House Finance Committee (HFIN) majority members will be the chair of three or four agency budget subcommittees. The membership of each subcommittee is an existing standing or special committee. Minority HFIN members have also been added to various subcommittees as non-voting members. If necessary, any HFIN co-chair may be called upon to serve as an alternate subcommittee chair or member.

The subcommittee chair should work in conjunction with the standing/special committee chair. Subcommittees should be given the highest priority possible during the scheduled time frame for standing and special committees until the subcommittee closes out. This may require devoting at least 50% of each standing/special committee meeting to the subcommittee. Subcommittees are not to be scheduled during the normal House Finance Committee meeting time of 1:30 to 3:30pm, Monday through Friday without prior approval and notification.

Preparation for subcommittees is no different than for standing/special committees. The following preparations are necessary for a smooth meeting process:

- Work with agency staff and the LFD analyst assigned to the department when planning the subcommittee schedule and agenda.
 - Coordinate with each agencies Administrative Services Director for agency staff subcommittee availability.
 - Include the respective LFD analyst in all facets of the budget process and correspondence with subcommittee members/agency staff.
 - Include the respective OMB analyst to correspondence with subcommittee members/agency staff.
- Use the teleconference network to request streaming of each meeting to the akleg.gov (Gavel Alaska) website and, when necessary, to accommodate testifiers not located in Juneau.
- Request finalized meeting materials be provided by 5:00pm the day prior to the scheduled meeting to allow for distribution to subcommittee members.
- Post all subcommittee documents on BASIS with adequate time before the scheduled start time for the subcommittee meeting.

Note: Subcommittee meetings will follow the same five-day public notice requirement as standing/special committees. A signed subcommittee scheduling memo must be delivered to the House Clerk's office by 4:00pm, Thursday the week before. If you are scheduling a Monday meeting, you must inform the House Clerk by Wednesday at 4pm.

Resources for Subcommittee Members

The committee aide of each subcommittee is responsible for preparing and providing a binder of information for each subcommittee member. The binder should at least contain the following:

- 1) This memo
- 2) Agency Graphs
- 3) Transaction Comparison with notes (FY26 Adjusted Base to FY26 Governor's Amended Request)
- 4) FY26 Subcommittee Book
- 5) FY25 Enacted Budget Book
- 6) Department's Portion of FY25 Intent Letter
- 7) Midyear Status Report
- 8) Relevant Department-Specific Legislative Audit Reports
- 9) Appendix: Statewide Budget Items

Binders and the detailed information should be made available to all subcommittee members online by the first meeting of the subcommittee.

SUBCOMMITTEE BUDGET REVIEW PROCESS & REQUIREMENT

Budget Review

The purview of the subcommittee is the numbers section of their agency budgets. Subcommittees are also to review the governor's budget amendments that will be submitted February 19th. The purpose of the subcommittee process is to review and discuss agency budget transactions such as

increments, decrements, transfers, new positions or position changes, fund source changes, etc., and then provide the reports and a memo with recommendations to HFIN.

The language sections of the operating budget are not under the purview of subcommittees. Any recommendations for language section changes should be discussed with my office prior to including in the subcommittee's close-out report.

The subcommittees should utilize the LFD and various materials specific to the Departments to help subcommittee members understand the historic significance of previous Legislatures and review of the departments. LFD can also provide and assist with performance measures of each agency at your request.

Subcommittees can begin as early as January 27th. In the first subcommittee meeting, you should have the agency provide an overview. In subsequent meetings, the subcommittee should reach the following goals:

- 1) Review the FY25 department budget, including Governor's vetoes and other changes made between the Conference Committee Budget and the Enacted Budget.
- 2) Analyze the FY26 Proposed Budget; including increments, decrements, and any requests related to the overall success in completing the department's mission offered in the Governor's proposed budget.

Requirements

During the subcommittee process members should consider:

- 1) How the past year's FY25 budget changes were implemented in each program, and how they impact the future budget of the department.
- 2) Changes between the FY25 Enrolled budget and the Governor's Management Plan.
- 3) Changes the department anticipates in the future and the sustainability of services the department provides.
- 4) How the Governor's proposed FY26 budget changes will be implemented if approved.
- 5) Accepting and/or declining Interdepartmental Transfer-Ins (ATrIns) and Transfer-Outs (ATrOuts) require coordination between both subcommittees impacted, LFD, and the Operating Budget Co-Chair.
- 6) Review how legislation from the Governor impacts revenues and expenditures.
- 7) Budget items not to be considered by the Subcommittee:
 - a. Governor's Supplemental Budget
 - b. Changes to the Language section (as mentioned previously)
 - c. Structural changes to appropriations

SUBCOMMITTEE CLOSE-OUT

The agency budgets should be reported out of subcommittee and subcommittee closed out no later than March 5th.

Subcommittee chairs should use the Budget Action (BA) reports provided by LFD as part of the close-out procedures. In addition to the BA reports and the associated reports, Chairs will also need to prepare a subcommittee narrative that highlights actions taken in subcommittee. A Detailed Close-Out Memo is forthcoming and will be provided before subcommittees close-out.

Plan for one close-out meeting. Work with your LFD analyst to figure out how many meetings your subcommittee will need to make the close-out deadline.

CONTACT

Please feel free to contact me or my staff, Alexander Schroeder at 465-4939 or Erin Page at 465-4939, if you have any questions or suggestions.