

HOUSE FINANCE COMMITTEE  
February 17, 2020  
1:35 p.m.

[1:35:41 PM](#)

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:35 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 Adam Wool

MEMBERS ABSENT

Representative Cathy Tilton

ALSO PRESENT

Alexei Painter, Analyst, Legislative Finance Division; Robert Irvine, Staff, Representative Jennifer Johnston; Erin Shine, Staff, Representative Jennifer Johnston; Paul Labolle, Staff, Representative Neal Foster; Ryan Johnston, Staff, Representative Neal Foster; Kelly Cunningham, Analyst, Legislative Finance Division; Liz Harphold, Staff, Representative Dan Ortiz; Michael Partlow, Fiscal Analyst, Legislative Finance Division; Caroline Hamp, Staff, Representative Dan Ortiz; Joe Byrnes, Staff, Representative Bart LeBon; Amanda Price, Commissioner, Department of Public Safety; Anne Rittgers, Staff, Representative Bart LeBon.

PRESENT VIA TELECONFERENCE

None

SUMMARY

HB 205            APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 205 was HEARD and HELD in committee for further consideration.

HB 206            APPROP: MENTAL HEALTH BUDGET

HB 206 was HEARD and HELD in committee for further consideration.

FY 21 FINANCE SUBCOMMITTEE CLOSEOUTS:

DEPARTMENT OF ADMINISTRATION  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
OFFICE OF GOVERNOR  
DEPARTMENT OF FISH AND GAME  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION  
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS  
DEPARTMENT OF REVENUE  
DEPARTMENT OF PUBLIC SAFETY

#hb205

#hb206

HOUSE BILL NO. 205

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; 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."

HOUSE BILL NO. 206

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[1:36:18 PM](#)

Co-Chair Foster reviewed the agenda for the day. He indicated the committee would be adopting the Governor's

version of the operating budgets. The only changes made in the committee substitutes were technical and structural in nature and were made by the Legislative Finance Division (LFD) and Legislative Legal Services. After the adoption of the work drafts for both budget bills, the committee would hear a presentation by LFD regarding the changes that were made.

Co-Chair Johnston MOVED to ADOPT proposed committee substitute for HB 205, Work Draft 31-GH2197\M (Bruce, 1/24/20) (copy on file).

There being NO OBJECTION, it was so ordered.

Co-Chair Johnston MOVED to ADOPT proposed committee substitute for HB 206, Work Draft 31-GH2198\M (Bruce, 1/22/20) (copy on file).

There being NO OBJECTION, it was so ordered.

Co-Chair Foster invited Mr. Painter to walk through the changes to the work drafts.

[1:38:24 PM](#)

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, reviewed the changes to the work draft of HB 205. The changes were technical and conforming changes made to bring the bill to the legislative drafting manual format. He noted members should have a document listing the changes.

Summary of Changes from the Governor's Operating Bill and CSHB 205(Finance)

Work Draft 31-GH2197\M

1. Title: Add "supplemental appropriations."
2. The lead-in language in section 1 on page 2 was modified to the legislature's standard language that appears in both HB 205 and HB 206 and that includes the addition of this sentence, "A department-wide, agency-wide, or branch-wide unallocated reduction set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch."

3. Section 8 (page 50, starting line 21): Reorder sections so that royalty deposits are first. Reword section (c) so that the net amount to the general fund is shown rather than the entire POMV draw.
4. Section 19(e) (page 57, line 7): Reword to simplify since UA is the only named recipient. Because the Governor did not include the appropriations for DOTPF and AEA debt, the previous formatting with a list of projects is unnecessary.
5. Section 21(w) (page 65, line 10): Add fiscal year that the revenue will be collected.
6. Section 22(l) (page 67, line 14): Add "unexpended and unobligated" to clarify that existing fund obligations are not affected by this appropriation.
7. Section 25(g) (page 71, line 18): Change 2020 to 2019 to correct error in Governor's bill.
8. Section 28 (page 72, line 8): Update references due to reordering of sections.

Representative Sullivan-Leonard asked Mr. Painter to slow his pace.

[1:44:00 PM](#)

Representative Knopp had a question unrelated to the changes to the bill. He referred to page 65, lines 7-10 regarding funding for the Alaska Gasline Development Corporation (AGDC). He wondered about actions by the legislature in the previous year. He asked if the legislature was simply transferring receipt authority. He queried whether the liquified natural gas project was separate from the Alaska Liquified Natural Gas (AKLNG) project. Mr. Painter was not prepared to speak about the section referenced, but could get back to him.

Vice-Chair Ortiz referred to page 67, line 19 and asked for more detail about the date change and monies. Mr. Painter responded that the date change was in a different section of the bill. He explained the change added the unexpended,

unobligated balance. The item was the transfer of the large passenger vessel gaming and gambling tax account to the capital income fund - an undesignated general fund (UGF) tax. It was being transferred into the capital income fund in the governor's bill. Some years the same transfer had been implemented, and in other years the funding had gone elsewhere. It was a UGF tax and could be spent for any purpose.

Vice-Chair Ortiz asked where the funding had been applied historically. Mr. Painter believed it went to the general fund in the prior year. In FY 19 he believed the amount had gone into the capital income fund. He could provide a larger history.

Representative Josephson asked for an explanation of the supplemental appropriation found in HB 205. Mr. Painter referred to item 10(h) on page 53 of the bill. The supplemental item was an appropriation of \$2.8 million from the Capstone Avionics Revolving Loan Fund to the Department of Commerce and Community Development (DCCED) for the Alaska Development Team. It was a multi-year supplemental from FY 20 through FY 23. He explained that because the fund lapsed on June 30, in order to use the receipts, it must have an FY 20 effective date.

Mr. Painter reviewed the changes to the work draft of HB 206.

HB 206: Work Draft 31-GH2198\M

1. The lead-in language in section 1 on page 2 was modified to the legislature's standard language that appears in both HB 205 and HB 206 and that includes the addition of this sentence, "A department-wide, agency-wide, or branch-wide unallocated reduction set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch."
2. Page 10: OMB omitted the second fund source roll-up. Leg Finance added it, which caused subsequent sections to be renumbered.

Mr. Painter indicated there were no other changes to the bill.

^FY 21 FINANCE SUBCOMMITTEE CLOSEOUTS

1:48:39 PM

Co-Chair Foster relayed that the committee would be reviewing the House Finance Subcommittee close-out reports beginning with the Department of Administration (DOA).

^DEPARTMENT OF ADMINISTRATION

1:49:15 PM

ROBERT IRVINE, STAFF, REPRESENTATIVE JENNIFER JOHNSTON, provided some narrative. He read directly from the subcommittee report:

The Legislature has been grappling with the impacts of billion-dollar deficits over the last eight years. In response to the fiscal situation, the Department of Administration's Unrestricted General Fund (UGF) budget has been reduced to funding levels last seen 10 years ago.

Subcommittee Meetings:

The subcommittee held a total of 6 meetings; 1 joint meeting with Legislative Finance and department personnel to overview the department's budget, 4 meetings with department personnel to examine budget components in detail, and 2 meetings to consider amendments and closeout the subcommittee.

During the meetings discussions revolved around future savings to be realized by the consolidation of services, savings related to changes with employee and retiree healthcare, the challenges of recruitment and retention within the Legal and Advocacy Services component, and an update from the Commissioner on public media and rural service issues as well as a response from a public media representative.

Subcommittee Recommendations:

The House Finance Budget Subcommittee for the Department of Administration submits the following recommendations for the FY 2021 operating budget:

(Dollars in thousands)

Unrestricted General Funds (UGF) \$67,400.7  
Designated General Funds (DGF) \$26,075.4  
Other Funds \$265,003.9  
Federal Funds \$1,104.7  
Total Budget \$359,584.7

UGF in the Subcommittee's recommendation is \$5,013,200 above the FY21 Adjusted Base and \$1,372,700 above the FY21 Governor's Request. The majority of the UGF increases are the result of the use of PCE funds to fund HB 49 fiscal notes during the 2019 legislative session. This year, UGF will be used to fund the items included in the HB 49 fiscal notes.

Budget Action:

The Governor's FY 21 budget proposed a total of 28 changes from the FY 21 Adjusted Base budget. After learning about each item, the subcommittee adopted all 28 changes with unanimous consent.

Some of the highlights of these items:

- Increases to pay for Attorney's bar dues for recruitment and retention purposes.
- A funding mechanism change for Office of Public and Advocacy and Public Defender budgets to use UGF instead of Power Cost Equalization funds.
- An increase of \$1,235,000 and 10 new positions for the Office of Public Advocacy.
- Additional travel resources for the Office of Public Advocacy and Public Defender Agency.
- Reductions across multiple budget components to realize savings as a result of Office of Information Technology and Shared Services of Alaska consolidation.

Subcommittee Amendments:

The subcommittee considered three amendments. Due to ongoing conversations between the department and public media officials about the needs of Alaska's public broadcasting community, the subcommittee allocated only \$1 million for public broadcasting

grants. The subcommittee also added \$372,700 to fully fund the request of the Alaska Mental Health Trust Authority and fixed an over appropriation of boat receipts.

Attached Reports:

The House Finance Budget Subcommittee for the Department of Administration adopted the attached reports generated by the Subcommittee and the Division of Legislative Finance:

- DOA Budget Action Worksheet
- DOA-Agency Total- Legislative Finance
- DOA Wordage- Legislative Finance
- DOA Transaction Compare 1- Legislative Finance
- DOA- Transaction Compare 2-Legislative Finance

Representative Josephson asked Mr. Irvine about the subcommittee adding funds to meet the demands of the Alaska Mental Health Trust Authority (AMHTA). He asked for specifics. Mr. Irvine responded that they asked for \$138,000 of Mental Health Trust Authority Authorized Receipts (MHTAAR) funds and a state match of \$372,000.

Representative Wool referred to the report. He wondered about the increase to pay for the attorneys' bars dues for recruitment and retention purposes. He wondered what the cost equated to per individual and per department. Mr. Irvine indicated that the cost per attorney was about \$600. Representative Wool asked if the fee was annual. Mr. Irvine responded that it was a yearly fee. He reported that the fee for the Office of Administrative Hearings was \$1700; in the commissioner's office the cost was \$6300; in Labor Relations the fee was \$3500; in the office of Public Advocacy the amount was \$38,000; and in the Public Defender Agency the fee was \$66,000.

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Vice-Chair Ortiz asked about the allocation to Public Broadcasting. Mr. Irvine responded that the past appropriation for Public Broadcasting, not including the satellite infrastructure, had been about \$2.7 million. The committee decided to appropriate \$1 million for the radio portion of the grants.

Vice-Chair Ortiz asked if discussion had ensued about the impact on the group of people not receiving \$2.7 million. It was his understanding that the amount was vetoed by the governor. He asked if there had been statements made about not having access to the resources.

Co-Chair Johnston responded that there had been several robust conversations on the topic. She indicated in her last conversation with Alaska Public Broadcasting, Inc. she requested an Excel Spreadsheet which she never received. She thought the state could make a good case for the \$1 million for radio because of health and safety issues and because radio had great outreach capabilities. She hoped radio would remain as part of the public safety structure and stay in the budget.

Vice-Chair Ortiz asked if the Excel Spreadsheet would eventually be provided. Co-Chair Johnston responded in the negative. She noted there was concern the Broadcasting Commission had not met. Impacts had been felt around the state due to the reduction in funding. However, she could not speak specifically to how each station had been affected.

[1:58:25 PM](#)

Representative Knopp asked if any of the discussions regarding the information technology consolidation and outsourcing had included contracts in the budgeting process. Mr. Irvine responded that there were many conversations that had taken place over the prior 5 years in terms of consolidation and strategies going forward.

Representative Knopp asked if the Cloud had been a part of the discussions. Co-Chair Johnston believed Representative Knopp was posing two unrelated questions. First, she responded that the department had hired a company to help the state to structure its IT shared services. She felt much better after conversations with the contractor. She hoped the consolidation would result in a savings. In response to Representative Knopp's question about moving to the use of the Cloud, she reported that the idea was being researched and would likely create a savings for the state in terms of time and efforts in keeping servers running.

Representative Knopp thought the state had a 3-year signed contract with Microsoft for \$15 million. He wondered if any

employees had been disbursed or whether the state had experienced cost savings. Co-Chair Johnston thought there had been cost savings throughout the department. Mr. Irvine reported a reduction of 10 positions and an anticipated savings of about \$20 million for the department in the current year. He thought Mr. Painter might have something to add.

Mr. Painter responded that there was a letter sent in response to legislative intent from the department that outlined the anticipated cost savings through a number of IT initiatives. He could supply a copy of the information to the committee. It contained a number of items including the Cloud.

Co-Chair Foster thanked Mr. Irvine and invited Ms. Shine to the table.

^DEPARTMENT OF HEALTH AND SOCIAL SERVICES

[2:02:53 PM](#)

ERIN SHINE, STAFF, REPRESENTATIVE JENNIFER JOHNSTON, reviewed the subcommittee report for the Department of Health and Social Services:

The Legislature has been grappling with the impacts of billion-dollar deficits over the last few years. In response to the fiscal situation, the Department of Health and Social Services' Unrestricted General Fund budget has been reduced by \$141,638.4 (11.3%) between FY15 Management Plan and the FY21 Budget recommended by the House Finance Subcommittee.

SUBCOMMITTEE MEETINGS

The House Finance Budget Subcommittee for the Department of Health and Social Services held nine meetings with department personnel to review divisions, programs and the FY21 budget requests, and two meetings to consider amendments and closeout the subcommittee.

RECOMMENDATIONS

The House Finance Budget Subcommittee for the Department of Health and Social Services recommends an

operating budget for FY21 to the House Finance Committee as follows:

Fund Source:

Unrestricted General Funds (UGF) \$1,109,740.8  
Designated General Funds (DGF) \$86,436.8  
Other Funds \$167,710.6  
Federal Funds \$2,065,065.5  
Total \$3,428,952.7

The General Fund difference from FY21 Governor's Request to the FY21 House Subcommittee Recommended budget is \$316.6.

Positions:

Permanent Full-time 3,386  
Permanent Part-time 26  
Temporary 86  
Total 3,498

SUBCOMMITTEE BUDGET RECOMMENDATIONS:

The Governor's FY21 budget proposed changes to the FY21 Adjusted Base. After deliberating and voting on each item, the subcommittee's recommendations are outlined below.

Governor's FY21 Budget Items Approved as Requested  
The subcommittee recommends the following items be adopted:

Alaska Pioneer Homes

- Increase General Funds for Alaska Pioneer Homes Payment Assistance;
- Reduce unrealizable authority for GF/Program, I/A Receipts and Statutory Designated Fund;

Behavioral Health

- Increase and continuation for MHTAAR funding for ABADA/AMHB Joint Staffing;
- Fund source change for Behavioral Health Administration;

Children's Services

- Increase Federal authority for Front Line Social Workers and Family Preservation;
- Fund source changes for Children's Services Training, and Subsidized Adoptions & Guardianship;

#### Public Assistance

- Restore Adult Public Assistance Maintenance of Effort;
- Fund source changes for Child Care Benefits, Public Assistance Administration, Public Assistance Field Services, and Quality Control;

#### Public Health

- Accept the Transfer of the Parents as Teachers Program from the Department of Education and Early Development to Public Health's Women, Children and Family Health program;
- Increase Statutory Designated funds for Emergency Programs as a result from legislation passed in 2019 (SB 93);
- Fund source changes for Women, Children and Family Health;

#### Senior and Disabilities Services

- Accept MHTAAR funding for the Rural Home and Community Based Services Coordinator;
- Increase Federal and General Fund Match authority for maintenance and operation of the Electronic Visit Verification;
- Accept MHTAAR funding for an Alaska Commission on Aging Planner, a Governor's Council on Disabilities and Special Education (GCDSE) Research Analyst III and a GCDSE Employment Beneficiary Employment Technical Assistance & Program Coordination;
- Fund source change for Senior and Disabilities Services Administration;

#### Departmental Support Services

- Increase UGF for Office of Information Technology salary adjustments billed to the department;
- Accept an Interagency Receipt technical fix for Information Technology Services and Rate Review
- Increase Interagency Receipts for Rate Review's authority for the Emergency Medical Transport

Service Payments as a result from legislation passed in 2018 (HB 176);

- Reduce General Fund Program Receipts for Rate Review's Certificate of Need Program;
- Fund source changes for Public Affairs, Commissioner's Office, Administrative Support Services, Information Technology Services, and Rate Review;

#### Medicaid Services

- Increase Federal Receipts and Statutory Designated funding for Medicaid Services as a result from legislation passed in 2018 (HB 176);
- Increase General Fund Match and Federal authority for Medicaid Services; and
- Increase General Fund Match authority for Adult Preventative Dental Medicaid Services.

#### Governor's FY21 Budget Items Approved with Modifications

The subcommittee recommends the following items be adopted with modifications:

#### Behavioral Health

- Decrease General Fund Mental Health and Marijuana Education and Treatment fund source change to a sustainable level for Behavioral Health Treatment and Recovery Grants;
- Decrease Restorative Justice funding and offset reduction with General Fund Mental Health authority for Behavioral Health Treatment and Recovery Grants to maintain grants at the current level;

#### Public Health

- Accept the MHTAAR funding for the Emergency Programs' Comprehensive Program Planning Coordinator and include General Fund Mental Health match for the position;

#### Departmental Support Services

- Reduce the Commissioner's Office request for four additional staff (Deputy Commissioner, Project Coordinator, Special Assistant to the Commissioner, and Program Coordinator) and associated funding to include only the Special Assistant to the Commissioner (06-#219) and the

associated General Fund and Federal authority and funding.

#### Governor's FY21 Budget Items Not Adopted

The Subcommittee recommends the following items not be adopted:

#### Senior and Disabilities Services

- Reject the Federal Receipt authority request for the Children and Family Preschool Development Grant - the state was not awarded this grant;

#### Additions and Deletions

In addition to the Governor's FY21 Budget items, the subcommittee considered and recommends adopting the following items:

- Restore Suicide Prevention Council funding for suicide prevention grants;
- Remove Recidivism Reduction funding from the Pioneer Homes and Alaska Pioneer Homes Management allocations and replace decrements with General Funds; reduce General Funds from the Behavioral Health Treatment and Recovery Grants allocation and replace with Recidivism Reduction funding;
- Increase the General Fund Mental Health match for existing MHTAAR funding required for Senior and Disabilities Services IT Application/Telehealth Services System Improvements; and
- Insert Senior and Disabilities Services Administration level intent language to require a report analyzing individuals on the Intellectual and Developmental Disabilities waiver waitlist.

#### ATTACHED REPORTS

The House Finance Budget Subcommittee for the Department of Health and Social Services adopted the attached reports and documents:

(Division of Legislative Finance)

- HSS Budget Action Worksheet
- HSS Multi-year Agency Totals
- HSS Transaction Compare - FY21 Adjusted Base and House Sub

- HSS Transaction Compare - FY21 Governors and House Sub
- HSS Wordage Report

[2:10:46 PM](#)

Representative Josephson asked about the waitlist. He thought there was a general agreement about the number of people served. Ms. Shine replied that there were several individuals on the waitlist for the Intellectual/Developmental Disabilities (IDD) waiver. Although the department submitted a yearly report on the status of the waitlist, in the intent language the subcommittee asked for the department to look at whether the individuals on the waitlist were 100 percent federally funded or whether they had the economic ability to pay for services without the waiver.

Representative Josephson had a question regarding behavioral health. In the previous year, the FY 19 budget was about \$12 million. In FY 20, the legislature funded \$6 million with the hope of doing the 1115 waiver on the other \$6 million. He assumed there was missing unmet need. He asked if the issue had been discussed.

Ms. Shine responded that there was conversation about the reduction of the Behavioral Health Treatment and Recovery grants from the previous year and the implementation of the 1115 waiver through the department. The department came to the legislature stating that many individuals who were previously unable to bill Medicaid Services were currently enrolled providers in Medicaid and were billing services. Therefore, the need was being met. Regarding the reduction in Behavioral Health Treatment and Recovery grants, she did not believe there were many gaps in the services provided. The proposed budget did not recommend any sort of reduction in Behavioral Health Treatment and Recovery grants from the prior to the current year.

Vice-Chair Ortiz referred to day habilitation services under the category of Senior and Disability Services. He asked if the section had received a significant dollar reduction over the previous year. Ms. Shine did not believe so. Day habilitation services were not part of the purview of the previous year's subcommittee or the current year's subcommittee. She was aware that through regulation the department had capped the hours of services. The changes

were currently out for comment. The funding for the specific waiver or service was not discussed in subcommittee, nor was there a corresponding reduction in the budget. She would look into the matter and get back to the representative.

Representative Wool asked about the 4 positions requested by the department to the commissioner's office. The Special Assistant position was accepted and the 3 other positions were rejected. He asked Ms. Shine to speak to the rejections. He quired if any of the positions were related to the Office of Children's Services (OCS) and the retired representative from North Pole, Alaska.

Co-Chair Johnston responded in the affirmative. The department had the vision of putting all child services under one deputy commissioner within OCS and Juvenile Justice. Although it approved of the idea, the subcommittee had not been properly vetted. The subcommittee had been uncomfortable providing 4 high-level positions to a struggling agency. She indicated she had offered the amendment. She thought the agency should continue to vet the potential change first. The special assistant position would be there to assist in the process. She argued that before restructuring the department, a full understanding of the existing concerns was needed.

Co-Chair Foster thanked Ms. Shine for her presentation.

^DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

[2:16:12 PM](#)

PAUL LABOLLE, STAFF, REPRESENTATIVE NEAL FOSTER, introduced himself. He reviewed the subcommittee narrative:

RECOMMENDATIONS: (dollars are in thousands)

The House Finance Budget Subcommittee for the Department of Transportation and Public Facilities submits the following recommended operating budget for FY2021 to the House Finance Committee:

Fund Source:

Unrestricted General Funds (UGF) \$ 157,212.8  
Designated General Funds (DGF) \$ 105,970.6

Other Funds \$ 355,864.3  
Federal Funds \$ 1,627.2  
Total \$ 620,674.9

The Unrestricted General Fund difference (UGF) from FY21 Adjusted Base to the House Subcommittee budget recommendation is an increase of \$14,060.6 of Unrestricted General Funds, or 9.8%. Since 2015 the Department's budget has been reduced by \$121,391.8.

Positions:

Permanent Full-time 2,919  
Permanent Part-time 281  
Temporary 137  
Total 3,337

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Transportation and Public Facilities reviewed the FY2021 budget request and recommends the following actions:

Accept all of the Governor's budget requests except the following:

- Removal of spending authority from Statewide Administrative Services \$507.1 DGF
- Removal of spending authority from Statewide Procurement \$325.0 DGF

SUBCOMMITTEE ACTION:

The House Finance Budget Subcommittee for the Department of Transportation and Public Facilities recommends that the committee take the following actions:

- Restore non-UGF travel reductions from FY20 \$97.2 DGF, \$922.0 Other, and 4.0 Fed.
- Restore Marine Highway Funding \$11,312.9 UGF and \$7,425.7 DGF

ATTACHED REPORTS:

The House Finance Budget Subcommittee for the Department of Transportation and Public Facilities attached the following reports:

1. Budget Action Sheet
2. Agency Totals
3. Transaction Compare FY21AdjBase
4. Transaction Compare FY21Gov

Mr. Labolle provided additional information regarding the subcommittee report. He elaborated that the restoration of \$11.3 million UGF to the Alaska Marine Highway System (AMHS) to further restore service was a member amendment based on a scenario provided by the department to the subcommittee. Because of the change and based on the department's recommendation, the subcommittee denied \$832,000 in reductions to administration and support. The funds were marine highway funds. He explained that because of the increased activity in the AMHS, more marine highway funds would be generated and would be available to the department.

Mr. Labolle reported that the subcommittee also restored non-UGF travel reductions from FY 20. The department attested that approximately \$900,000 was transferred from other components to meet mission-critical travel. The action should allow more funds to remain in the budgeted components and represented a zero increase in UGF spending.

Representative Wool asked if \$1.6 million in federal funding was for the Department of Transportation and Public Facilities (DOT). Mr. Labolle responded that the vast majority of federal funds going to DOT came through the capital budget with very little in the operating budget.

^OFFICE OF GOVERNOR

[2:19:55 PM](#)

Co-Chair Foster invited his staff to the table.

RYAN JOHNSTON, STAFF, REPRESENTATIVE NEAL FOSTER, read the subcommittee report for the Office of the Governor:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Office of the Governor submits the following recommended operating budget for FY2021 to the House Finance Committee:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF) \$21,969.1  
Designated General Funds (DGF) \$0.0  
Other Funds \$4,021.8  
Federal Funds \$229.0  
Total \$26,219.9

The Unrestricted General Fund difference from FY21 Adjusted Base to the House Subcommittee budget recommendation is a reduction of \$125.0 thousand of Unrestricted General Funds, which is 0.5 percent below FY21 Adjusted Base.

Positions:

Permanent Full-time 150  
Permanent Part-time 0  
Temporary 23  
Total 173

BUDGET ACTION:

The House Finance Budget Subcommittee for the Office of the Governor reviewed the FY2021 budget request and recommends the following actions:

Accept the Office of the Governor's budget proposal, which includes these highlights:

- Transfer International Trade Support to Department of Commerce, Community, and Economic Development with one position for better alignment with the program's purpose, -\$125.0 UGF
- Reduce authority in the Office of Management and Budget to align with anticipated revenue and expenditures, -\$150.0 Inter Agency Receipts

Representative Wool asked if Mr. Johnston could speak to the number of positions within the Office of the Governor. He wondered about the numbers from the previous

administration. Mr. Johnston could get back to Representative Wool with the information.

Representative Josephson indicated the administration had cut Judiciary's budget and the legislature's budget for FY 21. He wondered if it was true that the budgets were not forwarded as delivered. Mr. Johnston responded, "That is correct."

Co-Chair Johnston referred to the reduced authority for OMB for interagency receipts. She wondered if the legislature and Judiciary had the same costs listed in their respective budgets.

KELLY CUNNINGHAM, ANALYST, LEGISLATIVE FINANCE DIVISION, replied that the items were separate from what was currently being discussed. The item was simply a clean-up measure.

^DEPARTMENT OF FISH AND GAME

[2:24:27 PM](#)

Co-Chair Foster invited Vice-Chair Ortiz's staff to the table.

LIZ HARPHOLD, STAFF, REPRESENTATIVE DAN ORTIZ, reviewed the subcommittee report:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Fish and Game recommends that the House Finance Committee accept the Department Fish and Game's FY21 budget:

The numbers-only budget with amendment recommendations totals (dollars are in thousands):

Fund Source:

Unrestricted General Funds (UGF) \$51,491.8  
Designated General Funds (DGF) \$14,257.0  
Other Funds \$67,403.0  
Federal Funds \$70,126.3  
Total \$203,269.1

The Unrestricted General Fund difference from FY21 Adjusted Base to the FY21 House Subcommittee Recommended budget is a reduction of \$5.9 thousand Unrestricted General Funds which is less than 1% below FY21 Adjusted Base.

Positions:

Permanent Full-time 836  
Permanent Part-time 606  
Temporary 8  
Total 1450

Budget Actions:

The House Finance Budget Subcommittee for the Department of Fish & Game reviewed the FY2021 budget request, including amendments, and took the following actions:

The Governor submitted 13 budget action items. The House Finance Subcommittee accepted 1 of them. The House Finance Subcommittee rejected 11 of them and amended 1.

The item the House Finance Subcommittee accepted is:  
Replace funding sources within the State Subsistence Research and Monitoring Section to align with anticipated revenue and expenditures

The item the House Finance Subcommittee accepted after amending:

Reduce support for License Modernization in Sport Fisheries division by \$100.0 UGF instead of the originally proposed \$250.0 UGF reduction.

The items the House Finance Subcommittee rejected are:

- 8 items related to reductions totaling \$1,124.8 in the Division of Commercial Fisheries
- 1 item related to a fund source change within the Division of Wildlife
- 1 item to reduce travel funding for Boards of Fisheries and Game supplemental meetings
- 1 item to reduce funding in the Habitat Section

Subcommittee Amendments:

The House Finance Subcommittee adopted the following budget amendment:

- Add \$94.1 UGF to the Division of Commercial Fisheries - Central Region for the Prince William Sound otolith program.

Attached Reports:

The House Finance Budget Subcommittee for the Department of Fish and Game adopts the attached reports:

1. Budget Action Worksheet
2. Wordage Report
3. Operating Budget Transaction Compare between 21AdjBase to HouseSub
4. Operating Budget Transaction Compare between 21Gov to HouseSub
5. Multi-year Agency Totals

^DEPARTMENT OF ENVIRONMENTAL CONSERVATION

[2:27:44 PM](#)

LIZ HARPHOLD, STAFF, REPRESENTATIVE DAN ORTIZ, reviewed the subcommittee report for Department of Environmental Conservation:

Recommendations:

The House Finance Budget Subcommittee for the Department of Environmental Conservation submits the following recommended operating budget for FY2021 to the House Finance Committee:

Fund Source: (in thousands of dollars)

Unrestricted General Funds (UGF) \$15,471.0  
Designated General Funds (DGF) \$25,294.2  
Other Funds \$17,677.4  
Federal Funds \$24,356.8  
Total \$82,799.4

There is no difference in Unrestricted General Fund use from FY21 Adjusted Base to the FY21 House Subcommittee budget.

Positions:

Permanent Full-time 485  
Permanent Part-time 0  
Temporary 1  
Total 486

Budget Actions:

The House Finance Budget Subcommittee for the Department of Environmental Conservation reviewed the FY2021 budget request, including amendments, and took the following actions:

The Governor submitted 7 budget action items. The House Finance Subcommittee accepted 3 of these items. The House Finance Subcommittee rejected 4 of these items.

The items the House Finance Subcommittee accepted are:

- Delete an Accountant IV position
- Add I/A authority to Spill Prevention and Response
- Add Federal Receipt Authority for the Alaska Pollutant Discharge Elimination Systems Permitting and Compliance Program

The items the House Finance Subcommittee rejected are:

- A fund source for commercial shellfish testing
- Eliminating the dairy program
- Reduce authority, along with 7 PCNs, in the Spill Prevention and Response appropriation
- A fund source change within the Division of Water Quality, Infrastructure Support and Financing

Subcommittee Amendments:

The House Finance Subcommittee adopted the following budget amendment:

- Add \$3,426.0 Ocean Ranger (1205) fund to restore the Ocean Ranger program
- Intent language requesting the Division of Environmental Health rename the Dairy Program to Dairy Safety.

Attached Reports:

The House Finance Budget Subcommittee for the Department of Environmental Conservation adopts the attached reports:

- 1) Budget Action Worksheet
- 2) Wordage Report
- 3) Operating Budget Transaction Compare between 21AdjBase to HouseSub
- 4) Operating Budget Transaction Compare between 21Gov to HouseSub  
Multi-year Agency Totals

Representative Sullivan-Leonard asked for clarification around the reduction of the Ocean Ranger position. She asked if the cost associated with the position was \$342,000 and whether they were designated general fund (DGF) dollars. She was trying to determine if the amount was for one or two positions. Ms. Harpold indicated she needed a minute to consult with Mr. Partlow.

2:31:14 PM

AT EASE

2:32:03 PM

RECONVENED

Ms. Harpold responded that the \$3.4 million served as a contract payment for the Ocean Ranger program rather than a position within the department.

Representative Josephson clarified that the Ocean Rangers were contractors rather than employees of the state. Ms. Harpold responded, "That's correct."

Representative Josephson clarified that the subcommittee restored the Ocean Ranger account for the purpose of an Ocean Ranger Program. He asked if he was correct. Ms. Harpold responded affirmatively.

Representative Josephson asked about the elimination of 7 positions. He wondered if they were unfilled positions in the Division of Spill Prevention and Response (SPAR) or if they were simply not needed.

MICHAEL PARTLOW, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, responded that 5 of the positions were vacant and 2 were filled. The purpose of the reduction for the positions had to do with their funding source - the oil

hazardous waste fund. The fund was being drawn down faster than it could be replenished. The fund would likely run out by 2024 if a reduction in positions was not made.

Representative Josephson asked if Mr. Partlow was talking about the tax on throughput, the \$.05 cents per barrel, that was being depleted. Rather than fixing the program, the department was proposing to eliminate it. Mr. Partlow replied that the reasoning for the reduction was that at current spending levels, the fund balance would go down. Debate around increasing revenue for the fund did not come up.

Representative Wool asked about the subcommittee rejecting the fund source for commercial shellfish testing. He assumed that they rejected half of the fund source - the half provided by industry. He wondered if the state's portion doubled. He asked for clarification. Ms. Harpold replied that the action the subcommittee took was to reject the governor's proposed item in its entirety which included 50 percent the state would cover and 50 percent in program receipts. Therefore, the program would be brought back to how it had been funded in previous years.

^DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

[2:36:20 PM](#)

Co-Chair Foster invited Vice-Chair Ortiz's staff to the table to review the subcommittee report the for Department of Education and Early Development (DEED).

CAROLINE HAMP, STAFF, REPRESENTATIVE DAN ORTIZ, reviewed the subcommittee report:

Recommendations:

The House Finance Budget Subcommittee for the Department of Education and Early Development submits the following operating budget for FY2021 to the House Finance Committee:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF) \$50,902.1  
Designated General Funds (DGF) \$25,669.6  
Other Funds \$36,425.0

Federal Funds \$245,512.1  
Total \$358,508.8

The total fund difference from FY21 Adjusted Base to the House Subcommittee budget is -\$31,847.8, or a decrease of 8.2%. The Unrestricted General Fund difference from FY21 Adjusted Base to the House Subcommittee budget is \$5,529.0, or an increase of 12.2%. The discrepancy between total fund difference and UGF difference is primarily from the fund source swap for Mt. Edgecumbe, as described below.

The total fund difference from the FY21 Governor's budget to the House Subcommittee budget is \$570.6, or an increase of 0.2 percent. The Unrestricted General Fund difference from the FY21 Governor's budget to the House Subcommittee budget is also \$570.6, or an increase of 1.1 percent.

Positions:

Permanent Full-Time 268  
Permanent Part-Time 14  
Temporary 2  
Total 284

Budget Actions:

The House Finance Budget Subcommittee for the Department of Education and Early Development reviewed the FY2021 budget requests from the Governor and member amendments, and submits the following actions for consideration:

Governor's Budget Action Items

The subcommittee adopted 16 budget action items proposed by the Governor including:

- 1) Outsource the Federal Family Education Loan Program Servicing with an elimination of six positions and a decrement of \$586.3 in inter-agency receipts
- 2) Replace the funding source for Mount Edgecumbe Boarding School from Public School Trust Fund to General Fund

- 3) Transition the Public School Trust Fund to the language section of the appropriation bill
- 4) Add two residential programs for North Slope Borough School District and Lower Yukon School District with an increment of \$900.2 in Unrestricted General Funds

The subcommittee rejected three budget action items proposed by the Governor:

- 1) Authority for the State Board of Education to hold additional in-person meetings; a rejected increment of \$137.0 in Unrestricted General Funds
- 2) Transfer Parents as Teachers program to the Department of Health and Social Services; a rejected decrement of \$474.7 in Unrestricted General Funds
- 3) Eliminate the Online with Libraries video conferencing system; a rejected decrement of \$232.9 in Unrestricted General Funds

Wordage Intent: The subcommittee adopted one member's amendment regarding intent language:

1) It is the intent of the legislature that the Department of Education and Early Development evaluate cost-efficiency measures that preserve access to the Alaska Online with Libraries (OWL) Program; considering the use of alternative equipment or technologies that accommodate equitable access to the video conference system, while saving unrestricted general funds.

It is also the intent of the legislature that the Department of Education and Early Development consult with all users of the Alaska Online with Libraries (OWL) Program to evaluate implications of eliminating the video conference services. The Department of Education and Early Development shall ensure that if the Alaska Online with Libraries (OWL) Program is eliminated, then alternative equipment or technology is provided. The Department of Education and Early Development shall prepare a report summarizing the results from those consultations and the proposed

cost-efficiency measures and submit the report to the Finance co-chairs, and the Legislative Finance Division on or before January 1, 2021, and notify the legislature that the report is available

Committee Discussion:

The subcommittee did not take action on this particular item but would like to bring it to the attention of the House Finance Committee. The subcommittee is concerned about the ending of the two-year \$6 million grants for Pre-K, which served 9 communities and 812 students. Although no formal action was taken in regards to the funding, the subcommittee hopes the House Finance Committee will evaluate the importance of the \$6 million in Pre-K grants and the loss of service without it.

Attached Reports:

The House Finance Budget Subcommittee for the Department of Education and Early Development adopts the attached reports:

Multi-year Agency Totals

- Transaction Comparison between FY20 Adj. Base and House Sub.
- Transaction Comparison between Gov. Amend and House Sub.
- Wordage Report
- Subcommittee Amendments (in form of BA Sheet)

Representative Josephson asked if the pre-K grant was left unfunded because of SB 6 [Legislation introduced in 2020 - Short Title: Pre-K/Elem ED Programs/Funding; Reading] and a grander plan. Ms. Hamp responded that it was 2-year funding for pre-K grants. The year ended in the prior year.

Representative Josephson referred to the second page regarding the transition of the Public School Trust Fund to the language section. He queried the impact of the change. Ms. Hamp responded that the change was for efficiency and logistics. She indicated that the Public School Trust Fund was managed through the Department of Revenue (DOR). Every time DEED or Mt. Edgecombe School had to make a transaction the process was cumbersome. They had to coordinate

frequently with DOR and could not make a one-time draw for what they needed.

[2:41:14 PM](#)

Representative Wool noted that the subcommittee rejected the transfer of the Parents-as-Teachers Program to the Department of Health and Social Services (DHSS). However, DHSS accepted the transfer from DEED. He suggested there was a stand-off and was unclear what would happen.

Vice-Chair Ortiz responded that he would not describe the situation as a "Stand-off." A decision could be rendered by the full House Finance Committee. He was certain things could be worked out. The member that brought forward the idea of rejecting the transfer was concerned that once the program was transferred to DHSS, there was a \$40,000 fee that would be added to the administration of the program under DHSS. He offered that when DEED administered the program there was not an administration fee. Also, there was a general notion that the delivery of the educational program would be better suited within DEED. He reiterated that the entities would work things out.

^DEPARTMENT OF PUBLIC SAFETY

[2:43:13 PM](#)

JOE BYRNES, STAFF, REPRESENTATIVE BART LEBON, reviewed the subcommittee narrative:

Recommendations:

The House Finance Budget Subcommittee for the Department Public Safety submits a recommended operating budget for FY2021 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)  
Unrestricted General Funds (UGF) \$179,254.9  
Designated General Funds (DGF) \$8,737.9  
Other Funds \$13,209.5  
Federal Funds \$27,671.3  
Total \$228,873.6

Positions:

FY 20 Management Plan Budgeted Total 853

FY 21 Subcommittee 903  
Difference 51  
Difference by Percentage 6.3

Budget Action:

The House Finance Subcommittee on the Department Public Safety Budget held seven meetings. The Subcommittee reviewed and acted on the Governor's FY2021 budget request, with the following highlights:

- Reduced spending by \$2,764.4 (-1.2%) in Unrestricted General Funds from the FY 21 Governor's request
- Added 15 State Troopers, 5 Court Services Officers, 3 Aircraft Pilots, and 8 Technical and Administrative Staff Positions to increase staffing and operational capacity in rural areas with new State Troopers posted in Ambler (2), Anchor Point (2), Bethel (1), Dillingham (1), Emmonak (1), Glennallen (1), Kotzebue (2), Nome (1), St. Mary's (1), St. Michaels (2), and Unalakleet (1) (\$5,466.9 UGF)
- Added \$1,000.0 (UGF) for VPSO grantees

The Subcommittee recommends accepting the Governor's FY2021 request and highlights the following changes:

- Denying the Governor's requested added authority in Alaska State Troopers appropriation to reduce vacancy -\$2,733.9 UGF.
- Backing out -\$1,480.5 UGF in one-time startup costs associated with the 15 additional state troopers for rural areas to be absorbed by the Department with the anticipated delay in the recruitment and hiring of the new positions in FY21.
- Establishing a new allocation within the Alaska State Troopers appropriation for Training Academy Recruit Salaries to provide greater transparency with funds previously expended from the Alaska State Troopers Detachments allocation for trooper recruit salaries and benefits.
- Restoring \$250.0 UGF for State support of the Alaska Wing Civil Air Patrol allowing the State to leverage additional resources to support search and rescue efforts in the form of

volunteer hours and adding intent language to strengthen the liaison between the State and the Civil Air Patrol.

- Adding intent language for the Department of Public Safety to fill vacant positions and reduce overtime costs in order to better manage within the authorized budget and to provide a report that details monthly hiring and attrition, as well as overtime costs and contributing factors.
- Adding intent language for the Department of Public Safety to prioritize the deployment of law enforcement resources to non-urbanized areas that lack organized governments.
- Adding intent language for the Department of Public Safety to implement the recommendations of the 2019-2020 Village Public Safety Officer (VPSO) Working Group.

Attached Reports:

The House Finance Budget Subcommittee for the Department of Public Safety adopts the attached reports:

2021 Legislative Finance Division Reports - House Structure

1. Agency Totals - FY2021 Operating Budget (Attachment A)
2. Transaction Compare between Adjusted Base (21Adj Base) and House Subcommittee (HSub) (Attachment B)
3. Transaction Compare between Governor (21Gov) and House Subcommittee (HSub) (Attachment C)
4. Wordage Report - FY2021 Operating Budget (Attachment D)

[2:46:42 PM](#)

Representative Carpenter asked how \$250,000 was not paying for volunteer hours. He did not think \$250,000 would be needed for volunteers. Mr. Byrnes responded that the state support for the Civil Air Patrol paid for hanger and maintenance costs and pilot and aircraft readiness. He continued that while the Civil Air Patrol was made up of volunteers, overhead costs required a funding source. Historically, the state had provided support.

Representative Wool asked whether a recruit salary was for a person just starting in the department or a bonus to entice someone to go to work for the state. Mr. Byrnes responded that as the department was currently structured, recruits were paid out of the detachment allocation. The restructure added a new allocation specifically for recruit salaries to show that while individuals were in the law enforcement academy in Sitka, they were being paid out of a different set of funds.

Representative Wool queried that it only applied to when recruits were enrolled in the academy and not working in the field. Mr. Byrnes responded in the affirmative.

Representative Sullivan-Leonard asked for more detail regarding the \$1 million UGF for Village Public Safety Officer (VPSO) grantees. She wondered what other funds were being used for the VPSO program. Mr. Byrnes replied that the appropriation would be additional funding for the grantees. The FY 21 adjusted base figure for the VPSO Program was \$11.6 million. The \$1 million the representative asked about was an additional \$1 million for the VPSO grantees. He continued that inside the VPSO working group recommendations, they wanted to restore funding to FY 18 levels which would bring back the \$3 million vetoed from the governor's budget in the prior year. The amendment restored \$1 million of the \$3 million.

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Representative Sullivan-Leonard asked about other funding sources for the VPSO program. Mr. Byrnes asked if Representative Sullivan-Leonard was referring to other funding sources such as federal or local funds. He thought her question was better directed to the department. He indicated that the funding from the state that went towards positions was granted to organizations that hired VPSOs. He could reach out to the department for more specifics.

Representative Sullivan-Leonard wondered how many VPSO positions were still open. Mr. Byrnes would have to get back to Representative Sullivan-Leonard with the information.

Vice-Chair Ortiz asked if the subcommittee discussed the \$700,000 increment suggested by the department to help with

the consolidation of 9-1-1 dispatch services in the Anchorage area. Mr. Byrnes responded that there had been some discussion. The department informed the subcommittee that the amount was for the second phase of the consolidation to create an emergency communication center in Anchorage. There had been previous capital funding to build out the facility. The \$700,000 was to fund positions for the facility. The department also indicated that there were additional capabilities that would result from the consolidation and the use of the enhanced 9-1-1 service. A note of concern brought up by a member was making sure the department was working with the telecom utilities to ensure everything was paired and ready. There were no other concerns raised in the subcommittee.

Vice-Chair Ortiz assumed that the request for an additional \$700,000 fell within the UGF appropriation of \$8.737 million. Mr. Byrnes wondered if Vice-Chair Ortiz was asking how much was funded from UGF for the item. Vice-Chair Ortiz asked if the item was tied to UGF dollars. Mr. Byrnes responded in the affirmative. He indicated the amount was \$872,800 UGF. Vice-Chair Ortiz restated the number. Mr. Burnes agreed with the figure.

Co-Chair Johnston noted the department had a large number of new employees who would need to be trained. She asked if the committee had discussed the time it took to recruit and train employees and whether members had considered that not all the positions might get filled. Mr. Byrnes responded that it was one of the considerations when the decision was made to back out the one-time cost for the Troopers. The thought process was that many of the positions would take a significant amount of time to fill. The one-time costs could be covered through the time that it might take to fill the positions. However, the department believed it could fill the positions relatively quickly.

Representative Merrick asked if the VPSO Program lapsed any funding in the prior year. Mr. Byrnes indicated he would take a minute to look at his notes for the number.

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AT EASE

[3:00:41 PM](#)  
RECONVENED

Mr. Byrnes answered that the department informed him of the lapsed funding in FY 19 of about \$3.6 million. However, grantees had raised concern about how the program was being administered and how funding had been distributed. In reference to her previous question, the department currently had 33 VPSOs and 8 individuals hired awaiting training. The state positions were not vacant position control numbers that could be tracked. Rather, how funding was dispersed to the grantees could be traced.

Representative Merrick asked what it would cost to train the 8 VPSOs. Mr. Byrnes would get back to her with an amount.

Representative Merrick suspected 8 VPSOs were less than \$3.6 million. She did not see the need for an additional \$1 million.

Co-Chair Johnston asked about the lapsed funding. She wondered if there was concern about contractors wanting to use the lapsed funding for recruitment and for housing. The department indicated that it was not an appropriate use of the funds. She asked for more detail. Mr. Byrnes thought the question should be addressed by a member that sat on the VPSO Working Group or by the department. He reported that the members of the VPSO Working Group and the grantees that participated raised concerns about how the funds were being distributed, the intended purpose for the funds, and the willingness of the department to use the funds for those purposes.

Co-Chair Johnston wanted to make sure the committee was not comparing apples to oranges. She was always interested in unfilled positions and not funding them if they were not going to be filled. She was unclear about the need of the funds and noted a disagreement about the structure of the VPSO program.

Representative Sullivan-Leonard asked if the DPS commissioner could assist with some of the questions that were being posed.

AMANDA PRICE, COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, reported that at the close of the second quarter in FY 20 the program had expended 35.9 percent of the appropriation. She expected 50 percent of the appropriation at 50 percent of the year to be expended. The department had also

provided a comprehensive response to the working group's findings and recommendations. The department's response included a significant amount of historical information over the prior 40 years that brought up issues relating to retention and recruitment that plagued the program. There had been a number of white papers and concept papers that had been put forward over the 40-year period addressing the issues the program had faced since inception. The department was currently in the process of adopting one of the recommendations of the working group: to transfer the positions administratively that govern the program to the Department of Commerce, Community, and Economic Development (DCCED).

[3:05:36 PM](#)

Representative Josephson remarked that there are 230 villages, a minority of which were served by law enforcement. He suggested that whatever the issues were, a significant amount of resources would be needed. He asked if he was accurate. Commissioner Price responded in the affirmative.

Representative Wool asked how many communities had a Village Police Officer (VPO) - different from a VPSO and not housed within DPS. He wondered if he was accurate.

Commissioner Price responded, "You are correct." She reported that there was a regulation that required communities to notify the Alaska Police Standards Council which was part of DPS when a VPO was hired. It was a regulation and not codified which the department was trying to rectify. The department had a list of VPOs from communities that provided the information to the department. She did not have the list at her disposal currently but could provide the number to the committee.

Representative Wool asked if the quantity was similar to 33 VPSOs. Commissioner Price thought the number regulated through the Alaska Police Standards Council was about 45.

Co-Chair Foster wondered what percentage of villages did not have any public safety presence. Commissioner Price thought the question, which had been circulated through media, was a bit misleading. She indicated that just because there might not be someone in a particular village did not mean public safety was not provided to that village

from a hub community. The working group's recommendations included adopting the hub and spoke model that the Alaska State Troopers currently used. She explained that it meant having a VPSO in a community and providing services to surrounding communities. The model had worked as effectively as possible within Alaska's geographic constraints and employment and personnel limitations the department faced. There was a large number of communities that did not have a peace office or a police officer located in their community.

Representative Knopp brought up Representative Josephson's question about additional resources that would be needed to fix the problem. He wondered about the grant funds that had not be utilized. He asked what resources Commissioner Price was referring to.

Commissioner Price responded that there was a comprehensive need in Alaska. However, there were housing, infrastructure, and holding facility challenges. Specific to the VPSO Program the common goal was to improve public safety by increasing the number of officers available to serve Alaska's communities. The challenges that plagued the VPSO Program were historic and had not been corrected even though many years of work had gone into attempting to make necessary changes. She suggested a change of focus from what the department was doing regarding the VPSO Program to getting a comprehensive report from each of the 10 grantees on what their recruitment requests had been; what their actions had been; and how many times they had been in the villages conducting recruitment.

Commissioner Price reported that in FY 20 recruitment efforts were funded to every single grantee that requested recruitment funding. The recruitment dollars went to the creation of videos located on social media and linked-in advertising and impacted the department's ability to recruit. However, due to the functional and historic creation of the program looking to hire from a community for a community, she had questions whether those recruitment efforts were effective in meeting the goals of the program.

Vice-Chair Ortiz asked the commissioner to review the difference between a VPO and a VPSO in terms of promoting public safety.

Commissioner Price responded that a VPSO was a peace Officer and a Village Police Officer was a police officer - two statutorily different definitions. One of the challenges with the program was related to the question itself. She explained that peace officers and/or police officers working for a non-police agency were challenged with liability insurance, use of force compliance, and other such challenges and concerns. It was a direct question that related to a VPSO's ability to carry a weapon which statutorily was allowed. However, currently none did so because of liability concerns. Having a non-profit employ essentially a police force was one of the structural challenges of the program. In addition, having a VPSO present in any community did not negate the need for an Alaska State Trooper to respond. A Village Public Safety Officer was a supplement, not a replacement for an Alaska State Trooper.

Representative Wool mentioned seeing more VPSO vehicles in the Fairbanks Area than previously. He noted that the community of Nenana was currently served by a VPSO. In the past, there were troopers present. He wondered if VPSOs had been brought into the area because there were not enough troopers. He asked for clarity.

Commissioner Price replied that the community of Nenana had a trooper, Trooper Hessler, who was on paternity leave, which was the reason he had not been physically present. The community of Nenana had both a trooper and a VPSO present. She continued that a VPSO had a different set of hiring, background, and training requirements. The Village Public Safety Officer was not best suited to complete complex felony investigations. The historic generation of the VPSO was to have a first responder that was trained in fire prevention, law enforcement being one of the components. They were meant to be a gap until an Alaska State Trooper was present. The grantees work with the communities, and there were a number of requirements a community had to demonstrate before the grantee would select to place a VPSO in those communities. The decision where a VPSO was placed rested solely with the grantee and not DPS.

Representative Carpenter asked about the Tribal Police Officer (TPO). He wondered if they fell under the Alaska Police Standards Council. He asked about the funding source for TPOs.

Commissioner Price replied that the funding for TPOs did not come through the State of Alaska. They were primarily funded through the U.S. Department of Justice through Community Oriented Policing Services (COPS) funding. Village Police Officers were certified through the Alaska Police Standards Council, whereas, TPOs were not.

^DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

[3:15:16 PM](#)

ANNE RITTGERS, STAFF, REPRESENTATIVE BART LEBON, read from a prepared statement:

Recommendations:

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs submits the following recommended operating budget for FY2021 to the House Finance Committee:

Fund Source: (dollars are in thousands)  
Unrestricted General Funds (UGF) \$22,726.1  
Designated General Funds (DGF) \$178.4  
Other Funds \$9,752.9  
Federal Funds \$32,986.5  
Total \$65,643.9

The Unrestricted General Fund difference from FY21 Adjusted Base to the House Subcommittee budget recommendation is a reduction of \$715.9 thousand of Unrestricted General Funds, which is 3.1% below FY21 Adjusted Base.

Positions:

Permanent Full-time 287  
Permanent Part-time 0  
Temporary 0  
Total 287

Budget Action:

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs reviewed the FY2021 budget request, and recommends the following actions:

Accept the Department of Military and Veterans' Affairs budget proposal, which includes these highlights:

- Transfer of Alaska Land Mobile Radio and State of Alaska Telecommunications System from the Department of Administration to the Department of Military and Veterans' Affairs
- Delete one full time administrative assistant position, -\$83.4 UGF
- Reduce authority due to janitorial contract savings, -\$123.0 UGF
- Reduce authority due to armory divestiture, -\$50.0 UGF

Attached Reports:

The House Finance Budget Subcommittee for the Department of Military and Veterans' Affairs adopts the attached reports:

1. Agency Totals - FY21 Operating Budget (Attachment A)
2. Transaction Compare between Adjusted Base (FY21AdjBase) and House Subcommittee (H Sub) (Attachment B)
3. Transaction Compare between Governor (FY21Gov) and House Subcommittee (H Sub) (Attachment C)
4. Wordage (Attachment D)

^DEPARTMENT OF REVENUE

[3:16:43 PM](#)

ANNE RITTGERS, STAFF, REPRESENTATIVE BART LEBON, read from a prepared statement:

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Revenue submits the following recommended operating budget for FY2021 to the House Finance Committee:

Fund Source: (dollars are in thousands)  
Unrestricted General Funds (UGF) \$27,382.6

Designated General Funds (DGF) \$2,626.3  
Other Funds \$266,235.2  
Federal Funds \$79,931.2  
Total \$376,175.3

Positions:

Permanent Full-time 823  
Permanent Part-time 24  
Temporary 17  
Total 864

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Revenue reviewed the FY2021 budget request, including amendments, and recommends the following actions:

Accept the Department of Revenue budget proposal, which includes these highlights:

- Adding funding for the Tax Revenue Management System Maintenance and Support Costs, \$2,221.6 UGF
- Reducing Alaska Retirement Management Board Custody and Management Fees, \$-5,000.0 other funds
- Reduce Alaska Permanent Fund Corporation Management Fees, \$-21,098.1 PF Gross
- Consolidate Fish Tax Group into Excise Tax Group and Delete Publications Specialist, \$-346.6 UGF
- Adding funding for Long Term Care Ombudsman Office travel impacting the health and safety of Alaskan seniors, \$21.7 UGF

The House Finance Budget Subcommittee for the Department of Revenue recommends that the committee take the following actions:

- Add to the Alaska Permanent Fund Corporation appropriation, APFC Operations allocation for the Incentive Compensation Plan, \$2,763.5 PF Gross

Representative Wool asked about the reduction of \$21 million from the Alaska Permanent Fund Corporation (APFC) management fees. Ms. Rittgers answered that the reduction was a result of the elimination of their external investment officer program and bringing it in-house.

Representative Wool asked if the savings of \$21 million allowed for the incentive plan of \$2.7 million. Representative LeBon responded that it was not just an off-set because of a savings in one area. It was also to retain and reward performance in a critical area of the Alaska Permanent Fund Corporation (APFC). It was a very competitive world at large investment houses. The board of directors requested the headroom to payout performance bonuses if they were earned. It was up to the executive director and the board of directors to measure performance and pay out bonuses as they were warranted.

Representative Wool was glad the issue had been addressed in a recommendation. He observed there were savings as well from bringing the investment duties in-house.

Representative Josephson asked if the bonus being discussed was related to a state employee. Ms. Rittgers replied that the program was for APFC employees. The awards would be available to eligible staff contingent on the fund exceeding its short and long-term policy benchmarks.

[3:20:48 PM](#)

Representative Josephson surmised there was \$2.7 million that could be awarded to employees that largely lived in Juneau. Ms. Rittgers replied in the affirmative.

Representative Josephson asked if the program was new. Ms. Rittgers believed that the board of trustees first talked about the program in 2017, and the current year was the first time the budget recommendation had been put forward.

Representative Josephson was familiar with the nature and culture of the work and the competitiveness of holding onto individuals. However, he was unfamiliar with public employees receiving such a privilege. He had not seen the policy occur within other agencies. He suggested further dialog might be helpful. Representative LeBon replied that investment management expertise at that level was so unique and competitive. He thought the headroom was critical to APFC's long-term ability to recruit and retain the high level of talent that was necessary.

Co-Chair Johnston noted that the corporation had been bringing in many of its investments in-house. She agreed

that the corporation was starting to save money and make more money. She concurred with Representative LeBon's comments. She thought everyone wanted to see the fund grow.

Representative Josephson was not necessarily opposed. He was thinking about tribal reclaiming and how there were public employees that had saved the state \$100 million. He asked about the source of \$266 million. He wondered if it came from the Permanent Fund. Ms. Rittgers responded that largely the fund source came from the Permanent Fund. There were also other fund sources through the Alaska Retirement Management Board (ARMB) management fee reduction including Group Benefits, PERS Trust, Teachers' Retirement, Judicial Retirement, and the National Guard Fund.

Representative Wool recalled previous conversations with the executive director about saving money by bringing certain services in-house and using the savings as part of a bonus structure. He noted that ARMB was also saving management fees of about \$5 million. He wondered if there was a parallel program. Ms. Rittgers responded that the subcommittee put forward the amendment for APFC employees. However, there were no other amendments for other managed fund employees.

HB 205 was HEARD and HELD in committee for further consideration.

HB 206 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the agenda for the next meeting at 9:00 a.m. the following day.

#

ADJOURNMENT

[3:25:56 PM](#)

The meeting was adjourned at 3:25 p.m.