



ALASKA STATE LEGISLATURE

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DATE: January 15, 2026

TO: House Finance Subcommittee Chairs

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

RE: FY27 Operating Budget Subcommittees

Introduction

This memo provides House Finance Committee (HFIN) subcommittee chairs with a high-level framework for reviewing the operating budget. Subcommittees will review the Governor's proposed agency budgets and develop a Budget Action (BA) report.

HFIN subcommittees will convene for approximately six weeks, beginning the week of January 26 and completing their work by March 4. Throughout this process, subcommittee chairs and their aides should work closely with the Legislative Finance Division (LFD) analysts assigned to their agencies and coordinate with standing/special committee chairs and their aides on meeting topics and scheduling.

Subcommittee Purpose & Composition

Subcommittee Purpose

The purview of the subcommittees is Section 1 of the operating budget (also known as the numbers section). Each subcommittee has an assigned agency budget to review.

The purpose of the subcommittee process is to review their agency budget, evaluate agency BA items to the adjusted base budget, and develop a BA report for HFIN members. BA items include increments, decrements, transfers, new positions or position changes, and fund source changes. Where reasonable, subcommittees may also review and discuss base budget items. The subcommittees should utilize LFD and Office of Management and Budget (OMB) materials to assist members' understanding of historical agency challenges and solutions.

Subcommittee Composition

Each HFIN majority member will chair up to four agency budget subcommittees. The membership of each subcommittee is an existing standing or special committee. Each subcommittee will also have an invited, non-voting HFIN minority member. If necessary, any HFIN co-chair may be called upon to serve as an alternate subcommittee chair or member.

Subcommittee Meetings

Meeting Topics

Subcommittee chairs should develop a tentative subcommittee calendar before subcommittees begin. Work with the LFD analyst to decide the topics and number of subcommittee meetings required to meet the expectations in this memo. Work with the standing/special committee chairs to identify which specific dates/times will be needed to meet the close-out deadline. Work with the agency to ensure that the necessary testifiers are available on the selected dates/times. When drafting the tentative subcommittee calendar, allow for one Governor's amendments review meeting (promptly following Feb 18, the Governor's amendment deadline) and one close-out meeting.

Scheduling Meetings

Subcommittee meetings generally use the regular meeting times of the parent standing/special committee, so subcommittee chairs must coordinate with the associated standing/special committee chairs. Subcommittees should be given the highest priority possible during the scheduled time frame for standing/special committees until the subcommittees close-out. This may require devoting at least 50% of each standing/special committee meeting to the subcommittee.

Subcommittees should not be scheduled during the normal HFIN meeting time of 1:30–3:30 p.m., Monday–Friday, without prior approval from the Operating Budget Co-Chair. Subcommittee meetings will follow the same five-day public notice requirement as standing/special committees.¹

The following steps are necessary when planning and preparing for a smooth meeting:

- Planning the subcommittee agenda for the following week requires consultation.
 - Consult with the assigned LFD analyst on all aspects of the budget process, including correspondence with subcommittee members and agency staff.
 - Consult with each agency's legislative liaison and Administrative Services Director (ASD) on availability of agency staff and the assigned OMB analyst.
- Preparing the subcommittee meeting for the following week requires coordination.
 - Complete the Teleconference Order Form to secure a moderator, video and teleconferencing capabilities, and support for off-site testimony.

¹ A scheduling memo signed by the subcommittee chair must be delivered to the House Clerk's office by 4pm on the Thursday preceding the week of the meeting. If scheduling a Monday meeting, the scheduling memo must be delivered by 4pm on the Wednesday preceding the week of the meeting.

- Reserve a committee room through a booking request to the House Sergeant at Arms.
- Instruct the agency that all finalized documents be provided to the subcommittee chair at least 24 hours prior to the scheduled start time.
- Upload the presentation and/or supporting documents to BASIS.
- Distribute the presentation and/or supporting documents to subcommittee members.

Subcommittee Expectations: First Meeting

Subcommittees may convene as early as January 26. During the first meeting, it is advised that subcommittees review the FY26 agency budget. This review should evaluate how FY26 budget items have affected the agency's ability to fulfill its mission.

Sources of budget items include:

- FY26 Governor's requests (included and excluded from the Enacted Budget)
- FY26 House/Senate BA items (included in Enacted Budget)
- FY26 Governor's vetoes
- Changes between the FY26 Enrolled Budget, the FY26 Management Plan, and the FY27 Adjusted Base

Subcommittee Expectations: Subsequent Meetings

In subsequent meetings, the subcommittee should analyze the Governor's FY27 Proposed Budget. Subcommittees should achieve the following goals throughout the process:

- Evaluate anticipated agency changes and the sustainability of agency services.
- Evaluate agency FY27 BA items' implementation and future impact.

Subcommittees should also observe the following guidelines:

- Because the purview of subcommittees is the numbers section of the operating budget, subcommittees should ignore supplemental items, language section items, and potential revenue and expenditure impacts from legislation under consideration this session.
- Ignore any Governor's amendments that arrive after February 18 (the statutory deadline).
- Interdepartmental Transfer-Ins (ATrIns) and Transfer-Outs (ATrOuts) require cooperation between both impacted subcommittees.

Subcommittee Expectations: Close-out Meeting

Subcommittees are expected to close-out by March 4. To prepare for the close-out meeting, the subcommittee chair will coordinate with the assigned LFD analyst to develop a proposed BA report and narrative. The proposed BA report and narrative will consist of Governor's BA items and subcommittee chair's modifications that are within the purview of the subcommittee.² The proposed BA report and narrative will be distributed to all subcommittee members and an amendment deadline announced.

² Intent language/wordage should be included as part of the proposed subcommittee narrative. Voting subcommittee members can submit amendments which modify or add to intent language/wordage in the proposed subcommittee narrative. The Operating Budget Co-Chair may modify the verbiage in a committee substitute.

All voting subcommittee members can introduce amendments to the subcommittee chair's proposed BA report and narrative that are within the purview of the subcommittee. Amendments should be submitted electronically to the subcommittee chair. Subcommittee members are encouraged to use the subcommittee amendment template on the LFD website. After the amendment deadline, the subcommittee chair will distribute an amendment packet.

The close-out meeting will begin with a motion to adopt the proposed BA report and narrative. The subcommittee will then take up amendments. Each amendment will have a separate motion and vote (unless two or more amendments are combined into one motion by the subcommittee members). When no amendments remain, the recommendations of the subcommittee are ready for HFIN and a motion to move the BA report and narrative out of committee is in order. This ends the business of the subcommittee.

Adopting the proposed BA report and narrative, passing a subcommittee member amendment, combining amendments, and moving the BA report and narrative out of committee are all motions which require a majority vote of voting subcommittee members present.

Subcommittee Resources and Binders

Subcommittee Resources

Before session begins, remember to visit the Legislative Finance Division website and study the Pre-Session Publications. The *Legislative Fiscal Analyst's Overview of the Governor's Request* and the agency *Subcommittee Books* are the launch point of the subcommittee process.

Subcommittee Binders

Each subcommittee chair is responsible for preparing and providing a binder of information for each subcommittee member and the assigned LFD analyst. Each subcommittee member is responsible for updating their own binder throughout the subcommittee process.

The binder should contain the following:

- 1) Table of contents and tentative subcommittee calendar
- 2) This memo
- 3) Agency Graphs
- 4) Transaction Comparison with notes (FY27 Adjusted Base to FY27 Governor's Amended Request)
- 5) FY27 Subcommittee Book
- 6) FY26 Enacted Budget Book
- 7) Agency Mission, Measures, and Key Performance Indicators (KPIs)
- 8) Agency's Portion of FY26 Intent Language Letter
- 9) Midyear Status Report
- 10) Relevant Agency-Specific Legislative Audit Reports
- 11) Appendix: Statewide Budget Items

Binder materials should be posted to BASIS as part of the first meeting's documents.