

OPERATING BUDGET DIFFERENCES BETWEEN THE GOVERNOR'S ORIGINAL OPERATING BUDGET AND THIS COMMITTEE SUBSTITUTE

SB40 (VERSION A) TO SENATE CS FOR HB39 (VERSION R)

SUPPLEMENTAL NUMBERS SECTION

1. Sections 7-12 incorporated all of the Governor's numbers section supplemental requests except for the following.
 - Replaced \$44.9 of UGF with Higher Ed money for the WWAMI program (Washington, Wyoming, Alaska, Montana, Idaho)
 - Replaced \$904.2 GF/Program Receipts in the Department of Public Safety's numbers section with a language section that appropriates funding for criminal justice information system updates and improvements for FY23 and FY24.
 - \$117.0 UGF was added to the legislature's budget to fund a housing stipend increase, from \$30 to \$37.50 per day, for out-of-town legislative staff.
 - \$200.0 UGF for an Alaska Family Justice Center Model Study in the FY23 budget was removed and replaced with a multi-year language section (Sec 20(b)) for FY23 and FY24, to allow for the completion of this project.

SUPPLEMENTAL LANGUAGE CHANGES

The Senate CS incorporates a number of **SUPPLEMENTAL APPROPRIATIONS** in the following **language** sections.

2. Sec 13 extends the lapse date for the Alaska Housing Finance Corporation's federal receipts for various housing programs. This is a Governor's request.
3. Sec 16 extends the lapse date for DCCED's reinsurance appropriation. A total of \$55 million of UGF was appropriated in FY18 and this language extends the appropriation through FY28. This was requested by the Governor.
4. Sec. 15 is a **NEW SECTION** that appropriates the balance of the **Abandoned Motor Vehicle Fund** on June 30, 2023 to DOA to reimburse municipalities for the cost of removing abandoned vehicles for FY23 and FY24.
5. Sec. 17. **Department of Education and Early Development.** There are several supplemental language sections for the Department of Education and Early Development.
 - **The following were requested by the Governor**
 - Sec 17(d) extends the lapse date for federal receipts in the Department of Education and Early Development to June 30, 2025.

- Sec 17(e) allows DEED to accept any available FY23 federal funds and pass that funding through to other educational entities.
 - **The following were added or revised in the Senate CS:**
 - Sec 17(f) corrects the Governor’s lapse extension language for the proceeds from the sale of state-owned Mt. Edgecumbe High School land. The proceeds from the sale will be available for Mt. Edgecumbe High School’s maintenance and operations for FY23-FY25.
 - Sec 17 g is a legislative addition that extends the lapse date of residential boarding schools’ stipends through the end of FY24.
6. **Sec 18. This DEPARTMENT OF LABOR SUPPLEMENTAL** corrects an error in the FY23 budget by moving \$1 million from the Division of Employment and Training Services to the Alaska Workforce Investment Board. This is a Governor’s request.
7. **Sec. 19. SUPPLEMENTAL DEPARTMENT OF LAW items requested by the Governor**
- Sec. 19a appropriates \$3.7 million of UGF to pay FY23 judgments and settlements with known amounts.
 - Sec. 19b is open-ended UGF language to pay additional FY23 judgments but, as is standard, this language excludes funding for settlements.
8. **PUBLIC SAFETY SUPPLEMENTALS**
- Sec 20a appropriates \$900.0 of GF/Program Receipts to the Department of Public Safety for criminal justice information system updates and improvements for FY23 and FY24. *This was a Governor’s numbers section request, but the legislature replaced it with a language section because it will take more than one year to complete.*
 - **Sec. 20b is a net zero legislative change.** Because the Council on Domestic Violence and Sexual Assault is not going to be able to complete its Alaska Family Justice Center model study with funding that is expiring at the end of FY23, \$200.0 UGF in the FY23 numbers section was replaced with this language section. This extends CDVSA’s funding through the end of FY24.
9. **Sec. 21. SUPPLEMENTAL FUND CAPITALIZATION**
- Sec. 21a appropriates up to \$10 million of SDPR to the Alaska Gasline Development Corporation. This subsection clarifies the FY23 effective date that was requested by the Governor.

- Sec. 21b appropriates \$221.4 of UGF to the Worker’s Compensation Benefits Guaranty Fund. This was a Governor’s Request.
10. Sec. 22. Extends the lapse date for the Redistricting Board operations through the end of FY24. This was a legislative addition.
 11. Sec. 23 adds SUPPLEMENTAL SALARY AND BENEFIT ADJUSTMENTS language to ensure that salary adjustments resulting from bargaining unit agreements that are included in the supplemental numbers section are funded. This is a Governor’s request.
 12. Sec. 24. Approves the Governor’s requested SUPPLEMENTAL RATIFICATIONS OF OVEREXPENDITURES for several departments.

FY24 LANGUAGE CHANGES

13. Sec. 27 is a legislative addition of up to \$75.0 UGF to the Alaska Court System’s Commission on Judicial Conduct for special council costs related to unanticipated investigations. This language was recommended by the subcommittee.
14. **DELETED SECTION:** The AIDEA Dividend section appropriating \$17,904,000 from AIDEA to the general fund was deleted. The Senate Finance Committee will work with AIDEA to determine an appropriate amount for the AIDEA Dividend.
15. **Sec. 29. ALASKA PERMANENT FUND.** The legislature made the following changes from the Governor’s requested Permanent Fund language.
 - To align with statute, subsection c appropriates the entire Percent of Market Value draw, totaling \$3,526,087,852, to the general fund.

(The Governor’s language had appropriated funding from the Earnings Reserve Account as follows:

- *\$2.47 billion to the dividend fund to pay a full statutory dividend, and*
 - *The remaining balance, estimated to be \$1.055 billion, was appropriated to the general fund.)*
- The Senate CS deletes the appropriation to the dividend fund to pay for a dividend. The permanent fund dividend discussion will need to be decided by the full Finance Committee.

- The Senate CS revises the Permanent Fund inflation proofing appropriation (subsection e) by capping the amount appropriated for inflation proofing at \$1.413 billion. The Governor’s language was an open-ended appropriation.
16. Sec. 30 incorporated **the Governor’s amendment** to appropriate funding from the ALASKA TECHNICAL AND VOCATIONAL EDUCATION PROGRAM ACCOUNT to various departments as prescribed by statute. Because the amount available varies annually, the Governor submitted an amendment replacing the funding in the numbers section of the budget with this language.
17. Sec. 31 and Sec 55. As occurred in last year’s operating budget bill, the legislature added a section to clarify that funding included in the budget for BONUSES FOR CERTAIN EMPLOYEES OF THE EXECUTIVE BRANCH is contingent upon
- the state and the applicable bargaining unit of the employee entering into a letter of agreement for the bonus AND
 - the Department of Administration providing a copy of the letter of agreement to the legislative finance division in electronic form not later than 30 days after the department enters into the letter of agreement.
18. Sec 32(g). DEPARTMENT OF ADMINISTRATION. The Senate CS amended the open-ended appropriation to the Department of Administration for actuarial costs associated with bills by adding a requirement that the appropriation is valid only for actuarial costs of bills in the **finance committee of each house.**
19. Sec 33g corrects the fiscal years in the language for the Division of Insurance’s reinsurance program by replacing “June 30, 2023 and June 30, 2024,” with “June 30, 2024 and June 30, 2025.”
20. DELETED SUBSECTION. The Senate Finance CS deleted an open-ended federal appropriation to the Alaska Broadband Office.
21. Sec. 35(f). The Senate Finance CS incorporates the Governor’s amendment for \$17.8 million, of which \$8.9 million is UGF, to the Department of Health, to redetermine Medicaid eligibility for enrolled Alaskans. This appropriation is valid for FY24 and FY25.

22. DEPARTMENT OF LAW

- Sec 37(a) appropriates \$5 million UGF to the for litigation relating to STATEHOOD DEFENSE for FY24-FY26.
- Subsection 37(b) adds intent that the funding is not used for any action that may erode existing federal or state subsistence rights.

This section is intended to replace a \$10 million capital appropriation that was requested by the Governor.

23. Sec 40(b) revises the Governor’s Alaska Marine Highway System backstop language to mirror last year’s language. If federal receipts received by the AMHS fall short of the amount appropriated in the numbers section,
- The Governor’s backstop language appropriates Alaska Marine Highway System funds for any federal revenue shortfall. This could lead to an inadequate AMHS Fund balance.
 - Instead, the Senate CS backstop language appropriates up to \$20 million of UGF to cover any federal revenue shortfall.
24. Sec 41(b) through (e) adds Fuel Trigger language. At the Spring Forecast for FY24, this language estimate is \$1 million.
25. Sec 43g incorporates the Governor’s Debt Service amendment. This amendment replaces 2012A and 2013B bonds with 2023A bonds for a net savings of \$603.0.
26. Sec 44(e) was added to prevent the Alaska Gasline Development Corporation (AGDC) from being able to receive and expend federal or statutory designated program receipts through the Legislative Budget and Audit’s RPL process.
27. Like the Governor’s request, Sec. 45(s) fully pays off any remaining Oil and Gas Tax Credits. However, due to the price of oil, the estimate has been revised from \$42.7 million to \$55.7 million.
28. Sec 45(t) incorporates a Governor’s amendment adding a total of \$1.2 million to the election fund. \$1 million is federal receipts and \$200.0 of general funds.
29. DELETED SUBSECTIONS FROM FUND CAPITALIZATION. The Senate Finance CS deleted the following two subsections relating to the Alaska Gasline Development Corporation.

- Open-ended statutory designated program receipts received by AGDC in FY23, and
 - Open-ended federal authority for funding received by AGDC in FY23.
30. Subsection 45(u) is a NEW SUBSECTION adding \$30 million of general funds to the Community Assistance Fund. This maintains the current level of funding for communities in FY25. Without this addition, the FY25 distribution to communities would be reduced from \$30 million to \$20 million.
31. Sec 46(o) incorporates the Governor's \$7.5 million UGF appropriation to the Renewable Energy Grant Fund.
32. Sec. 46(p) is a legal services change. Legal Services moved the appropriation of \$100,000 of general fund program receipts to the Abandoned Motor Vehicle Fund from the Fund Capitalization section to the Fund Transfers section. This change was made to clarify that expenditures from the fund require further appropriation.
33. Sec. 48(a) (9) and (10) adds two bargaining units, the Teachers' Association of Mt. Edgecumbe and the Inlandboatmen's Union of the Pacific, Alaska Region, to the. SALARY AND BENEFIT ADJUSTMENTS language. It also deleted the Governor's blanket approval language for monetary terms of letters of agreement.
34. Sec 52 repeals a \$1.65 million appropriation for the WWAMI program (Washington, Wyoming, Alaska, Montana, and Idaho). Between the other funding appropriated in FY23 and FY24, the WWAMI program's funding is sufficient to fund all existing, and the proposed expanded number of program recipients.

MENTAL HEALTH BUDGET LANGUAGE CHANGES
SB42 (VERSION A) TO SENATE CS FOR HB41 (VERSION S)

There only differences in the Mental Health budget language are the sections designed to mirror the operating sections for the salary adjustment language and for the bonuses. The details are below.

1. Revision of Sec 10, which is language related to salary and benefit adjustments for bargaining units. Two additional bargaining units were added to the language to incorporate additional unions and the addition to clarify Bonuses for certain employees of the executive branch.

2. Addition of Section 8 and Section 12. This language states that funding included in the budget for BONUSSES FOR CERTAIN EMPLOYEES OF THE EXECUTIVE BRANCH is contingent upon
 - the state and the applicable bargaining unit of the employee entering into a letter of agreement for the bonus AND that
 - the Department of Administration provide a copy of the letter of agreement to the legislative finance division in electronic form not later than 30 days after the department enters into the letter of agreement.