



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

**Office of the Governor**

OFFICE OF MANAGEMENT AND BUDGET  
Lacey Sanders, Director

Court Plaza Building  
240 Main Street, Suite 801  
Juneau, Alaska 99811-0020  
Main: 907.465.4660  
Fax: 907.465.2090

April 29, 2025

The Honorable Lyman Hoffman  
Co-Chair, Senate Finance Committee  
Alaska State Capitol, Room 518  
Juneau, AK 99801

The Honorable Bert Stedman  
Co-Chair, Senate Finance Committee  
Alaska State Capitol, Room 516  
Juneau, AK 99801

The Honorable Donny Olson  
Co-Chair, Senate Finance Committee  
Alaska State Capitol, Room 508  
Juneau, AK 99801

Dear Co-Chairs Hoffman, Stedman, and Olson,

Thank you for inviting the Office of Management and Budget (OMB) to present an overview of the Governor's FY2026 Amended Budget to the Senate Finance Committee on April 28, 2025. This letter completes the responses to questions and requests for follow-up information from this hearing. All of the dollar figures presented in this document are in whole dollars.

**1. What collective bargaining agreement negotiations are still outstanding?**

The State continues to negotiate with the following four bargaining units for a new collective bargaining agreement for the term of July 1, 2025, through June 30, 2028.

- Alaska State Employees Association / General Government Unit
- Confidential Employees Association
- Inland Boatmen's Union representing the Unlicensed Marine Unit
- Marine Engineer's Beneficial Association



**2. Provide a summary of the *State of Alaska, Department of Family and Community Services, Office of Children's Services vs Z.C.* case. Is there any policy work needed by the legislature next session?**

This case was in the trial court from 2014 – 2021, and then in the Supreme Court from 2021 – 2025. The plaintiff's challenged the Office of Children's Services' (OCS) practice of applying to be the representative payee for eligible foster children's social security benefits and then, if appointed, spending those benefits on children's care. The courts, at both levels, confirmed the appropriateness of this practice but held that the due process clause of the Alaska Constitution requires the OCS to provide a notice in every child protection case describing this practice and explaining that the OCS will spend the money on the child's care if appointed as the representative payee.

The State settled the amount of attorney's fees and costs at the trial court for \$250,000. The State then settled the entire attorney's fees and costs along with interest for both the trial court and Supreme Court for \$300,000 (i.e., an additional \$50,000 on top of the original attorney fee award).

The attached document titled *Z.C. Decision* provides a copy of the Supreme Court decision. For any additional information and questions regarding this settlement, please reach out to the Department of Law.

Please contact my office if you have further questions.

Sincerely,



Lacey Sanders  
Director

Enclosures: Z.C. Decision.pdf

cc: Alexei Painter, Director, Legislative Finance Division  
Jordan Shilling, Director, Governor's Legislative Office