

HOUSE FINANCE COMMITTEE  
February 13, 2020  
1:39 p.m.

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CALL TO ORDER

Co-Chair Johnston called the House Finance Committee meeting to order at 1:39 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Jennifer Johnston, Co-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Ben Carpenter  
Representative Andy Josephson  
Representative Gary Knopp  
Representative Bart LeBon  
Representative Kelly Merrick  
Representative Colleen Sullivan-Leonard  
Representative Cathy Tilton  
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Erin Shine, Staff, Representative Jennifer Johnston; Pat Pitney, Director, Legislative Finance Division; Alexei Painter, Analyst, Legislative Finance Division; Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Kelly Cunningham, Analyst, Legislative Finance Division.

SUMMARY

HB 234      APPROP:SUPP; REAPPROP; CAP; AMEND; CBR

HB 234 was HEARD and HELD in committee for further consideration.

CSSB 74 (FIN)

INTERNET FOR SCHOOLS

HCS CSSB 74 (FIN) was REPORTED out of committee with five "do pass" recommendations, one "do not pass" recommendation, and four "no recommendation" recommendations and with one new fiscal impact note by the Department of Education and Early Development.

FY 20 SUPPLEMENTAL BUDGET OVERVIEW BY LEGISLATIVE FINANCE DIVISION

Co-Chair Johnston reviewed the agenda for the day.

#sb74

CS FOR SENATE BILL NO. 74 (FIN)

"An Act relating to funding for Internet services for school districts; and providing for an effective date."

[1:39:56 PM](#)

Co-Chair Foster MOVED to ADOPT proposed committee substitute for CSSB 74 (FIN), Work Draft 31-LS0600\E (Caouette, 1/31/20) (copy on file).

There being NO OBJECTION, it was so ordered.

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ERIN SHINE, STAFF, REPRESENTATIVE JENNIFER JOHNSTON, reviewed the Committee Substitute (CS) work draft changes. She reported that the CS contained two changes. She explained that the first change on page 1, line 1 eliminated the language, "and providing for an effective date." The other change eliminated Section 2 and Section 3 of the prior version of the bill.

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Co-Chair Foster MOVED to report HCSCSSB 74 (FIN) out of Committee with individual recommendations and the accompanying fiscal note.

Representative Carpenter OBJECTED.

Representative Carpenter MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, LeBon, Merrick, Ortiz, Sullivan-Leonard, Tilton, Wool, Foster, Johnston  
OPPOSED: Carpenter, Knopp

The MOTION PASSED (9/2).

HCS CSSB 74 (FIN) was REPORTED out of committee with five "do pass" recommendations, one "do not pass" recommendation, and four "no recommendation" recommendations and with one new fiscal impact note by the Department of Education and Early Development.

[1:42:23 PM](#)  
AT EASE

[1:42:28 PM](#)  
RECONVENED

#hb234  
HOUSE BILL NO. 234

"An Act making supplemental appropriations, reappropriations, and other appropriations; amending appropriations; capitalizing funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

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Co-Chair Foster indicated that the committee would hear the Legislative Finance Division's (LFD) perspective of HB 234.

^FY 20 SUPPLEMENTAL BUDGET OVERVIEW BY LEGISLATIVE FINANCE DIVISION

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PAT PITNEY, DIRECTOR, LEGISLATIVE FINANCE DIVISION, introduced the PowerPoint Presentation: "Governor Supplemental Request Overview." She began with Slide 2 titled "Governor's Supplemental Requests," which contained some highlights of the governor's supplemental budget:

Governor proposed \$270.5 million in FY 20 UGF Supplemental Requests

- UGF budget reduction from FY 19 after Governor's proposed Supplemental items would be \$216 million
- FY 20 est. deficit has increased from \$157 million when the budget was enacted (July 1, 2019) to \$610 million with revenue projection updates and Supplemental requests
- CBR est. balance after FY20 Supplemental and Governor's FY 21 request is \$572 billion [million]

Ms. Pitney expounded on the second bullet point. She explained that agency appropriations between FY 19 and FY 20 were similar with the notable differences of community assistance, school debt reimbursement, and oil tax credits. The cuts to the Department of Health and Social Services (DHSS), University of Alaska (UA), and the Marine Highway System were offset by the added \$100 million expenditure for fire suppression. She elaborated that in June 2019, the estimated budget deficit was \$157 million. Due to a change in revenue projections compounded by the supplemental request, the FY 2020 deficit was currently estimated at \$610 million. The Constitutional Budget Reserve (CBR) was just over \$2 billion and by the end of FY 21 would be \$572 million. She pointed out that the slide erroneously had \$572 billion instead of million.

Ms. Pitney continued to slide 3 titled "Governor's Supplemental Requests:"

- 52 items totaling \$504.1 million
  - \$270.5 UGF \$264.9 operating, \$5.7 capital
  - \$ 17.6 DGF \$10.7 operating, \$6.9 capital
  - \$ 0.2 Other \$0.2 operating
  - \$215.7 Federal \$173.2 operating, \$42.5 capital
  - 7 ratification totaling \$2.4 million

Ms. Pitney indicated that the slide listed the governor's supplemental request by fund source. She noted that the LFD's total differed from the governor's total based on the division's way of accounting for reappropriations and another federal item it believed was accounted for. She explained that ratifications were appropriations of state

funds for unrealized or over expenditure of federal funds in a prior closed fiscal year.

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Representative Carpenter asked a question about ratifications. He wondered if there was a length of time in which the items had to be paid. Ms. Pitney responded that if left unpaid, they remain open in the accounting system and remain state liabilities. Representative Carpenter asked whether there was an accounting requirement to pay them in the current year. Ms. Pitney responded that it could potentially show up as an audit finding. Representative Carpenter was attempting to understand what was required versus "what would be nice to do."

Representative Knopp cited slide 2 and referenced the third bullet point. He was aware of excess spending for Medicaid and fire suppression. He wondered if the original revenue projection was wrong due to either less production or lower prices than originally forecasted.

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, replied that the forecasts were adjusted downward in both price and production and increased costs due to increased investment on the North Slope resulting in decreased revenues. Representative Knopp asked what the decreased amount of revenue was from the original projections. Mr. Painter responded that the amount was approximately \$250 million.

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Ms. Pitney turned to the spreadsheet on slide 4 titled "Short Fiscal Summary - FY 20 with Governor's Supplementals/FY 21 Governor's Budget." She highlighted line 9 that reflected the supplemental appropriation in the operating budget totaling \$264.9 million in Unrestricted General Funds (UGF) in FY 20 and line 12 showing \$5.7 million in Capital Budget supplemental requests. She pointed to line 16 depicting the deficit amount of \$610.2 million. She referenced line 18 on the lower right showing a CBR balance of \$2 billion at the end of FY 20. The balance of the CBR at the end of FY 21 was shown at \$572.5 million.

Representative Wool referenced line 14 depicting the Permanent Fund Dividend (PFD) expenditure in FY 20 at \$1.068 billion and \$2.005 billion in FY 21; a difference of \$1 billion. He wondered whether the balance of the CBR would increase by \$1 billion if the FY 21 PFD payout was similar to the FY 20 payout. Ms. Pitney responded in the affirmative.

Co-Chair Foster asked Ms. Pitney to walk through the information again.

Ms. Pitney referred to line 14 and noted that in FY 21 the governor's request for PFD's was \$2.005 billion. She explained that the amount was the difference between a \$1.6 thousand dividend and a \$3 thousand dividend.

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Mr. Painter explained that the straight line comparison between FY 20 and FY 21 on line 14 would use the dividend only figures of \$1.068 billion and \$2.005 billion, which was a difference of \$936 million.

Co-Chair Foster referred to line 15 for the fund's inflation proofing and other deposits that showed \$5.014 billion in FY 20, which reflected the over \$4 billion transfer into the fund plus the amount for inflation proofing of \$641 million. He noted that inflation proofing was originally expected to be \$943 million. He asked whether he was correct. Mr. Painter responded that \$642 million was the new estimate. He confirmed that the budgeted number remained \$940 million which included the royalties above the constitutional minimum that were accounted as UGF in FY 20. He added that beginning in FY 21, inflation proofing funds would be included as Designated General Funds (DGF). The 67.9 thousand in FY 21 was the inflation proofing DGF figure on line 15. Co-Chair Foster restated that in FY 20 the legislature appropriated a \$1.6 thousand dividend totaling \$1.007 billion. The cost for a \$3 thousand dividend that the governor proposed totaled about \$2 billion. He detailed that if the PFD payout amount in FY 21 was \$1.6 thousand the CBR draw would be less and the balance would be approximately \$1.5 billion versus \$572 thousand. He believed that Representative Wool's point was important.

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Representative Sullivan-Leonard believed that in the prior year, instead of using a fifty-fifty percent PFD model it was roughly sixty-eight to thirty-two percent; the 32 percent was distributed as dividends. It appeared that the governor was proposing a true statutory 50/50 payout in FY 21. She pointed to the FY 21 Earning Reserve Account (ERA) balance of \$15.5 billion and surmised that the balance was healthy.

Ms. Pitney replied that although the ERA funds were accessible, the Point of Market Value (POMV) statute prescribed the percentage that could be expended from the ERA. She noted that the analysis assumed the POMV statute was followed. Representative Sullivan-Leonard questioned the response. She commented that following the POMV model and using the governor's 50/50 split the ERA balance remained healthy at \$15.5 billion.

Co-Chair Foster commented that the meeting was on the supplemental budget rather than the PFD. He thought the point of the slide was that the \$264 million was the current supplemental balance rather than the prior \$224 million.

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Co-Chair Johnston commented that Representative Sullivan-Leonard's point that the ERA would grow in FY 21 was due to the governor drawing down the CBR for dividends and not withdrawing from the ERA. She referenced prior testimony from the Alaska Permanent Fund Corporation (APFC) pointing out that the Permanent Fund (PF) could grow to over \$85 billion in ten years if the state worked at growing the fund. She wondered what the projections were for the settlements and earnings for the CBR in the next year.

Mr. Painter responded that Department of Revenue (DOR) estimated that settlements would amount to \$75 million and earnings were approximately 3 percent of the balance of the CBR amounting to over \$100 million. Co-Chair Johnston commented that if the CBR was only used as a "cash management account" there would be no earnings left.

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Representative LeBon referred to the lower right section of the slide that depicted the state's reserve balances. He

noted that the Statutory Budget Reserve (SBR) had a zero balance. He reminded the committee that the SBR was emptied in the prior year to "prop up" the dividend amount.

Co-Chair Foster agreed that Representative LeBon's point was significant. He asked Ms. Pitney what the highest balance in the SBR had been.

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Ms. Pitney directed attention to slide 6 showing a bar graph of the End-of-Year Reserve Balances since FY 07. She remarked that in FY 12 and FY 13 the SBR balance, represented by the green bar, peaked and the CBR peaked in FY 14. She recounted that the drop in the CBR balance in FY 15 was due to a draw from the fund for paying down the retirement liability.

Representative Carpenter commented that the legislature had made the decision to make the PFD an "expense." He disagreed with statements maintaining that a certain fund was drawn on to help pay for a dividend. He opined that if the PFD were not considered a government expense and was paid via the 50/50 statute as was historically done, it would not be a choice nor an expense, rather it would automatically happen. He believed that the decision to pay for the PFD out of a certain fund was no different than paying for education, or health and social services, or the ferry system, etc.; it was merely a line item expense. He believed that it was inaccurate to say money was drawn down from a certain account specifically to pay for the PFD.

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Co-Chair Johnston brought attention to the supplemental budget where an attempt to cut the budget was made. She noted that the state currently had two main revenue sources: the structured POMV draw and oil resource revenues. She pointed out that in the prior year there had been an attempt to use the revenues from the POMV draw to pay a larger dividend. The legislature was currently discussing a very large supplemental appropriation even though reductions were made in the prior year. She emphasized that the governor had presented a very large supplemental because the budget he had presented was not large enough to meet the needs of Alaskans.

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Ms. Pitney continued with comments on Slide 5. She turned to the graph that displayed the Unrestricted General Fund Revenue and Budget. She detailed that the green background denoted traditional UGF revenue and the gray background depicted the ERA amount of POMV and PFD draw, which was currently 5.25 percent, soon decreasing to 5 percent. The pink bar represented the deficit. She pointed to the FY 20 deficit of \$610 million and the projected FY 21 \$1.5 billion deficit. The blue bar represented agency spend showing FY 20 roughly equal to FY 19. The remaining bar colors depicted statewide operations, Capital Budget, and PFD's.

Representative LeBon asked about the projection on the far right bar [representing FY 21]. He asked what the oil revenue and production forecasts were for FY 21.

Mr. Painter responded that the oil price was \$59/per barrel and he failed to remember what the production forecast was. Representative LeBon asked what the price of oil was currently. Mr. Painter responded that it was approximately \$55.

Co-Chair Johnston asked Ms. Pitney to provide a brief review of what was included in statewide operations. Ms. Pitney offered that statewide operations included non-agency expenditures that were not associated with a particular agency. The majority in FY 21 was comprised of the retirement liability payment of \$330 million. She noted that typical items not included in FY 20 was oil tax credits, Community Assistance, and Regional Educational Attendance Area (REAA) school funding.

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Co-Chair Johnston commented that one of the largest items was the unfunded liability of the state pension system. She stated that the unfunded liability was something the state had no control over. She asked whether her statement was correct. Ms. Pitney answered that the liability was viewed as a general obligation debt of the state by credit rating agencies. Co-Chair Johnston clarified that the full faith and credit of the state backed the payments. Ms. Pitney responded in the affirmative.

Representative Josephson asked if the grey background increased between FY 19 and FY 21 because of the passage of SB 26 [SB 26 - Approp Limit & Per Fund: Dividend; Earnings Chapter 16 SLA 18 - 06/13/2018]. Ms. Pitney answered in the affirmative. Representative Josephson described the "intensity and seriousness" of the retirement debt regarding repayment. He wondered if Ms. Pitney agreed with the serious nature of the debt. Ms. Pitney responded that the retirement benefits were constitutionally guaranteed.

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Ms. Pitney moved to Slide 7 titled "CBR Access and Headroom:"

Typically, CBR Access for balancing the budget has been limited to the bills passed that session

However, restricting access to specific bills caused problems for any sort of Supplemental appropriations

"CBR Headroom" is included to allow additional appropriations beyond the enacted acts up to a limit

E.g. - for FY20 the limit is \$250 million

Ms. Pitney discussed Slide 8 titled "FY 20 Supps and CBR Headroom." She reiterated that the governor's FY 20 supplemental request totaled \$270 million. She relayed that the headroom was \$250 million as specified in the FY 20 budget language adopted by the legislature. The headroom was exceeded by \$20.5 million.

Co-Chair Foster clarified the difference between the CBR and deficit filling language. He voiced that the CBR filled a shortfall in a budgeted appropriation. He provided an example of Medicaid that had a \$20 million budgeted shortfall. The CBR could be used to fill the shortfall versus deficit filling language that was meant to cover a shortfall in revenue. He asked whether he was correct.

Mr. Painter interjected that in a typical year the CBR could accomplish both shortfalls. He explained that in the FY 20 budget the CBR language allowed for a gap between revenue and expenditures to be covered by the CBR. In addition, if supplemental funds were needed the language allowed CBR funds to cover the supplemental expenses up to

\$250 million. Access to the \$250 million required an appropriation but not another CBR vote. He furthered that the deficit filling language was intended for a planned deficit or an unexpected shortfall if revenue declined below projections.

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Co-Chair Foster mentioned that typically headroom was in the amount of \$100 million. He noted that the reason for having a larger headroom number from the previous year was because the legislature doubted the amount of proposed Medicaid reductions were obtainable. He asked whether he was correct. Mr. Painter responded that he was not privy to the budget negotiations between the bodies and could not speculate as to the reason. Co-Chair Foster confirmed his statement as the reason for the increased headroom.

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Representative Wool asked for clarification regarding the deficit projection on slide 8. He could not account for approximately \$230 million. Ms. Pitney answered that the CBR balance was large enough that it was still receiving earnings and in addition, all oil tax settlements were deposited into the CBR and together they accounted for the difference. Representative Wool ascertained that even though funds were drawn on the CBR it was still earning. Ms. Pitney responded in the affirmative.

Ms. Pitney reviewed the supplemental items considered urgent by the Office of Management and Budget (OMB) on slide 9 titled "Governor's Supplemental Requests:"

Noted by OMB as Urgent - \$241.9 million UGF

- Medicaid Services; Medicaid: \$128,273.6 UGF
- Fire Suppression: \$110,500.0 UGF
- DOTPF-Highway, Aviation and Facilities;  
Northern Highways Dalton Highway/Atigun Pass:  
\$158.1 UGF
- Knik-Goose Bay Road:  
\$2,000.0 Reappropriation/Scope Change
- Earthquake Relief - Federally Ineligible:  
\$3,000.0 UGF
- DMVA - Mass Notification System: \$900.0  
Reappropriation Full Supplemental list for Q&A

Ms. Pitney indicated that Medicaid was the most urgent item and funding was projected to run out by March 23, 2020 without the supplemental funding. The Department of Health and Social Services (DHSS) would need to delay provider payments. The Medicaid figure covered both the Medicaid reduction and the Adult Dental Program. She elaborated that the fire suppression request included the cost of fighting the prior summer and fall fires and the projected \$16 million for a normal spring season.

Ms. Pitney concluded her presentation and offered to answer any questions.

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Vice-Chair Ortiz asked how urgency was determined for the Northern and Dalton Highways and Knik-Goose Bay Road Reappropriation/Scope Change items. Mr. Painter responded that the first request was considered urgent because the work was completed, and the money was expended leaving the entity with a shortfall in funding for the remainder of the fiscal year unless paid. He was unable to answer regarding the second item.

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Representative Tilton wanted to address the Knik-Goose Bay Road Scope Change. She explained that several fatalities occurred due to road maintenance issues. Deep ruts were pushing drivers into other lanes. The \$2 million had been appropriated for another portion of the Goose Bay road a few years prior. However, maintenance was urgently needed in the Mile 1 to Mile 7 area due to the fatalities. She emphasized that it was a scope change only and additional funding over the 2 million already appropriated was not requested.

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Representative Josephson asked what would happen if the \$16 million for the spring fire suppression was addressed in the FY 21 budget. Ms. Pitney responded that the Division of Forestry had authority to fight fires when they occur, which was the reason for the over \$100 million supplemental request. She elucidated that \$80 million was already spent and the division would continue to fight fires. The worst

ramification was that the item became a ratification, which had happened in the past.

Representative Josephson asked whether there was such a thing as a "negative supplemental." He wondered if there was the possibility of addressing an FY 20 appropriation that the legislature deemed unnecessary. Mr. Painter answered in the affirmative and added that negative supplementals were quite common in prior years.

Representative Knopp asked what the \$3 million in earthquake relief was targeted for. Ms. Pitney replied that the items listed were specifically for Department of Transportation and Public Facilities (DOT) state properties. The money was not used in communities with an expectation of federal disaster relief. Representative Knopp asked whether DOT had a list of eligible projects.

Mr. Painter answered that he would provide the list.

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Representative Wool further questioned fire suppression dollars. He thought that the spring fire suppression funding was for fire prevention measures and not for fighting fires. Mr. Painter answered that the fire suppression money was only used for fighting fires. Funding for fire prevention was in a separate allocation. Representative Wool presumed that the supplemental request was only for past fires that occurred and anticipated fires in the coming spring. Mr. Painter replied in the affirmative and added that \$94.5 million of the supplemental appropriation was already spent. The other \$16 million was for anticipated fires in the spring of the current year. Representative Wool requested further clarification regarding paying the costs for future fires. Mr. Painter related that in FY 19 the state did not fully fund fire suppression and expected a roughly \$30 million ratification in the future. The legislature could ignore it hoping the governor declared a disaster, but it was more prudent to include the fire suppression costs in the budget.

Representative Merrick informed the committee that in the Department of Natural Resources finance subcommittee, Representative Hopkins offered an amendment for \$5 million for fire prevention.

Co-Chair Johnston noted that in past years the legislature had a \$50 million supplemental for fire suppression. She wondered if this was the most expensive season for fire suppression. Mr. Painter answered in the affirmative.

Ms. Pitney moved to discuss the FY 2020 Supplemental Spreadsheet (copy on file). She highlighted item 2 on page 1, DHSS Adult Preventative Dental Medicaid Services and noted that the governor's request included both UGF and federal funds. She reported that the federal funds had been appropriated in the prior year's budget and suggested that they exclude the federal funds. She mentioned item 3 that included the fire suppression request.

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Vice-Chair Ortiz referenced the \$18.730 million in federal funding for item 2 and asked if it should not be included in the request. Ms. Pitney answered in the affirmative and restated that the amount was included in the FY 20 budget. The governor vetoed the UGF portion only.

Representative Sullivan-Leonard asked whether the item on line 2 was time sensitive or if it could wait for the following budget cycle. Ms. Pitney responded that the program was reinstated by the governor and the Medicaid program would run out of money by the end of March.

Co-Chair Johnston noted that there had been some question about the time sensitivity of the Anchorage Division of Motor Vehicles (DMV) office move. She inquired when the current lease expired. Mr. Painter understood that a rent increase was expected very soon, and the DMV wanted to move quickly. He would provide further information.

Representative Sullivan-Leonard asked if someone from OMB was available to answer questions.

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NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, responded that he was uncertain when the lease expired and relayed that the item was not included in the list of urgent items. The Department of Administration (DOA) could manage its cash flow until the time the typical supplemental funds would become available.

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Representative Knopp asked if the \$16 million in fire suppression dollars were urgent. He thought that there was a historical average that was applicable. Mr. Painter responded that the \$16 million represented a 5 - year average for spring fire suppression costs. Representative Knopp asked about the balance for fire suppression. Mr. Painter answered that currently the state overspent by \$94.5 million and without an infusion of funds above that amount there would be a zero balance in fire suppression funds. In response to a question by, Representative Knopp, Mr. Painter responded that if the legislature did not appropriate the fire suppression dollars it would create a large ratification. He recounted that a statute directed the authority to continue to fight fires lacking an appropriation if the governor declared an emergency.

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Co-Chair Johnston reported that historically there had been a balance leftover in the fund, but not in the current year. She asked if she was accurate. Mr. Painter responded that in FY 19 the state overspent the balance by \$30 million. He commented that the last year the state had a fire suppression balance was in FY 17.

Representative Wool inquired how the \$94.5 million in fire suppression was covered. Mr. Painter responded that the money was appropriated from the CBR as part of the deficit. The statutory language allowed the governor to continue to spend General Funds (GF) to protect the health, life, and safety for fire suppression even if funds were lacking for such purpose.

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Representative Josephson asked if the governor had to make a formal announcement or could he simply expend the funds. Mr. Painter recalled that the governor had to declare an emergency and notify the presiding officers of the legislature. He offered to provide the exact language in statute.

[2:40:04 PM](#)

Ms. Pitney highlighted page 3 containing several items for the Department of Public Safety (DPS). She drew attention to line 16 with a request for \$4.3 million. She noted that items 16, 17, 18, 25, and 26 were significant public safety items in the supplemental. On Page 4, line 21 there was a supplemental request for the Alaska Marine Highway System (AMHS) for \$7 million. The item was one of 2 AMHS requests and both did not add service to the current schedule. The items covered only service through the current fiscal year making up for DOT's shortfall. She drew attention to page 5, line 27 containing capital requests, which contained the additional \$5 million DOT request.

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Ms. Pitney addressed page 6 reflecting the supplemental requests by the Department of Corrections (DOC). She explained that the federal government had an agreement with the state to cover the costs of housing federal prisoners in Alaska state prisons. The money is kept in a separate account and the legislature appropriated the funding. The department requested to utilize the unexpended and unobligated balance of \$8 million for funding inmate healthcare [page 6, item 29].

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Co-Chair Johnston ascertained that the money was comprised of federal receipts the state had previously received over several years. She thought that the funding should be considered as a one-time funding item. She was concerned whether the transaction would survive an audit.

Mr. Steininger responded that the federal manday revenue regulation was intended to cover all costs associated with housing a federal inmate including longer term costs like maintenance. He offered that the amount was roughly \$80 per day and there was not an expectation to use the entire amount in the same day. The department was confident they could use the revenues for the requested purpose. Co-Chair Johnston maintained her concerns. She asked if the money could be used for the healthcare costs of inmates in other years and whether OMB viewed the funding as one-time funding. Mr. Steininger responded that clearly the money was a one-time amount that had built up over several years. The department and OMB were looking into sustainable fund sources to meet long term needs. However, to meet the one-

time supplemental need, OMB believed it was an appropriate use of the funds.

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Co-Chair Johnston queried that since the money would be used for a one-time need in FY 20 it reflected an increased need for healthcare or an underbudgeted situation. Mr. Steininger deferred to DOC for an answer.

Ms. Pitney continued that most supplemental items were clearly presented on the spreadsheet. She was going to jump to page 9, items 45 through 51 to highlight the ratifications. She explained that items 45 through 50 were DOT ratifications from FY 10 to FY 17 from federal emergency projects. The last item resulted from an appropriation in FY 07 for the Medicaid Management System completion.

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Representative Josephson referred to page 6, [item 30] regarding the Palmer Correctional Facility. He recounted that a short time ago the Palmer Correctional Facility closed. At the time, the facility was acceptable for housing inmates and currently it was not. He wondered what had changed. Ms. Pitney answered that when the facility closed there were known maintenance issues. The legislature appropriated money for maintenance to reopen the facility. However, there was a delay in reopening the facility, so the appropriation had to be moved into the next fiscal year. She delineated that through further study, the amount for repairs were greater than originally anticipated. Representative Josephson deduced that it was typical to move the amount into the base of the budget. He asked whether the appropriation was left up to the discretion of the body. Ms. Pitney answered in the affirmative.

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Vice-Chair Ortiz referenced the appropriation for the Pioneer Homes payment assistance on page 2, line 10 and read the following, "Add authority to meet the mission of serving elders regardless of ability to pay based on the new rate structure that was implemented September 1, 2019." He asked what the original appropriation in the FY 20

budget was and what percentage increase did the \$1 million supplemental request represent.

KELLY CUNNINGHAM, ANALYST, LEGISLATIVE FINANCE DIVISION, asked Vice-Chair Ortiz to repeat his question. Vice-Chair Ortiz restated his question. She replied that the FY 20 budget included \$25.9 million UGF for payment assistance.

Representative Tilton referenced the ratifications. She thought the amount of \$1.2 million for item 49 was high. She wondered what the project was. Mr. Painter indicated LFD would provide the answer to her office.

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Representative Carpenter asked when amendments for the bill were due.

Co-Chair Johnston responded that the committee would have a public hearing in the following day. She would let members know when amendments were due.

Co-Chair Johnston thanked the presenters and reviewed the agenda for the following day.

#  
ADJOURNMENT

[2:55:51 PM](#)

The meeting was adjourned at 2:55 p.m.