

Explanation of Changes to HB 53, the Operating Budget

Changes from CS0 to SCS1

Accepted all subcommittee numbers section recommendations with the following exceptions:

1. Added \$250.0 UGF to DEED for career and technical education (C-TEPS)
2. Deleted cross-appropriation authority (\$5 M/Department) to move money between the Maintenance and Operations and other appropriations
3. Made two technical changes to wordage requested by Legislative Legal:
 - a. statutory cite corrections to AS 14.17.050(a). Change to AS 14.17.505(a).
 - b. AS 18.60.840. Change to AS 18.60.030(16).

Moved the Alaska Marine Highway System operations from the language section to the numbers section. New numbers Sections 4-6 were created for AMHS calendar year 2026 operations

Language Section Changes

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| Sec 7 | Inserts a new recipient of lapsing funds in FY25 <ol style="list-style-type: none">i. After Section 34(d) in HB 268, insert a new section:<p>After the appropriations in section 34(d), the unexpended and unobligated balance of any general fund appropriation that is determined to be available for lapse at the end of FY25 is appropriated to the School Major Maintenance Fund (AS 14.11.007), not to exceed \$30 million</p>ii. The existing items in the lapse waterfall remain next in line |
| Sec 8 | Added supplemental Alaska Department of Fish and Game language to extend one year, to June 30, 2027, the ability to receive money for prior fisheries disasters |
| Sec 9 | Re-statement of the FY25 'waterfall' order of lapsing fund appropriations |

- Sec 13 (b) Similar to the Alaska Housing Finance Corporation, this language appropriates all of the receipts that the Alaska Industrial and Export Authority (AIDEA) takes in back to AIDEA to be used at the discretion of the Board of Directors. This language does not change AIDEA's existing authority
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- Sec 14 (c) Appropriates the 5% Percent of Market Value (POMV) payout to the general fund, following the POMV statute (\$3,798,888,398)
- Sec 14 (d) Appropriates an amount equal to 25% of the POMV payout from the general fund to the dividend fund (\$949,722,100) – approximately a \$1,414 PFD
- Sec 14 (f) Adds intent language to section 55(f) of Ch. 1, SSSLA 21 (HB69) (inflation proofing transfer) to read: "It is the intent of the legislature that this appropriation constitutes forward funding of inflation proofing payments under AS 37.13.145(c)." This is referring to the \$4 billion check over there on the wall – 'Scrivner's error' – The Permanent Fund Corporation testified earlier this year that this change would put us \$2 billion ahead of inflation proofing the principal of the fund over time
- Sec 16 Added language regarding Bonuses for Certain Employees (Letters of Agreement). Similar to language in FY25's budget.
- Updated Sec 16 (b) (1) to reference the Department of Law entering a letter of agreement (instead of DOA)
- (B) (3) new language that states, no later than 30 days after a letter of agreement terminates, the Office of Management and Budget (OMB) shall notify the legislative finance division.
- Sec 17 (d) new intent language that directs OMB to build in the proper rate for employer contributions to the AlaskaCare employee health plan for FY27, and no longer rely on lapsing funds
- Sec 17 (g) Match FY25 language that covers Department of Administration actuarial costs for legislation in either House of Senate Finance that require actuarial analysis

- Sec 18 (g) Technical fix that 40% of boat receipts goes to the Alaska Marine Safety Education Association for marine safety education, estimated to be \$181,879 but not exceed \$200,000
- Delete Former section 13 (i) is deleted, which attempted to appropriate \$225,000 out of the emerging energy technology fund, a fund that has been repealed. According to Legislative Legal, we cannot have language referring to a fund that no longer exists. The other body addresses this item in the FY26 numbers section and that approach will be available in the conference committee
- Sec 19 (d) Accepted a Governor amendment to increase a general fund appropriation from \$40 thousand to \$80 thousand to the Department of Education and Early Development (DEED), Alaska State Council on the Arts, for administration of the celebrating the arts license plate program
- Sec 19 (e) Former (e) – deleted \$120 thousand for child and adult care food program
- New (e) – Base Student Allocation outside the formula increase of 680 BSA (\$172,176,800) contingent on the failure of passage of a bill modifying the statutory BSA
- Sec 19 (f) Add a 10% outside the formula pupil transportation increase of \$6,781,200, contingent on the failure of passage of a bill modifying the pupil transportation formula
- Sec 20 Accepted a Governor amendment to move a Department of Family and Community Services Statutory Designated Program Receipt authority appropriation (not to exceed \$4 million) from the numbers section to the language section for the operation of the Pioneer's Homes pharmacy program
- Sec 21 Adds a Governor's amendment for new fisheries disasters to accept receipts through FY28
- Sec 25 (d) 60% of boat receipts (\$272,819 not to exceed \$300 thousand) are appropriated to the Department of Natural Resources, division of parks and outdoor recreation, for the boating safety program

- Sec 26 (b) Amend last year's HB 268, page 77, to insert after line 12 (the CY25 AMHS appropriation): "It is the intent of the legislature that the Department of Transportation prioritize spending federal funds and unrestricted general funds first, preserving the balance of the Alaska Marine Highway Fund to the extent possible."
- Sec 27 (b) Change from \$3.5 million to not to exceed \$2 million the amount of FY26 lapse available to the Office of Management and Budget to support the cost of central services to 'rate smooth' cost allocation amongst approved central service plans
- Sec 29 (g)(2) Changes the payment amount of unrestricted general fund debt service on GO bond series 2010B from \$2,402,900 to \$144,127 because federal funds pay a portion of the debt service. This change matches the UGF amount in the Department of Revenue's debt book
- Sec 29 (g)(4) changes the payment amount of unrestricted general fund debt service on GO bond series 2013A from \$460,839 to \$26,268 for the same reason as the previous change
- Sec 29 (L) Reduce the school bond debt reimbursement amount by 25% from a total of \$46,509,533 to \$34,882,150
- Sec 29 (L)(1) Accepts Governor's amendment to lower the amount from the School Fund going to school bond debt reimbursement from \$12.3 million to \$11 million
- Sec 29 (L)(2) Reduces the general funds going to school bond debt reimbursement by \$10,327,383, leaving \$23,882,150 general funds for reimbursement
- Sec 30 (e) Similar to FY25, adds language excluding the Alaska Gasline Development Corporation from using the Revised Program Legislative (or RPL) process
- Sec 31 (d) Increases the appropriation to the Disaster Relief fund from \$13 million to \$23,344,800 to match the recent 5-year average spend on disasters
- Sec 31 (h) Changes the amount going into the Public Education Fund from \$117,206,608 to \$111,921,088 (\$5,285,520 difference) because Pre-K

funds granted out in FY25 fell short of the amount budgeted, and the statute limits the growth in that amount in FY26 to \$3 million over the actual amount spent the prior year

Sec 31 (h)(2) lowers the general fund amount going to the public education fund by \$5,285,520 to account for the above change. This 'trues up' the balance of the fund

Sec 31 (q) Accepted a Governor's amendment changing the amount from \$841,500 to \$1,682,500 of restorative justice funds to the crime victim compensation fund

Sec 31 (t) Deleted the sum of \$30 million going to the community assistance fund, \$2,018,083 from the general fund and \$27,981,917 from the Power Cost Equalization fund

Insert the sum of \$13,333,300 from the PCE fund to the community assistance fund

Sec 31 (v) increase the sum going to the fire suppression fund to bring the balance up to the recent 5-year average of fire suppression spending (\$77,338,400 total, \$3 million from SDPR)

New unrestricted general fund appropriation of \$74,338,400 to the fire suppression fund, an increase of \$48,582,650

Sec 32 (m) Changes the fund source from the general fund to the PCE fund (\$6,315,507) going to the renewable energy fund

Sec 32 (n) Add language similar to FY25 that appropriates repayment of Washington, Wyoming, Alaska, Montana and Idaho (WWAMI) loans, estimated to be \$575,000, back to the Higher Education Investment fund

Sec 34 (a)(5)(6) Adds the Alaska Correctional Officers Association and the Teachers' Education Association of Mt. Edgecumbe to the list of approved monetary terms for collective bargaining agreements

Sec 34 (b)(4) Adds the United Academics – American Association of University Professors, American Federation of Teachers to the list of approved monetary terms for collective bargaining agreements

Sec 37 Adds a new section that appropriates up to \$700 million of revenue above \$6.3 billion, to the Statutory Budget Reserve. (\$171.4 M above Spring Forecast)

Sec 38 Repeal Section 69(b) Ch11 SLA2022 P180 L28 (HB281) (statehood defense for Tongass National Forest), Section 64(a), Ch1 SLA2023 (statehood defense multi-year appropriation), Section 36(j) Ch7 SLA2024 (Alaska Resource Education multi-year appropriation)

Sec 39 Repeals the FY25 Permanent Fund inflation proofing transfer (Section 32(f) from HB 268)

Repeal Sec 34(e), ch. 7, SLA 2024, and Sec 44(b), ch.7, SLA are related to the FY25 lapsing provision we modified in Sec 7 of this bill

Deleted – Constitutional Budget Reserve budget balancing sections

Sections 40 and 41 are standard and conforming lapse and retroactivity provisions

Sec 42 Added contingency language similar to FY25 related to letters of agreement. LOA's are legislatively approved if they are:

- signed by both the employee and the state
- OMB complies with the requirement lists in Sec 16(b)(1) of this act to notify the legislative finance division

	UGF	All Funds
Agency Operations	\$4.6 B	\$12.3 B
Statewide Items	\$453 M	\$700 M
PFD/Permanent Fund	<u>\$950 M</u>	<u>\$1.02 B</u>
Total	\$6.039 B	\$13.99 B