

HOUSE FINANCE COMMITTEE  
February 27, 2020  
9:05 a.m.

9:05:28 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:05 a.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

Michael Partlow, Fiscal Analyst, Legislative Finance Division; Representative Tiffany Zulkosky; Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Kelly Cunningham, Analyst, Legislative Finance Division.

PRESENT VIA TELECONFERENCE

John Binder, Deputy Commissioner, Department of Transportation and Public Facilities

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.

Co-Chair Foster reviewed the meeting agenda. He provided the schedule for the afternoon meeting. The committee would resume budget amendments.

#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."

[9:06:48 AM](#)

^AMENDMENTS

[9:06:54 AM](#)

Co-Chair Foster directed members to the next amendment. He noted that the committee had left off on page 12 [of the "2020 Legislature - Operating Budget Transaction Detail - House Structure" document (copy on file)], Amendment H DPS 5. [Note: amendments were heard on 2/25/20 during the 1:30 p.m. meeting and 2/26/20 during the 9:30 a.m. and 1:30 p.m. meetings. See separate minutes for detail.]

Representative Josephson requested to roll Amendment H DPS 5 to the bottom of the list to provide him with an opportunity to review the information.

Co-Chair Foster asked the amendment sponsor if he was amenable to the request.

Representative Knopp agreed.

Representative Josephson MOVED to ADOPT Amendment H DOT 1 (copy on file):

Highways, Aviation and Facilities  
H DOT 1 - Funding for State Management of Kwinhagak  
Airport  
1004 Gen Fund (UGF) 90.0

Co-Chair Johnston OBJECTED for discussion.

Representative Josephson explained the amendment that would provide \$90,000 for state management of the Kwinhagak airport. He detailed that the Native village of Kwinhagak requested that the Department of Transportation and Public Facilities (DOT) resume operation of the runway through a resolution. He detailed that the village had constructed the runway in 1999. In 2004, the tribe took over maintenance and operations with no assistance from the state; however, the community lacked funding for runway maintenance. He elaborated that permafrost degradation had resulted in dips and bumps in the runway and had destroyed the lighting systems. Due to the damage, flights were only possible during daytime hours.

Representative Josephson stated that the combination of lack of maintenance and limited landing times constitute a public health issue. The department previously operated and maintained the runway. He reported that according to the Yukon Kuskokwim Health Corporation, the community was entirely dependent on airline transportation to receive supplies and transport patients to receive healthcare outside of Kwinhagak in the winter and limited daylight hours. He explained that air was the only viable year-round mode of transportation for the village's 600 residents. He stressed that a functional airport was vital to the health and safety of the community.

[9:09:39 AM](#)

Co-Chair Foster spoke in support of the amendment. He shared that he had spoken with Representative Tiffany Zolkosky about the topic. He detailed that the community

was located in the Bethel region (House district 40). He explained that virtually every small rural airport was state maintained. At some point in the past the local community had taken control of the maintenance. He did not know whether the community had received federal tribal highway and airport funding, but the funding had been diminishing over the years. He believed Kwinhagak wanted to return to having a state maintained airport.

Representative Carpenter wanted a better understanding of why the state maintenance had been moved away from in the first place.

Co-Chair Foster did not have the information. He relayed that the community had thought it could maintain the airport with the other funding it had been receiving. He did not know any additional detail.

Representative Josephson read from a letter dated February 14, 2020 from Darren Cleveland, President of the Native Village of Kwinhagak:

The Native village of Kwinhagak built the runway and owns the private airport. Over the years our funds to maintain the runway have dwindled. The result we now see with the runway condition deteriorating could also be attributed to the absence of maintenance fund assistance from the state's DOTPF.

Representative Josephson believed the information was similar to information contained in other documents [in members' packets]. Resolutions were also included.

Representative Knopp did not know why the state moved away from maintaining the airport. He knew the state had made efforts over the years to relinquish airports to communities if the communities were interested. He understood that DOT had met with the village and the department was more than willing to take over the maintenance of the Kwinhagak airport. He highlighted that without the switch to state maintenance, the village had no means to repair the lighting or continue maintenance and the airport would likely be mothballed. He recalled hearing in a meeting that the medevac flights had not been able to operate at night due to the [broken] lighting.

[9:13:31 AM](#)

Representative Sullivan-Leonard thought it was important to hear from DOT. She did not recall hearing about the issue in subcommittee.

Co-Chair Foster suggested withdrawing the motion to adopt Amendment H DOT 1 in order to have staff reach out to DOT for answers.

Representative Josephson WITHDREW Amendment H DOT 1 with intent to offer it later in the amendment process.

Co-Chair Foster requested that committee members ask any questions they may have for the department to follow up on.

Representative Merrick asked if the \$90,000 included in the amendment had been provided by DOT or the village.

[9:15:04 AM](#)

AT EASE

[9:16:05 AM](#)

RECONVENED

Co-Chair Foster noted that Amendment H DOT 1 would be rolled to the bottom of the amendment list. [Note: H DOT 1 was heard at 10:11 a.m.]

[9:16:31 AM](#)

Representative Josephson asked to hear Amendment H DOT 2 after Amendment H DOT 1.

Co-Chair Foster agreed.

Co-Chair Johnston MOVED to ADOPT Amendment H UOA 1 (copy on file):

University of Alaska  
H UOA 1 - Restore Funding to Compact Level  
1004 Gen Fund (UGF) -10,500.0

Representative Carpenter OBJECTED.

Co-Chair Johnston explained the amendment that would remove \$10.5 million that had been added by the finance subcommittee. She stated it was no secret that the past

year had been a catastrophic budget year for the University of Alaska. She hoped committee members all remembered that the budget veto was \$135 million and what had happened to the University as it tried to address the cut. She highlighted what had taken place as students began to decide not to enroll and when good professors had been lost because they could not deal with the instability. She detailed that the situation had brought the University and the Dunleavy administration together where a compact had been agreed upon, which was less catastrophic than \$135 million in one year. The compromise resulted in a reduction of \$70 million spread over three years (\$25 million in the first year, \$25 million in the second year, and \$20 million the third year). She stressed that there had been numerous cuts in the past ten years. However, she was concerned about ignoring the compact and putting the University in another state of flux.

Co-Chair Johnston explained that the legislature already knew where the administration stood on the issue. She thought there was no question it would be a hard lift for the University to add the \$10.5 million to the compact. She would be very concerned that the money would not remain in the budget if added. She did not think including the increment would be helpful to the faculty or the University. She would prefer to see the legislature help the University do what it needed to do, as painful as it was, with consistency. For the aforementioned reasons, she did not support the subcommittee's recommendation and wanted to remove the \$10.5 million increment.

[9:20:20 AM](#)

Representative Wool opposed the amendment. He stated that the issue had been around for some time and he had given the subject much thought in the past several years. He detailed that the University had been cut every year but one during his tenure in the legislature. He detailed that he was the one lobbying for additional funding for the University on an annual basis. He was well aware of the compact and believed it was a desirable situation under the circumstances. He thought it equated to the administration telling the University it would cut off its foot instead of a leg. He stated the compact was made under duress and the University would do anything to not lose a leg. He thought morale at the University was at an all time low. He shared

that he had many friends who worked and taught at the University, some of whom were retiring for various reasons.

Representative Wool had been made aware of the reduced reduction by \$10.5 million made by the finance subcommittee to offset salary increases, which the University had not received in several years. He reasoned that because student, faculty, and staff morale was so low, the \$10.5 million was a good thing. He noted that the funding was under half of the \$25 million cut in the compact. He thought it was a step that showed the legislature cared about the University and that it would not necessarily accept a compact made outside of the legislature. He respected the individuals at the University who had to cut the deal with the administration. He stressed that the University had escaped a very bad situation. He remarked that if the full \$135 million cut had been made, the University would be in a much different world. He emphasized that the University had its wings clipped and he thought the legislature should do what it could to help. He reiterated that the amount was not even half of the \$25 million reduction. He reiterated his opposition to the amendment. He supported adding funding back for the University.

[9:24:08 AM](#)

Representative Josephson associated his remarks with the colleague to his right [Representative Wool]. He spoke in opposition to the amendment. He stated that accepting the compact had some logic because the parties central to the issue had agreed to its terms; however, he noted that the legislature was also central to the issue. He noted that the governor was in a position to say that the compact was a reduction of \$25 million and he would veto to the compact amount. However, he believed the climate and context had changed.

Representative Josephson was happy that the subcommittee had determined that the legislature was not party to the compact and it was the appropriating body. He stated that the specific item had arisen from regents' policies regarding salary adjustments that started after Labor Day. He knew that some would argue that the salary increases were not needed. However, he stressed that the University was hemorrhaging programs. He elaborated that in the current week the University would lose anthropology,

English, early childhood special education, theater, and the master's in clinical psychology. Additionally, it was hemorrhaging professors who were being poached from elsewhere. He detailed that the situation was occurring partly due to morale and the demise of programs and also because professors were not paid within the 90th percentile of their peers. The regents had decided that the situation was unacceptable and unprofessional. The subcommittee had stood with the regents' action.

Representative Josephson clarified that the regents had not asked for the extra \$10.5 million because they were subject to the compact. He had not heard from any regents on the \$10.5 million. He reported that the regents had determined an adjustment was needed because they needed to do something to protect staff. The impact of the adjustment was effectively a \$35 million cut because of the \$25 million cut under the compact and an additional \$10 million needed for the additional expenses.

Representative Josephson shared that the subcommittee had heard from the chief justice that salary increments were needed, and they did not come in the way the general government unit came for public employees. He noted that the University was in the class with the court system and its staff. For the reasons he had mentioned, the subcommittee had added back \$10.5 million. He acknowledged that if the legislature tried to add back \$25 million it would be a confusing message; however, he would support it. He did not believe the \$10.5 million reduced cut was a confusing message. He did not support the amendment.

[9:28:11 AM](#)

Vice-Chair Ortiz associated his comments with the two previous speakers. He reminded committee members that the past proposed \$135 million cut was preceded by several years of cuts to the University. He stated that the compact had been made outside of the legislature as the appropriating body. He emphasized they were talking about the impact on the state's youth, the people who at one time had been turning to the University as their first choice. He shared that he was a former teacher at Ketchikan High School. Particularly in the last five or six years of his teaching career he had seen more and more students choosing the University of Alaska system as their first choice. At that time, cuts had not yet been made to the University and

it had been offering a wide variety of programs and two scholarship programs.

Vice-Chair Ortiz relayed that he had spoken with the counselor at Ketchikan High School and in the past six to seven years, fewer and fewer students were choosing the University of Alaska system as their primary choice. He stressed that the impact of the most recent cuts had caused a greater reduction in the number of people applying to the university system. He highlighted that if the state lost its youth to outside schools it greatly increased the chance they would not return to work in Alaska. He emphasized that they were watching the dismantlement of what had been a prized jewel of Alaska. He recognized the need for fiscal responsibility and constraints over the past ten years due to declining oil production and prices. He understood the need to prioritize spending. He reasoned that if the legislature was not going to prioritize its future workforce, it was a large detriment to the state. He supported a small step back in what had been a long train of reductions to the University. He strongly opposed the amendment.

[9:33:07 AM](#)

Representative LeBon was torn on the issue. He had a close association with the University and had graduated from the University of Alaska - Fairbanks in 1975. He shared that both of his daughters had graduated from the University as well. He wanted to see the money restored to the University's budget, but he believed that for the time being, the compact was the deal. He thought perhaps the capital budget could be a way to help with debt service and deferred maintenance, which were serious needs for the University. He reasoned that if the legislature could help with some debt service it would free up some operating money for other uses. He had confidence in the University's ability to rank those uses, perhaps salaries and other needs. He reiterated it was the reality that the compact was the deal. He would find a way to support the University with a different vehicle during the current session. He hoped the capital budget was the method. He would support the amendment.

Representative Sullivan-Leonard asked to hear from the Legislative Finance Division (LFD). She asked what the \$25

million reduction would be for the total University budget in terms of percentage.

Co-Chair Foster shared that \$302 million was the adjusted base for FY 21. In FY 20 the number had been \$327 million prior to the \$25 million cut. In FY 22 the total would be \$277 million.

Representative Sullivan-Leonard asked if the figures represented a 4 percent reduction.

MICHAEL PARTLOW, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, asked Representative Sullivan-Leonard to clarify the question.

Representative Sullivan-Leonard was interested in the overall percentage reduction to the university budget. She was trying to follow what the compact had stated.

Co-Chair Foster calculated that the \$25 million cut from \$327 million was 7.6 percent.

[9:37:22 AM](#)

Representative Wool believed Representative Sullivan-Leonard was interested in the percentage cut from the total unrestricted general fund (UGF) and designated general fund (DGF) budget combined. He believed the numbers cited by Co-Chair Foster were off by one year. He thought the budget based on the compact was \$302 million in FY 20, \$277 million in FY 21, and \$257 million in FY 22. He estimated it was a cut of about \$100 million during his tenure with the legislature. He believed the budget had been at a high point of about \$378 million in 2014.

Co-Chair Foster asked if the first \$25 million cut went into effect in FY 20 or FY 21.

Mr. Partlow replied that the first reduction of \$25 million was in FY 20, the second \$25 million reduction was in FY 21, and the third reduction was \$20 million in FY 22.

Co-Chair Foster asked if the budget was \$327 million or \$302 million in FY 20.

Mr. Partlow replied that he did not have the numbers on hand. He noted there were representatives from the University available who may have the information on hand.

Representative Sullivan-Leonard supported Amendment H UOA 1. She remarked that departments across the board were struggling and working hard to reduce their overall budgets. She appreciated all the University was doing, but she supported the compact.

[9:39:39 AM](#)

Representative LeBon acknowledged the relationship between designated funds, federal funds, research money, and state operating money; however, there was substantial UGF funding connected to the federal designated research dollars that did not flow to the University without the UGF investment. He did not want to lose sight of that fact.

Co-Chair Foster noted that a comment had been made that the \$300 million was only UGF. He believed the numbers and timeline provided by Representative Wool may be accurate because FY 19 may have been \$327 million, FY 20 may have been \$302 million, and so on.

Representative Carpenter commented that the legislature had reduced the University budget over numerous years. The legislature had also asked the University to consolidate operations and become more efficient. He thought the request had fallen on deaf ears. He believed the \$10.5 million addition made it difficult for the University to do what it needed to get done. He stated the conversation was really about organizational change. He reasoned that funding for a land grant university did not have to come from state general funds. He believed there was a decreased incentive to find alternative revenue sources when funding came from state general funds.

Representative Carpenter elaborated that the state was having to rethink the way to generate revenue at an institution that had no reason to do so for years because of its ability to rely on state funds. He thought it was an opportunity to show the state's youth how the land grant university should be properly managed. He supported altering the way business was done in order for the University to be more self-sustaining. He stressed that it was an organizational change opportunity for the University

to right itself and be more efficient going into the future. He stated that the funds added by the subcommittee made it more difficult for the University to go through the organizational change. He supported the amendment.

[9:42:38 AM](#)

Vice-Chair Ortiz discussed the history of the reduction in UGF for the University. He asked Representative Wool if he knew what the UGF amount had been in FY 15.

Representative Wool believed there was a high mark of \$378 million in 2014 or 2015. The number had been steadily declining since that time. There was one year the legislature had successfully added \$10 million, which had brought the total up to \$327 million.

Vice-Chair Ortiz asked where the most recent compact cut of \$25 million put the total UGF contribution for the current year.

Representative Wool replied that without the \$10.5 million add back, the budget would be \$277 million. He stated it was a decrease of about \$100 million from five or six years back.

Vice-Chair Ortiz asked for verification that Representative Wool had stated \$100 million.

Representative Wool replied affirmatively.

Vice-Chair Ortiz thought it was an obvious reduction in resources going to the university system. He thought the University had ample incentive to try to find other sources of revenue based on the cuts.

[9:45:02 AM](#)

Representative Josephson thought the statement made by Representative Carpenter was inaccurate. He disputed the statement that the University had not taken substantial steps towards efficiency. He detailed that there had been University committees meeting intensively for the past six months because of the \$138 million veto. The committees were looking programmatically and departmentally - they were considering whether specific departments were needed if there were other departments in other cities or whether

specific classes were needed within a given department. He pointed out that the entire program had begun years back with strategic pathways.

Representative Josephson addressed Representative Carpenter's remarks on the land grant university. He believed the state university land holdings were the size of Molokai, a Hawaiian island that was smaller than Maui. He stressed there was not substantial land, which was the reason the University president was flying frequently to Washington D.C. to meet with Senators Murkowski and Sullivan to try to cut a deal to increase the land grant. He stated that the University was a land grant in name only. He equated it to saying that the University of Delaware, which was a tiny state, had a land grant. He noted that the University of Alaska often mentioned Delaware as a comparison. He stressed that the University as a land grant institution was not a solution.

Representative Josephson shared that prior to the meeting he had met with University of Alaska Professor Abel Bult-Ito, a biochemist, who had told him that the University was about to be the first in the U.S. to offer its degree entirely online. He had asked if people could attend class because he believed it would be awful to complete a degree entirely online. Professor Bult-Ito had confirmed that students could attend the class in person, but they had the option to attend remotely. The professor had informed him that the university was mailing kits that included pig carcasses and sheep heads to Iraq. He stressed that it constituted efficiency.

Representative Josephson stated there were legislators who had been cynical about the compact reached between the University and the governor. He had not been one of them and agreed with Co-Chair Johnston that the agreement was remarkable. He recalled being elated at the agreement. He agreed it was possible to do better, which was the reason he would not support the amendment. He believed there should be no cynicism about the compact, which he characterized as a lifesaver.

[9:48:42 AM](#)

Representative Wool believed Delaware had a larger land grant than the University of Alaska. He knew it had been a priority for the Washington D.C. delegation to deliver on

the land grant; however, monetizing land took a long time and not all land was monetizable. He reasoned the University would not be given a bunch of acreage on the North Slope with an oil well. He addressed Representative Carpenter's consolidation and efficiency comments. He stated that the University had been working to become more efficient and to consolidate things like information technology and human resources. Additionally, the University had been looking into a single accreditation to have one university with multiple campuses. He noted that the legislature had passed intent language asking the University to provide it with a report the previous December, which had been done. He thought the conversation would resume once the University of Alaska - Fairbanks finished its accreditation process.

Representative Wool stated that reorganizing the University had been a topic for a long time. He continued that reorganization had taken place in the past and it would not stop happening. He highlighted that if the amendment failed, the cut to the University would be \$15 million. He elaborated that \$10 million to \$15 million had been cut annually. He stated the cut would be similar to cuts in other years, which he had opposed as well. He remarked that without the amendment the cut would be less bad. He remembered the day compact had been signed and he had been reminded by the University that the cut of \$70 million over three years was no picnic and would not be good. The situation reminded him of a person arrested overseas who would do anything to get out of jail. He believed the University had done what it had to in order to get out of the situation. He stated that even if the legislature cut \$15 million it would be "sort of sticking to it."

Representative Wool agreed with Representative LeBon that getting money in the operating [capital] budget would be great. He highlighted that a budget of \$277 million would reflect a \$100 million cut since 2014. He believed it was more than the University deserved. He noted that there had been substantial cuts to the University over many years. He pointed out that money had been added to the Department of Public Safety and Department of Corrections. He thought it was a sad commentary that the state was adding to and improving prisons - he recognized the work was needed and he supported criminal justice in a responsible way. However, he did not support adding money for prisons and taking away funds from the University.

Representative Wool believed the state needed to be safe but growing. He shared that he had met with hospital representatives recently who had urged support for the University. The hospitals reported getting many employees including nurses and other medical staff from the University. He stated they had heard the medical industry was one of the few growing industries in the state and there was a labor shortage in doctors to medical assistants. He underscored that the University filled a large void in the area. He did not support cuts to the University. He stressed that if the amendment failed, the cut to the University was still \$15 million.

[9:53:24 AM](#)

Representative LeBon shared that five years back he had been named by UA President Johnson to a strategic pathway committee on athletics - one of the committees planning the future of the University. He detailed that the committee had been made up of two dozen people from the community and UAA and UAF campuses with a goal to find a way to make athletics completely financially independent within six years. The committee had conducted a thorough nationwide search to find an athletic department at a division two university that was completely self-sufficient. He reported that such a thing did not exist. He explained that meant looking at how to go to the private sector to ask for \$10 million annually to support athletics. He underscored it was not merely a one-time fundraiser, the need was annual. He stated "good luck" finding that level of support from the business community. He explained that success on a national level meant finding 30 to 40 percent support. He stated that UAF and UAA would be at the top of the list if they found support at that level. He reiterated the need was annual and would mean \$4 million to \$5 million per year from the community.

Representative LeBon remarked on research dollars. He detailed it had been well established that \$5 was brought in for every \$1 the University spent on research. He was concerned that the compact would decimate research at the University. He highlighted that the University was the Arctic research university for the nation, headquartered in Fairbanks. He was worried that in two years they would realize they had destroyed an economic Arctic research

engine for the University, Alaska, and the country by decimating the research capabilities at UAF and UAA.

[9:56:29 AM](#)

Representative Carpenter remarked that when Alaska had become a state there were many who had believed it could not stand on its own and that it would require federal funds to keep afloat. He stated there was an argument being made by committee members that UGF dollars had to be spent in order to bring in more federal funding. He noted the legislature made the argument in every department. He stressed that for many years the legislature had said the University was too big for Alaska's 700,000 residents. He underscored that the University's size could not be sustained by the state, and federal funds were required.

Representative Carpenter clarified he was not claiming that all federal funds were bad. He stressed that federal funds were required to help sustain the University and there was no alternative plan. He stated that the fact "we" do not have the land we were supposed to have when given the land grant was a problem that had not been solved in decades since because there had not been pressure to do so until recently. He stated that the threat of \$100 million cut from a budget caused people to do things they had not thought of doing previously.

Representative Carpenter hoped the state could find more usable land to help fund the University because it was the intent from the beginning. He reasoned that supporting the amendment helped the University move towards the goal of being a self-sustaining organization.

[9:58:42 AM](#)

Representative LeBon reminded the committee the state's founding fathers had included language about the University of Alaska in the state constitution and asked the legislature to support funding for the University. He acknowledged the path had not been smooth over the years and there had been some investment decisions made by regents, University administration, and the legislature that had resulted in the current situation. He stated that the University was a land, sea, and space grant institution that deserved support. He cautioned taking care to avoid actions that could ruin everything for current and future

generations. He shared that he was contributing to a college fund at UAF on a quarterly basis for his five grandchildren.

Co-Chair Foster considered how to maximize the odds of getting the most funds to the University. He shared that he and his father had both attended the University. He detailed that he had received a finance degree from UAA. He discussed that the previous year the governor had proposed cutting the University by \$134 million in one year. He noted there had been substantial emotional opposition to the cuts throughout the state. He believed the governor had realized the situation and had met with the University to establish a compact outlining a \$70 million reduction over three years (\$25 million reductions in the first and second year and a \$20 million reduction in the third year).

Co-Chair Foster explained that the subcommittee had accepted the \$25 million reduction with an add-back of \$10 million for salary adjustments, resulting in a \$15 million reduction. He recognized that the legislature did not have to abide by the compact between the University and the governor; however, the University had come to him and had communicated it felt the conversation with the administration had been good. The administration had made no promises but there had been discussion about the possibility of a debt paydown and money for deferred maintenance. He elaborated that when he had spoken with the University representatives, they had asked for additional funds for debt paydown and deferred maintenance.

Co-Chair Foster was concerned that adding the \$10 million back went against the compact by adding more to the operating budget and may mean less funding for debt paydown and deferred maintenance. He elaborated that if the \$10 million was added back it may mean less would be put in for capital, deferred maintenance, and debt paydown. He explained that the \$10 million could ultimately be vetoed [by the governor] and the legislature would have overplayed its hand. He was concerned the University may get less than it could have received if the legislature reached too high. He did not want the legislature to overplay its hand; therefore, he supported the amendment.

[10:03:16 AM](#)

Vice-Chair Ortiz did not want his statements and vote to appear contradictory. He shared that he would vote in support of the amendment despite his earlier comments in support of remarks made by the co-chairs.

Representative Carpenter WITHDREW his OBJECTION.

Co-Chair Johnston provided wrap up on the amendment. She recognized the many valuable statements made about the University during the current discussion. She noted that actions the University was taking in its strategic pathways was happening all across the nation in universities. She stated that how education was provided was changing from the past. She was concerned that without the amendment and with the compact already in existence, the ability for the [additional] funding to go to the end game would likely cost the University more in the end. She explained that it would delay the tough conversations the University needed to have in order to meet its commitment. She reasoned it would make the timeline shorter and the cuts would be more severe.

Co-Chair Johnston disagreed with some of the statements made on the subject during the meeting. One of the remarks had been that the University needed to share in the burden of cuts. She stressed that the departments did not take the cuts on the same level as the University. She stressed that in the past year, the cuts to the departments had been much smaller than cuts to the University and anything outside of state government. She elaborated that the legislature had been looking at all of the departments and trying to take cuts. She highlighted what had happened with both the Department of Health and Social Services and the supplemental budget. She stated that the cuts had not been possible. She stated the University was different because in budgeting the core was taken care of first and it was easier to cut off the arms. She noted the University was part of the arm.

Co-Chair Johnston did not take the compact lightly. She would be devastated if the University lost its position as the Arctic research center for the U.S. and internationally. She believed it would be devastating for Alaska, particularly as the Arctic changed. She was not offering the amendment lightly. She hoped she was somewhat pragmatic. She hoped to do some things that would help the University in the long run without hurting it as much as it

could be hurt. She agreed that adding the funding back could bite the University in a way that would make things much worse.

10:07:52 AM

Representative Wool OBJECTED. He recognized where Co-Chair Johnston was coming from. He thought they may be at a tipping point. He noted that Representative LeBon and family had attended the University. He had also obtained his degree from the University. He was not overly concerned that the research arm would flail - certain programs were doing well. He was concerned about the average Alaskan who wanted to go to college. He stated that the University of Alaska was very affordable - many colleges cost between \$50,000 to \$80,000 per year, which most people could not afford. He highlighted that even state colleges outside of Alaska were very expensive. He was concerned about the general education component for kids out of high school who did not know what field their degree would be in.

Representative Wool noted that not all departments had been cut and some had received an increase (e.g. DPS and DOC). He underscored that post high school education reduced the likelihood a person would commit a crime. He stressed that education was the right course of action if the desire was to keep individuals out of jail. He added that other states had cut state funding for universities over the years, but recently the trend had reversed because states realized it had not been a good investment. He acknowledged that some states' economies were doing a bit better, but he stressed that Alaska had money. He MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION PASSED (9/2). There being NO further OBJECTION, Amendment H UOA 1 was ADOPTED.

10:11:33 AM

Co-Chair Foster listed individuals available to speak to Amendment H DOT 1 [note: the amendment was first heard at

approximately 9:07 a.m. and was withdrawn in order to give time to contact the department with questions].

Representative Josephson MOVED to ADOPT Amendment H DOT 1 (copy on file):

Highways, Aviation and Facilities  
H DOT 1 - Funding for State Management of Kwinhagak Airport  
1004 Gen Fund (UGF) 90.0

Representative Carpenter OBJECTED.

Representative Josephson noted the record would reflect his previous comments on the amendment. He briefly explained that in the past the village of Kwinhagak had a state operated airport. He detailed that in 1999 Kwinhagak had locally constructed the runway and in 2004 the tribe had taken over maintenance and operations with no assistance from the state. He reported that presently the community lacked funding to maintain the runway and it had become a health and safety problem, partly due to climate change and permafrost degradation. He elaborated that the lighting system was broken, making it possible to land only during daylight hours. The village was one of the larger communities in the Bethel region and was home to 600 residents. He stressed that a functional airport was vital to health and safety.

Representative Josephson stated that perhaps the community's ability to take over the airport was different than saying it would take over full maintenance. He reasoned that however a person viewed the situation, there was a life and safety issue in Kwinhagak, which made it an anomaly in the region. The community was asking for state help with the airport.

[10:13:35 AM](#)

Representative Sullivan-Leonard looked at the proposal and did not recall hearing about the issue in the subcommittee discussion on rural airports. She asked about the state's responsibility regarding the rural airports related to oversight and management.

JOHN BINDER, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference),

replied that the state owned and operated 239 airports (including Anchorage and Fairbanks international airports), of which, 237 were rural. The Department of Transportation and Public Facilities (DOT) had continued to look for efficiencies - ways to reduce the costs and obligations - while maintaining a safe operational infrastructure. In February 2019, the governor had asked DOT to review the airports in an effort to identify areas to reduce financial obligations. The department had identified 18 airports that stood out as opportunities for potential changes in maintenance. The identified airports were primarily in locations where there was no longer an existing community, or the airports were on the highway system. He cited the community of Aleknagik as an example where DOT had recently completed a bridge connecting the community to Dillingham, providing access to a certificated airport.

Mr. Binder confirmed that the Kwinhagak airport had been handed over to the tribe in 2004. He reported that at the time it had been completely understood by both parties what the maintenance and operations obligations were. He detailed that subsequently the community had some challenges in revenue generation caused by the closure of a cannery and a reduction in anticipated activity. He relayed that the condition of the airport had deteriorated over the years. The department had partnered with the community over the past several months to complete the planning study. The airport was eligible for federal funds, but it needed a couple of pieces in place first including an updated airport layout plan and documentation of the capital needs. The department had partnered with the community and had secured a Federal Aviation Administration (FAA) grant to complete the work, which would be required regardless of who maintained or owned the airport.

Mr. Binder relayed that the big picture guidance to DOT was to reduce the number of airports maintained and operated by the state. The department recommended continuing down that path and partnering with the community. He added that DOT had several emergency lighting systems stationed throughout the state. He detailed that several communities were utilizing the systems because many times a lighting system could go down in the winter and maintenance could not be completed until thaw. One of the emergency systems was located in Kwinhagak in order for the community to have 24-hour access as needed. He noted that the systems were

battery operated, meaning there was labor involved with setting up, taking down, and charging the system each day.

[10:17:38 AM](#)

Representative Sullivan-Leonard noted the amendment requested \$90,000 UGF. She asked if there were federal funds that would achieve the effort. She asked if the \$90,000 was necessary to match the federal funds.

Mr. Binder answered that the \$90,000 was the region's rough estimate of the airport's annual operating cost. The estimate included \$40,000 to \$45,000 in a maintenance contract. He detailed that if DOT was directed to take over the airport, it would likely contract with someone in the community rather than have DOT staff maintain the facility. The figure also included fuel, equipment, and facility costs, which was all additional to the contract. Federal funds were not eligible to be used for those types of activities. He explained that the runway required a significant amount of gravel initially for a resurfacing project at a cost of about \$1 million or so. More comprehensive work was also needed for a runway rehabilitation, which likely cost several million dollars. He relayed that all of the capital projects were federally eligible, and the state's share was 6 percent. The \$90,000 was the annual maintenance and operations estimate.

Representative Josephson thought it sounded like the amendment would help the community have a fully operating, albeit flawed airport system for the reasons noted by Mr. Binder. He surmised that health and safety considerations would be improved at least on the margins. He asked if Mr. Binder agreed.

[10:20:04 AM](#)

Mr. Binder stated his understanding of the question. He stated that \$100,000 would not be enough even if the department paid it directly to the community for the runway. He relayed that the initial work needed on the runway was estimated to be \$1 million or more. He stated the money in the amendment would cover an annual contractual maintenance cost for things like snow removal and grading. He clarified the funds would not fix the current capital needs.

Representative Josephson clarified his question. He asked if the \$90,000 would improve health and safety by improving the maintenance of the airport, notwithstanding the capital needs requiring federal resources.

Mr. Binder replied that it would be abnormal for DOT to allocate such a substantial amount of work, money, and equipment to a runway that was not state-owned. He believed there were some mechanisms available to partner with the community, along with working with the FAA [Federal Aviation Administration] toward the broader capital improvements. His recommendation was to provide the funding directly to the community or to partner with the community rather than adding the funds to the DOT budget.

Representative Wool referenced Mr. Binder's testimony that the state had loaned temporary battery charged lights to the community. He asked if it was a safety risk. He wondered whether new lights would be on the list of things to do with the money. Alternatively, he asked if the lights fell under federal matching funds.

Mr. Binder confirmed that the Kwinhagak airport would need a new lighting system to remedy the current challenges. The system would be included in the capital project category and would be much more expensive than the \$100,000.

Representative Wool was trying to understand the goal of the investment. He surmised that the people of the community wanted the airport run by the state and the funds would help with that goal and may help the community develop a plan for federal matching. He understood from Mr. Binder's testimony that the state did not necessarily want to maintain the airport and had not done so in 16 years; however, if the state did maintain the airport, DOT would contract the grading and plowing out. He considered that if the work was contracted out it may be done by the people currently providing the work. He asked what the \$90,000 would go towards and what improvements may occur in the long run.

[10:24:18 AM](#)

Mr. Binder answered that it was the challenge with the \$100,000. The department could allocate the funds to send DOT staff to help grade the runway, but he understood the surface condition was in poor enough shape that it needed

new gravel brought in prior to grading, which then got into the capital costs. He explained it was very challenging to do repairs with \$100,000. The department had provided the figure as its anticipated annual maintenance cost once things were in good shape, the number would be an annual maintenance cost for an airport similar to Kwinhagak.

Representative Wool referenced Mr. Binder's comment that a cannery had closed, which had previously been a revenue source. He asked when the cannery had closed and if that coincided with the difficulty the community had with maintaining the airport.

Mr. Binder estimated that the cannery had closed around 2009/2010. It had been the community's belief it could generate sufficient funds through the collection of landing fees due to high activity at the time, especially with the cannery operations. The closure of the cannery had drastically impacted the amount of activity. Additionally, if there was not someone sitting at the airport full-time, it was very difficult to identify who was and was not landing and to collect the revenue. He explained that systems were now available that could track landings without having a body at the airport full-time, which would help alleviate some of the revenue challenges. He summarized that the community had been hit early on with a big challenge collecting the revenue they anticipated being able to generate.

[10:26:47 AM](#)

Co-Chair Foster asked how many of the 237 airports mentioned earlier by Mr. Binder were state-maintained.

Mr. Binder replied that about 100 of the 237 airports were contracted out (i.e. non-DOT staffed). The remainder were either on the highway system or in locations with a DOT staff, which were generally hub community locations.

Co-Chair Foster asked if there were other communities that had local control over their airport like Kwinhagak.

Mr. Binder replied there were currently seven other communities that owned their own airports. Including Juneau, Kenai, Soldotna, Wasilla, and Anchorage's Merrill Field.

Co-Chair Foster clarified that he was only referring to rural airports. He noted that Anchorage and Kenai were connected to the road system. He realized there were airports such as Quartz Creek north of Nome and Basin Creek that had no community at the airport. He asked if there were any villages that had local control over their airports.

Mr. Binder answered that he could not think of another airport that was not connected to the road system that was community maintained. He referenced Nenana, but noted it was on the road system.

Co-Chair Foster noted that the situation was very unique. He detailed that the state maintained airports in communities that were not connected to the road system or the Alaska Marine Highway System and had no other method of transport to bring in food, medicine, or access to healthcare or traveling teachers. He highlighted that the airport was the only avenue of transportation for the Kwinhagak community. He supported the amendment and believed it was consistent with the way the state handled all other village airports.

[10:29:47 AM](#)

Representative LeBon supported the amendment. He thought it sounded like there was much work yet to be done such as additional gravel and repairs. He asked if accepting transfer of responsibility to the state would enable the village to leverage other funding sources (i.e. federal or other) to help with the project.

Mr. Binder answered that federal funding was made directly to the airport owner. They were working with the community to accept the federal funds in order to repair the runway. If the state was the owner, the federal funds would go to the state. He noted that the design and engineering work would take some time and it would be unlikely to occur in the coming summer. He estimated the earliest the capital improvements could take place was 2021.

Representative Carpenter asked for the estimate for matching funds needed to secure federal money. He asked if the local community had another source, aside from the state, to obtain the needed funds.

Mr. Binder answered that the state match for rural airports was generally 6.25 percent of the project cost. The department estimated the initial resurfacing at about \$1 million and the broader runway rehabilitation at several million dollars. He noted DOT did not yet have precise cost figures for the broader runway rehabilitation project. Typically, the owner of an airport used whatever rates and fees they generated for matching funds. He highlighted Juneau and Kenai as examples. The state used the general funds via the capital budget to match federal funding for the projects.

[10:32:58 AM](#)

Co-Chair Foster asked Representative Tiffany Zulkosky to address the committee.

REPRESENTATIVE TIFFANY ZULKOSKY, introduced herself and relayed that Kwinhagak was located in her district.

Co-Chair Foster asked for the approximate population in Kwinhagak.

Representative Zulkosky answered that as recently as 2017, Kwinhagak had a year-round population of 700.

Co-Chair Foster asked for verification that air was the only transportation route to Kwinhagak. He suspected the river was not a primary transportation route. Additionally, there was no road to Kwinhagak.

Representative Zulkosky agreed. She relayed that Kwinhagak was one of the largest villages in her district apart from the hub community of Bethel with a population exceeding 6,000. She detailed that air travel was the only form of reliable year-round transportation in and out of the community. She noted it included reliable access for life or death circumstances, including transportation by medevac. She reported that during limited visibility hours, medevacs had been impacted with regard to timeliness and ability to pick up patients.

Representative Zulkosky provided context regarding the issue. She shared that her office had organized a meeting held the previous Wednesday with DOT Commissioner John MacKinnon; Deputy Commissioner Binder; John Moller, a representative from the governor's office; and DOT's

legislative liaison. She detailed that the department representatives had spoken about the governor's directive to divest of rural airports. She noted that as Mr. Binder had acknowledged in the current meeting, the governor's directive was largely related to seasonal runways that did not have a year-round community hanging in the balance. Over the course of the conversation with DOT leadership and representatives from the tribe, Commissioner MacKinnon had stated that DOT's wheels move rather slowly and there was not a quick fix for infrastructure issues dealt with by the department, but that an appropriation provided to the department could advance the conversation about the acquisition of the airport. Additionally, providing maintenance funds to DOT may facilitate a more timely conversation. She added that the commissioner and Mr. Binder had both acknowledged that the condition of divesting of rural airports was a different animal than the Kwinhagak situation, especially because air travel was the only form of reliable year-round transportation for the community of 700.

Representative Zulkosky shared that Commissioner MacKinnon and Deputy Commissioner Binder had acknowledged that revenue, such as landing fees, could help close the gap. She explained that if the committee made the decision to allocate maintenance and operation funding, the entire amount was not necessarily impacted by UGF because there were revenue options available to help DOT close the UGF gap. She noted that the fees were often transferred to residents, but in a meeting with the tribe the previous week, the tribe had indicated it would be willing to consider increased landing fees in order to ensure reliable access to the airport was provided. Additionally, the funding would lapse, if it was not used and the conversations about reacquisition of the airport broke down.

Representative Zulkosky highlighted that while there was some conversation about downward pressure on the budget, the legislature did not often talk about equity in the course of its committee meetings. From her perspective, the appropriation provided equity, ensuring that the life of Alaskans in villages mattered as much as any Alaskan on the road system or with access to the ferry system.

[10:37:37 AM](#)

Representative Sullivan-Leonard asked for history with regard to the maintenance on the airport. It was her understanding that the lighting system was the challenge. She asked if there was an existing lighting system that needed batteries or if the issue was more substantial.

Representative Zulkosky replied that the lighting was one component of the condition of the runway and DOT had been gracious in working with the community to provide support in the form of a temporary lighting system. The community had indicated there was a significant burden on local leadership to make the lights operable, particularly outside of working hours in order to meet planes during evening hours. There also continued to be degradation of the gravel runway with large bumps and breakdown of the gravel quality with the changing climate and melting permafrost over time. According to the community it was not only a lighting issue. There was an ongoing long-term issue with regard to maintenance of the gravel runway.

Representative Sullivan-Leonard asked if a lack of staff for incoming evening flights was also a challenge.

Representative Zulkosky answered that in a conversation the previous week with the tribal president and a tribe member, they had indicated there was difficulty in having the capacity on the ground. As resources for maintenance and operation had continued to decline, there was some difficulty in having local capacity to keep up with the maintenance conditions.

[10:40:01 AM](#)

Representative Merrick asked how many landings the airport had per year and what the landing fee was.

Representative Zulkosky answered that she did not have the detailed information on hand. There were at least three small commercial air carriers serving the community. In a meeting the previous week, the tribal president had said there could be up to 12 flights coming in per day. The numbers could fluctuate depending on the season. She detailed there was a year-round population in the community. Additionally, the village was located on the Kanektok River, which had a thriving sport fish ecotourism industry. She detailed there were a couple of cabins running sport fishing operations out of the region

annually, which could bring in additional flights during the summer season.

Representative Merrick asked about the landing fee.

Representative Zulkosky replied that she would follow up with the information.

Representative Carpenter stated that somewhere between \$200,000 and \$300,000 would be necessary to secure federal funding for maintenance needed to improve the runway. He asked if the tribe or local community had \$200,000 to \$300,000 to secure the federal funding.

Representative Zulkosky answered that her instinct was to say no, but she did not want to speak out of turn. She stated it was unlikely that a community of 700 people struggling to keep maintenance and operation dollars readily available for the existing condition of the runway could provide a quarter of a million dollars to obtain federal match. She believed the possibility of additional regional partners that may be able to provide support to the tribe in order to acquire federal funding match to bring the runway up to standard could be explored. There was significant anxiety around the life, health, and safety impacts of the runway that had given the issue a sense of emergency for the community. She was not confident the community would have enough revenue to meet the federal matching requirements. More than likely, DOT providing financial support long-term, would offer the stability the community needed for reliable airport access.

[10:43:14 AM](#)

Representative Tilton asked how much money the tribe was currently putting toward the runway maintenance cost. She asked how long it had been since the tribe had not been able to adequately maintain the runway.

Representative Zulkosky answered that she did not have the precise number of the maintenance dollars currently being received by the tribe. For the past 16 years, the community had operated and maintained the airport. During that time, the community had constructed the 4,000 square foot gravel runway as well as a heated building used like a terminal. Heavy equipment was kept in a garage and was readily available. She did not have the ongoing maintenance dollars

received by the community, but there had been substantial work and cost savings the tribe had borne on behalf of the state for the past 16 years.

Representative Wool believed Mr. Binder had identified only one airport run by a village. He believed that out of 237 state airports, some were run by communities, but they were on the road system in places such as Nenana and Kenai. He referenced that the amendment would direct \$90,000 to DOT for management of the village airport. He remarked that the funding was not sufficient to buy equipment or fix lights. He supported the concept but did not understand how the money would be used. He asked if there had been functioning lights prior to the temporary battery lights. He thought it sounded like a fairly busy airport.

Representative Zulkosky deferred the questions to Mr. Binder.

Mr. Binder confirmed that the Kwinhagak airport had an operational lighting system that was no longer functional. He detailed that the standard lighting system had in-ground cables hooked to the city supply or ran off of a generator. The emergency lights could be set out for illumination on an as-needed basis.

[10:46:52 AM](#)

Representative Zulkosky replied to Representative Wool's second question about how the dollars would be used. She detailed that in a February 19 meeting with DOT leadership, the department had indicated that adding an appropriation to the operating budget would likely ease the conversations and potentially help jump start the efforts around the reacquisition of the airport on behalf of the tribe. She understood it was a complex process for DOT to have to make numerous considerations, particularly given the status of the runway and the additional cost; however, she believed providing the resources would help DOT meet its mission of keeping Alaska moving through service and infrastructure and would help the department maintain its commitment to rural Alaska as well.

[10:48:02 AM](#)

AT EASE

[10:56:48 AM](#)

RECONVENED

Co-Chair Foster asked people to consider the meeting time. He reviewed the remaining amendments.

Representative Carpenter and Representative Sullivan-Leonard MAINTAINED the OBJECTION.

A roll call vote was taken on the motion to adopt Amendment H DOT 1.

IN FAVOR: Josephson, Knopp, LeBon, Ortiz, Wool, Foster, Johnston

OPPOSED: Sullivan-Leonard, Tilton, Carpenter, Merrick

The MOTION PASSED (7/4). There being NO further OBJECTION, Amendment H DOT 1 was ADOPTED.

[10:59:05 AM](#)

Representative Josephson MOVED to ADOPT Amendment H DOT 2 (copy on file):

Highways, Aviation and Facilities  
H DOT 2 - Funding for Management of the Napaimute Ice Road  
1004 Gen Fund (UGF) 50.0

Co-Chair Johnston OBJECTED for discussion.

Representative Josephson shared that he had not been to Kwinhagak, but he had spent three years in the mid-Kuskokwim and was familiar with the issue. He explained the amendment with a prepared statement:

The amendment would provide \$50,000 in one-time funding for maintenance of the Kuskokwim Ice Road, which runs about 355 miles from Tuntutuliak to Sleetmute, connecting 11,000 people in more than 15 communities. Federal transportation money from Napaimute provided minimal maintenance support. This is inadequate to cover all expenses. The Native Village of Napaimute uses all of its federal tribal transportation dollars to plow and maintain the drivability of the Kuskokwim River. This amendment would ease transportation of goods and people during the winter. The ice roads are used by vehicles.

Representative Josephson explained that the ice on the river was plowed down the center for vehicle traffic. He elaborated that troopers used the road during inclement flying conditions. Additionally, people traveled between communities for things like the Cama-i festival in Bethel. The state currently provided a \$50,000 appropriation to the Northwest Arctic Borough to maintain ice roads between Kotzebue, Kiana, and Noorvik. He noted that the amendment included a comparable appropriation.

Co-Chair Johnston WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment H DOT 2 was ADOPTED.

11:01:30 AM

Representative Carpenter MOVED to ADOPT Amendments H VRS 1, H VRS 2, and H VRS 3 (copy on file):

Various

H VRS 1 - 2% Reduction to the personal services line  
in the Executive Branch  
1178 temp code (UGF) -48,082.2

Various

H VRS 2 - 2% reduction to the personal services line  
in the Legislative Branch  
1178 temp code (UGF) -1,048.9

Various

H VRS 3 - 2% Reduction to the personal services line  
in the Judicial Branch  
1178 temp code (UGF) -1,723.5

Co-Chair Johnston OBJECTED for discussion.

Representative Carpenter stated there was a situation with the budget that would remove portions of Alaskans' Permanent Fund Dividend (PFD) to pay for state spending. He stressed that reducing the formulaic cost of government growth was needed and presented a challenge. He estimated the budget would be close to \$13 billion in a decade if the state spending growth was not constrained. He stated that no Alaskan wanted a \$13 billion budget because it would mean additional taxes and a lower standard of living. The

amendments acknowledged that while the private sector would continue to take a hit with a reduced PFD, the public sector would also have some skin in the game. The amendment would decrease state salaries by 2 percent and state spending by about \$50 million. He did not believe it was too much to ask for state workers to pay for some of the cost of reducing the budget, just like the private sector was paying as well.

[11:04:07 AM](#)

Representative Knopp opposed the amendment. He thought he could have supported Amendment VRS 1 on its own. The previous year he had asked the administration to take a look at around 90 commissioner and deputy director positions throughout the state. He had never heard anything back on the positions. He noted there were many duplications where some departments had two or three director positions. He had received no feedback from the administration on his request. He was frustrated that the public thought it was the legislature's responsibility to broadly reduce appropriations. Whereas, he believed the governor's office should look at departments to find efficiencies.

Representative Knopp expressed additional frustration that the administration never looked at the top levels of the organizational charts when considering places to cut. For example, cuts were targeted at people like DOT road maintenance workers and equipment operators. He cited a reduction of seven to nine positions in Department of Labor and Workforce Development as another example. He found it frustrating that cuts always began in the bottom tiers and never at the top. He could have likely supported the first amendment but did not support the other two.

[11:05:45 AM](#)

Co-Chair Johnston believed all of the committee members had been on a subcommittee responsible for reviewing the budget for the executive and/or judicial branches. She was concerned that the reduction was unallocated. She would have been more interested in the idea of locating 2 percent cuts if it had been done at a departmental level that committee members had participated in. She responded to Representative Knopp and explained that in one of her subcommittees they had denied a request to increase the top

level by adding a deputy commissioner position. She believed it was the kind of discussion that was needed, which was much more thorough than an unallocated cut like the one proposed in the amendments.

Co-Chair Johnston relayed that the previous year the legislature had discussions to cut from the legislative branch. She detailed that one of the concerns had been that because the year had been so contentious, they did not know the number of times they would return to the Capitol Building and the associated cost. She believed they had all participated in the cost. She hoped the current year would not be the same, but it was not yet known. She highlighted that the judicial branch had been very proactive in trying to cut its budget. She explained there had been a point where even the governor had been asking the judicial branch to increase its budget because of the backlog.

Co-Chair Johnston thought the amendments were counterintuitive. She stated the amendments represented the kind of budget she abhorred. She stressed that the legislature was there to do its work thoroughly. She stated that when the legislature could not find the cuts and directed state entities to find the cuts it was kind of like saying, "I want to cut the budget, but I want to cut your budget." She was not disparaging the amendment sponsor, but she believed the legislature needed to do the work and be responsible. She underscored the necessity of having the tough conversations. She did not support making broad-based cuts.

[11:09:03 AM](#)

Representative Sullivan-Leonard also felt the judicial branch had made significant reductions in its budget and had been the most accountable in her mind. She appreciated the amendment sponsor's effort towards fiscal discipline. She stated that the legislature had been given a flat, status quo budget and she had been hoping to see more reductions in the governor's budget. She asked why there had not been a pay, hiring, or travel freeze. She wondered why there had not been an attempt to put downward pressure on the budget overall. She acknowledged that they had worked on the issue in the committee process; however, she believed the discipline seemed to be a challenge across the board. She supported the amendment and noted the reduction was not that large when looking at the overall budget. She

had been hoping for a stronger fiscal path coming from the administration. She agreed that the responsibility was in the legislature's lap, but she believed there needed to be a stronger attempt at reducing the overall budget.

[11:10:46 AM](#)

Representative Josephson opposed the amendments. He reported that the operating budget had been cut over \$1.1 billion since FY 15 or about 24 cents on the dollar. He stated that the governor's attempt to overcut in the previous year had drawn a visceral and intense reaction from the public. He specified that the governor had responded with the FY 21 budget, which was a reflection that he could not come up with the cuts. He believed some exempt salaries could be cut. He reasoned that if he were offered a deputy commissioner position at a salary of \$190,000 and it was cut to \$150,000, it would still be a workable situation. He had been astounded at some of those [salaries]. He did not feel that way about the presiding officer of Alaska Gasline Development Corporation (AGDC), the University of Alaska, Alaska Housing Finance Corporation (AHFC), or the Alaska Mental Health Trust Authority (AMHTA). The jobs were competitive, and it was necessary to pay good salaries.

Representative Josephson thought if someone were looking for a colleague to look at the exempt salaries question - the top echelon, not the assistant attorney general positions - it was something he would look at. He associated himself with Co-Chair Johnston's remarks.

[11:13:11 AM](#)

Representative Carpenter provided wrap up on the amendment. He stated that the issue was a policy call from the legislature directing departments and all government branches to process a 2 percent pay cut for all employees. He explained that the amendments were a recognition of the state's fiscal condition. He did not believe a more robust discussion was necessary. He highlighted that the state had been in a recession since he had moved back to Alaska in 2013. He stressed that the private sector had lost jobs and taken pay cuts, while public sector employees received automatic pay raises.

Representative Carpenter emphasized it was a policy call for the legislature to determine that 2 percent was not too much to ask under the existing fiscal conditions. He stressed that the legislature had done nothing to reduce the costs of personal pay. He underscored that the legislature and the executive branch were not discussing the issue. He stated that public employees were treated differently than private sector employees through the recession. He stated the amendments were an acknowledgement that the public looked to the legislature and wondered why it was not constraining government spending when the private sector had to make do with less. He asked if committee members would view the amendment differently if it included language specifying it was the legislature's intent that all branches of the government take a 2 percent pay reduction in acknowledgement of the state's fiscal situation.

Representative Carpenter MOVED to AMEND Amendments H VRS 1, H VRS 2, and H VRS 3 to include intent language that the executive, judicial, and legislative branches take a 2 percent pay cut in recognition of the state's financial situation.

Co-Chair Johnston OBJECTED. She asked whether there were some bargaining units that would be impacted by the proposal to reduce pay by 2 percent across the board.

Representative Sullivan-Leonard asked to hear from the Office of Management and Budget (OMB).

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, stated his understanding that Co-Chair Johnston was asking whether a 2 percent pay reduction could be implemented under the terms of the collective bargaining agreements.

Co-Chair Johnston agreed.

Mr. Steininger relayed that salary schedules set for state employees were covered and set by collective bargaining agreements. He elaborated that a 2 percent pay reduction would have to be bargained with the bargaining units. He explained that the impact of the amendments would mean that a 2 percent reduction would be achieved through adjustments in the way agencies implemented their budgets.

Co-Chair Johnston imagined that there were some bargaining agreements currently in the negotiation process, while others had been signed. She asked for verification there would be an issue of reopening agreements that had already been agreed to. Additionally, departments would have to find another way to meet the 2 percent cut other than to cut bargaining agreement salaries. She surmised that departments may have to find some other unallocated cut.

Mr. Steininger replied in the affirmative. The bargaining unit agreements were staggered in the terms covered. He explained that the bargaining units were not all currently open for bargaining.

[11:18:42 AM](#)

Co-Chair Johnston stated that while she appreciated the intent and discussion, she believed the action needed to come earlier on in the budget discussion in a more thoughtful way with direction within different departments.

Representative LeBon referenced previous comments from the representative from Kenai related to what the private sector would do under "this type of condition." He noted he had some experience in the specific area. He considered his banking days and recalled that between 1986 and 1990, the state had gone through a very difficult economic period. During that time, the banking industry had lost about half of its members.

Representative LeBon shared that he had been fortunate to work for the largest bank in the state during that period; the bank had been in the position to weather the storm and had purchased four of the failed banks from the FDIC [Federal Deposit Insurance Corporation]. Within a 45 day period, the NBA [National Bank of Alaska] had doubled its assets from \$1 billion to \$2 billion due to the acquisition of the failed banks. During the time, the bank management had made the decision to scale back due to the economic conditions. The bank had set a goal of reducing employment by 10 percent in a calendar year. The effort had been done through attrition - no one had lost their job or received a pay cut. The bank had known that telling employees their pay would be cut by 5 percent targeted the most productive employees and treated them as if they were the least productive. He explained that an across the board decision of that nature was very dangerous for the private sector to

make. The bank had known not to make the decision; however, it did scale back. He reported that he had worked in the lending department in Fairbanks and had hoped for the next year that no one would leave. He had been motivated to be on good behavior with his employees because he did not want anyone to leave.

Representative Knopp relayed that adding the proposed intent language to Amendments H VRS 1, H VRS 2, and H VRS 3 to did not do anything to change his view on the amendments. He highlighted that the original amendments clearly identified that a 2 percent reduction would be taken from the personal services line across all departments. He asked for verification the 2 percent reduction included exempt and non-exempt employees.

Mr. Steininger agreed.

Representative Knopp considered that if the employees represented by a bargaining unit were off the table and not open to negotiation, there was a real possibility the amendment could never be achieved with the remaining employees. He reasoned that it was a real possibility a cut of \$48 million could not be achieved when taking two-thirds of the workforce off the table because they were represented [by a bargaining unit]. He thought the cuts had to come from the personal services line.

Mr. Steininger answered that the reduction could be managed through attrition (by not filling positions for some time). He explained that the reduction would not necessarily come from salary reductions but perhaps the number of positions or other expenditure lines (there was authority to transfer between lines of expenditure). How cuts were achieved would depend on the various departments and divisions.

[11:23:59 AM](#)

Representative Sullivan-Leonard asked if the governor's budget was considered relatively flat. She asked for detail on her comments. She wondered whether the governor's budget had included specific reductions that mirrored Representative Carpenter's amendments.

Mr. Steininger answered that the governor's amended FY 21 budget was roughly \$50 million lower than the FY 20 budget. He explained that in percentage terms, the budget could be

described as flat. He added that the number included supplementals proposed by the governor in FY 21. He clarified that not every program had been proposed as flat. He explained the process included looking at the allocation of resources between the departments. Strategic reductions had been made to certain programs to accommodate natural cost pressures in others.

Co-Chair Johnston stated it had been brought to her attention that a salary schedule was set in statute that would have to be changed. The legislature would have to amend AS 39.27.011, which she did not believe should be done in the budget.

Representative Carpenter provided a scenario where the intent language went forward directing a 2 percent pay cut across the board for all state employees. He asked if the intent would be ignored and the cuts would be addressed in some other way such as through the elimination of jobs.

Mr. Steininger answered that there were other statutes that bound the way the administration would be able to implement the proposed reductions. He detailed that statutes and bargaining agreements that dictated employee pay could not be ignored with the adoption of intent language. There were other mechanisms binding the hands of the administration in terms of how the reduction would be implemented. He explained that the reduction would have to be made through things like turnover and reductions in other line items in the budget.

[11:27:20 AM](#)

Representative Carpenter asked if it was safe to say that it was currently not possible for the legislature to make a reduction to state employee pay across the board to help with the budget crisis.

Mr. Steininger answered, "In short, no."

Representative Carpenter asked if it would matter if he changed the reduction to 1 percent.

Mr. Steininger answered, "No." He explained it was due to existing factors binding the hands of the administration in terms of how the proposed reduction could be implemented.

Representative Carpenter WITHDREW his amendment to Amendments H VRS 1, H VRS 2, and H VRS 3.

[11:28:32 AM](#)

Representative Wool shared that he had been a small business owner for several decades. He always watched the bottom line and when times were tighter, he looked for ways to save money. He acknowledged that labor was the easiest way to save money in many situations. He did not believe cutting wages by a couple percentage points would go over well. He agreed with Representative LeBon who had discussed the use of attrition to save money. He believed the University [of Alaska] also used the method when an employee retired or left - the individuals were not replaced. He considered a \$1 million cut to the legislature. He surmised the \$50 million reflected total personnel costs. He did not know what the total legislature budget was. He thought the discussions should come up and should include the governor's office as well. He would be interested in having the conversations in a more in-depth setting instead of merely cutting off 2 percent "willy-nilly." He thought it was a discussion for another time. He believed it was difficult to address the issue in a 10 to 20 minute section of a finance meeting.

Representative Merrick asked what fund code 1178 was. She noted the code was labeled as "temp code UGF" in the amendment.

Mr. Steininger replied that it was a tracking code used by the Legislative Finance Division for UGF.

Representative Merrick asked if it was the correct code for the amendments proposed by Representative Carpenter.

Mr. Steininger answered in the affirmative.

KELLY CUNNINGHAM, ANALYST, LEGISLATIVE FINANCE DIVISION, answered that there would be so many fund codes that would be impacted by the amendments, it would result in a document of about 200 pages; therefore, a temp code had been used, which was similar to what was done in fiscal notes. She added that the fund code detail would be broken out if the amendments passed.

[11:31:52 AM](#)

Vice-Chair Ortiz agreed with an earlier comment by a committee member from Kenai that the private sector had seen a reduction in employment numbers and positions during the recession. He referred to the Department of Labor and Workforce Development website and noted that the public sector had also seen a great reduction in the number of people working for the state. He detailed that at least 2,100 fewer workers were employed by the state compared to the number of workers in 2015. He pointed out that the reductions also resulted in reductions to the economy, which contributed to the recession.

Representative Wool noted that the University had over 1,000 fewer people working there (500 in Fairbanks alone). He referenced an earlier amendment regarding pay increases for the University. He stated that judiciary and the University had voluntarily taken pay raise freezes - they had opted not to take contractual pay increases. He believed people had shown good intent and willingness to take a hit for several years.

[11:33:54 AM](#)

Representative Carpenter provided wrap up on the amendments. He stated that the simple fact that the subcommittee process had not brought up the issue of pay decreases and/or freezes highlighted the challenge the legislature had with the process. He stated that the University was not implementing pay freezes on its own volition, it was something that had been forced upon it. He stressed that the current conversation highlighted the difficulty for the legislature to reduce personnel costs like any business would choose to do out of necessity. He underscored that if the legislature's intent was to reduce pay by half a percent, it was not possible.

[11:35:19 AM](#)

Co-Chair Johnston MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

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

The MOTION to adopt Amendments H VRS 1, H VRS 2, and H VRS 3 FAILED (4/7).

[11:36:06 AM](#)

Representative Knopp MOVED to ADOPT Amendment H DPS 5 (copy on file):

Statewide Support  
H DPS 5 - Delete Authority to Implement New Anchorage  
Emergency Communications  
Center and Support Staff  
1004 Gen Fund (UGF) -872.8

Co-Chair Johnston OBJECTED for discussion.

Representative Knopp explained the amendment that would put a pause on the proposed 911 dispatch center to be located in Anchorage. He explained that the idea had been proposed about four years earlier in light of all of the changes resulting from SB 91 [crime reform legislation passed in 2016] and HB 49 [crime reform legislation passed in 2019] as part of a public safety action plan. He relayed that the issue had come to him at the eleventh hour and he had received many phone calls on the subject. He had provided a letter to committee members addressed to the governor from various communities dated February 24, 2020 (copy on file). He listed various entities that had signed onto the letter including Mat-Com (the Mat-Su dispatch), Houston Fire and Rescue, the City of Wasilla, City of Ketchikan, City of Houston, Ketchikan Gateway Borough, Wasilla police, Kenai Peninsula Borough, Mat-Su Borough Emergency Services, and various mayors and administrators who had raised concerns about the issue.

Representative Knopp shared that there had been a meeting in his office on Tuesday that included Vice-Chair Ortiz, Representative LeBon, Representative Sullivan-Leonard, the mayor of Wasilla, a Wasilla dispatcher, a member of the governor's office, two members from the Department of Public Safety (including a deputy commissioner), and the former commissioner of the Department of Commerce, Community and Economic Development/former [Kenai] borough mayor Mike Navarre. The primary concern about the dispatch center was that it decentralized and unbundled emergency service 911 calls. He explained that currently 911 calls went to a dispatcher who determined whether the call went

to state troopers, ambulance, or fire. In the case of the Kenai Peninsula Borough, when a call was made from a land line, the system automatically routed it to the appropriate location in the City of Homer, City of Kenai, or the City of Soldotna. He explained that land line calls were not physically picked up - cell phone calls were physically picked up. He noted it was not true for Mat-Su and he could not speak for Ketchikan and Fairbanks.

Representative Knopp explained that the system was trooper-centric and would not dispatch fire, EMS [emergency medical services], or anything else. He elaborated that the new system would create more bureaucracy for municipalities because the emergency 911 surcharge came in via public service answering facilities to cover expenses. Municipalities and boroughs were charged with collecting and administering "that."

Representative Knopp explained that in the case of Soldotna in the Kenai Peninsula Borough, a new communication center had been built in the area several years back. He explained that the borough had built the facility and troopers helped to supply and equip it. The troopers had provided eight PCNs [position control numbers] and the borough had provided an equal number. He noted that the Department of Public Safety (DPS) had only filled five of the positions and the borough had always covered the vacancies by hiring additional dispatchers and with overtime. He did not have information on the issues experienced by Mat-Com or Ketchikan.

Representative Knopp pointed out that if the eight trooper positions were taken out of the borough's dispatch center, the need did not go away because 911 calls would go their first. The borough would have to hire more people to fill the dispatch center. He explained that when a call came in requesting state trooper dispatch, the borough communication center sent the call to Anchorage for response. Under the new system there was uncertainty about whether a call would be sent back to the borough if there was a request for fire or EMS in addition to troopers. He relayed that the proposed center would not deal with anything unrelated to the troopers. He elucidated that the proposed system unbundled what had always been done. He explained that the existing system worked very well.

Representative Knopp believed the situation was happening because of contractual issues with other organizations. He shared that the DPS deputy commissioner had reported the proposed center would allow the department to collect and own its own data including response times and calls. He was requesting to slow the project down by defunding the positions given the substantial concern surrounding the center. He believed the concerns should be discussed and the administration should be given time to thoroughly vet the project. He highlighted that the first phase of the project was estimated at \$9.5 million in the capital budget. He detailed that \$3.5 million had been appropriated in the previous year's capital budget and approximately \$4.5 million came from Alaska Industrial Development and Export Authority (AIDEA) funds. The first phase of the project remained short funded by approximately \$1.1 million.

Representative Knopp noted the numbers were not in for the second phase. He urged support for the amendment, which would enable time for conversations to take place. He highlighted that the deputy commissioner had shared that the project was about 65 percent underway - architectural designs had just been completed and the department was working on getting out an RFP. He stated that the functionality of the proposed center was a long way off, although he believed the department's goal was summer of 2021.

[11:44:17 AM](#)

Representative LeBon shared that he had chaired the DPS subcommittee. He appreciated the work done by the amendment sponsor to bring stakeholders together. He relayed that he, Representative Knopp, Vice-Chair Ortiz, and Representative Sullivan-Leonard had met to try to understand the complex topic. He stated his intent to make several comments and propose an amendment to Amendment H DPS 5. He remarked that existing 911 jurisdictions would continue to receive 911 calls within their boundaries. He elaborated that the two DPS emergency communication centers (one in Fairbanks), could individually support DPS operations statewide as well as answering 911 calls from rural and unorganized areas without 911 programs or 24-hour dispatch facilities. He noted that communities were not all fortunate enough to have a local dispatch facility.

Representative LeBon expounded that DPS centers would be secondary to established 911 jurisdictions and would receive transfers/calls from other primary public safety answering points (PSAPs). He stated there was an effort to improve the overall 911 response statewide. He believed the initial goal of the project was to move forward to an Anchorage communications center, modeled somewhat after the Fairbanks communications center. He shared that the Fairbanks center was effective, operational, and meeting expectations to the point where it supported Ketchikan and Kodiak on a regular basis. He reported that the relationship between the City of Fairbanks, City of North Pole, the Fairbanks North Star Borough, and DPS was tight, effective, and successful. He knew all of the players including the trooper captain in Fairbanks and was confident that he would have heard about any unresolved issues. He wanted to talk about a pathway forward. He shared that during the meeting in Representative Knopp's office they had heard from stakeholders. He referenced the letter addressed to the governor from stakeholders [dated February 24, 2020 (copy on file)]. He read from the last paragraph of the letter:

Combined opposition to the construction and implementation of the Anchorage Emergency Communications Center under the management of the Department of Public Safety has been resounded from the Mayors of the City of Wasilla, City of Houston, Kenai Peninsula Borough, Mat-Su Borough Emergency Services, Ketchikan Gateway Borough, City of Ketchikan, Mat-com Public Safety Dispatch, and Soldotna Public Safety Communications Center. State representatives and Senators for their respective communities are also disheartened to hear of these proceedings on behalf of their constituents. Combined professional experience and subject matter expertise of this level must be heavily weighed and valued on a matter that will negatively affect the emergency call processing for hundreds of thousands of people.

Representative LeBon suggested that "this well has been poisoned." He had heard from the DPS commissioner that when Commissioner Amanda Price had taken office, she had slowed the project down to work with stakeholders to resolve issues and concerns. He had initially heard about the primary concern related to the loss of positions during the budget process at the subcommittee level. He understood

that no one wanted to lose positions. He referenced Representative Wool's earlier point that the University of Alaska - Fairbanks had lost numerous positions in the past few years, which he did not like, but things happen and "we move forward."

Representative LeBon was concerned that the ability for the stakeholders to meet with DPS and resolve issues was unlikely to happen. He believed the issue had become a "goat rope." The amendment he planned to propose was aimed at finding a middle ground. He referenced an article in that day's Fairbanks Daily Newsminer about a swearing in of students at Lathrop High School conducted by a colonel in the space station. He detailed that the ceremony had been for students nationwide. He expounded that the photo in the paper showed students from Los Angeles and Dallas who were being sworn into military service. He explained that during the meeting in Representative Knopp's office, the attendees had heard about telecommunication issues. It had been suggested that DPS would be incapable of dispatching emergency services from Anchorage to Palmer because dispatching trooper, police, fire, and ambulance would overwhelm the system. He had never heard about the issue in Fairbanks. He stressed that the process had reached a point where he was concerned about the ability for stakeholders and the department to work together to resolve the issues.

[11:52:00 AM](#)

Representative LeBon MOVED to ADOPT Conceptual Amendment 1 to Amendment H DPS 5 to decrease the reduction from \$872,300 [\$872,800] and seven positions to \$489,000 and four positions. The amendment would restore the three IT positions associated with the Anchorage Emergency Communications Center to allow the department to continue moving forward on setting up the center, which he believed needed some support.

Vice-Chair Ortiz OBJECTED.

Representative Knopp agreed that communications and user groups had been contentious. He believed the issue had been more about contractual issues, which had not been resolved. He remarked that he had eluded to the fact that there were issues with public safety and willingness to negotiate. He shared that he had served under three mayors [in Kenai] and all three administrations had sent memorandums of

understanding to DPS, which had never received responses or been updated since the 911 center had been built. He continued that DPS had not been accommodating or willing to entertain some of the discussions. He could not speak to any of the issues DPS had with other contracts. He stated that the Mayor [Bert] Cottle of Wasilla and former [Kenai] mayor Mike Navarre had been clear that the issue was not about positions but about the loss of service and decoupling services and dispatchers. He referenced a statement by Representative LeBon regarding a call overwhelming the system. He did not know if it would overwhelm the system, but the trooper dispatch in Anchorage would not dispatch fire and EMS services. He believed there had been talk about requiring the dispatcher to stay on the line during each call as it was transferred back and forth, which was cumbersome. He stated that more conversation was needed regarding how the proposed system would work.

Representative Knopp highlighted that in the past in rural Alaska it had been necessary to dial an 800 number to reach 911 services. At one point he thought the issue would be addressed through the new 911 system; however, he noted it had always been a provider issue and not a 911 issue. He stated his understanding that the situation had been resolved and it was possible to dial 911 from anywhere; the call may still be routed through an 800 number to reach its destination in some cases. He stated it was no longer necessary to remember an 800 number in rural Alaska to reach emergency dispatchers. There had also been discussion about the location of dropped calls and related concern about the placement of cell towers and triangulation and how it had to be done. He asked Representative LeBon if it was his understanding the specific issue had been resolved.

Representative LeBon nodded his understanding.

Representative Knopp continued that there had been improvement, but some issues with the specific topic still existed. He did not support the amendment to Amendment H DPS 5 because IT people had looked at the issue (including IT staff at the borough, Mat-Su, and DPS) numerous times. He did not believe the project should move forward until all of the issues were resolved. He wondered whether decoupling dispatch services was the smart way to go. He thought it appeared to be cumbersome. He did not believe the fact that contracts or negotiations could not

be improved or negotiated was a good reason to replace the existing system that was functioning well.

11:56:38 AM

Co-Chair Foster recognized Representative Steve Thompson in the audience.

Representative Wool remarked that he would not attempt to pretend he understood the topic given its complexity and the numerous documents committee members had received that day that took different positions. He directed a question to Representative LeBon and noted that Fairbanks was not mentioned in the number of communities at the end of the letter [to the governor dated February 24, 2020 (copy on file)]. He listed various communities that had signed the letter. He referenced Representative LeBon's statement that Fairbanks had a well-functioning call center. He asked if everyone in the Fairbanks area, including North Pole, City of Fairbanks, and the Borough of Fairbanks, was routed through the call center. He wondered if fire or EMT services were rerouted somewhere else.

Representative LeBon replied that in Fairbanks 911 calls were routed into the City of Fairbanks. He explained that the initial conversation on a call was about the nature of the emergency, and the center had the ability to determine where a call was coming from in urban areas. He noted it was not the case for rural areas - there were fewer towers to pick up cell phone activity. He detailed that after determining the nature of the emergency, if needed the call was transferred to the emergency communications center while the dispatcher remained on the line. At that point it would be a three-way call. He elaborated that the Fairbanks dispatch would remain on the call for as long as necessary. He explained there may be a need to dispatch a trooper, an ambulance and/or fire truck, which may require joint participation between the two centers. He relayed that if a call to the City of Fairbanks' center could be handled by a city asset it would not go out to the trooper communications center on Peger Road.

11:59:56 AM

Representative Wool asked about a similar situation taking place in Kenai. He asked if the call would go locally first and then get sent to a call center, depending on the

circumstances. He asked if the proposal was to route all incoming calls through the call center in Anchorage. He used making a call to Alaska Airlines as an example, where the call was routed to various locations.

Representative Knopp answered that the calls would never and should never all route through Anchorage. He stated it would be foolish to put a centralized dispatch center in one location, especially a location subject to earthquakes. He detailed that trooper calls on the Kenai Peninsula that were automatically routed to the Public Safety Answering Points (PSAP) facility would be transferred to Anchorage for trooper dispatch. He was uncertain whether the Kenai dispatcher would have to remain on the call. He explained that the Anchorage center would not dispatch other emergency services - the call would have to be transferred back to Soldotna to be dispatched. He believed questions needed to be answered related to the process. He stressed that the new center would not improve the service.

Representative Knopp relayed that two things had come out of their meeting in Anchorage. He explained that there were parts of rural Alaska that did not go to a PSAP that eventually the enhanced 911 would cover. He elaborated that the system would only cover 20 percent of the population in unorganized boroughs south of the Brooks Range - calls would be routed to the PSAP facility in Anchorage. He noted he had not seen the lines and maps that had been drawn. He stated that the system would decouple hundreds of thousands of people in urban Alaska including Mat-Su, Kenai, and central Fairbanks. He relayed there was some thought that the process could have been sent to the current facility in Fairbanks instead of a PSAP facility in Anchorage. The big driver of the project was for DPS to have its own records management system and own its data collection. He shared that Mat-Com had reported the information was currently sent to the department on a weekly basis and the data could be sent daily if requested. He explained that the information was sent to the department weekly instead of immediately.

[12:04:05 PM](#)

Co-Chair Foster recognized Representative Jonathan Kreiss-Tomkins in the audience.

Representative LeBon clarified that the initial dispatcher did not hang up and would not hang up in Fairbanks or Anchorage. He explained that the initial dispatcher may be released if the call was for troopers only and did not require fire, ambulance, and other services. He added that in rural Alaska, the Fairbanks and Anchorage centers would support each other. He detailed that a rural originating call would go to those centers first. He referenced the concern voiced in a meeting that the center could be overwhelmed. He explained that the two centers supported each other for public safety purposes. The ultimate goal was for improved public safety statewide. The hope was for DPS and affected boroughs to work together for the common goal.

[12:05:33 PM](#)

Co-Chair Johnston recalled a situation when she had called 911 from the backside of Flattop Mountain [in Anchorage] for an injured friend and the call had gone to Soldotna. She appreciated Representative LeBon's comments about technology. She asked how much had been spent on the project to date.

Representative LeBon referred to the earlier statement that the state was 65 percent into the project. He detailed that the project had been launched under the previous administration before several current committee members had become legislators. The previous fiscal year the commissioner had mentioned the project and had expressed concern about its pace moving forward. The commissioner had mentioned the brakes were being tapped on the project to take a deeper dive. He shared it had been suggested that another deeper dive was necessary for functionality purposes and to ensure financial resources were available. He believed the second deep dive would result in an exploration of the financial aspects as well.

Representative Knopp referenced the capital appropriation from the previous year that included the estimated project cost. He detailed that the remodel construction cost was \$600,000, the dispatch furnishing was \$735,000, computer aided dispatch was \$1.2 million, 911 call answering software was \$6 million, and mapping location software was \$1 million, for a total of \$9,535,000. He was unsure what had been spent to date. The deputy commissioner had reported the project was at about 65 percent and the

architectural design had just been completed. He added that the deputy commissioner had relayed that the department had recently identified the building that would be used (located next to the building the department was currently using). He stated that some people believed the cart had been put before the horse in the project. He reasoned that if architectural design had just been completed, the remodels and construction had not yet been done. He believed the project was a long way from IT staff doing anything substantial because the building would have to be renovated. He believed the department had mentioned it was getting ready to go out to RFP.

[12:09:21 PM](#)

Co-Chair Johnston remarked that she could see where IT could be helpful in the discussion in terms of identifying IT capital and programming that was needed to go along with the architectural design. She supported the amendment to the amendment.

Vice-Chair Ortiz clarified that the 65 percent was on the engineering phase and not 65 percent of the total project cost. He referenced all of the discussion that had taken place thus far about the impacts, the 911 dispatch, and other associated items. He explained it was a different set of circumstances with every center. He noted the current conversation had highlighted many of the impacts on Kenai. He stressed that the way a 911 call was routed and dispatched was significantly different in his district as well. He agreed that the breaks had been applied to the project by the incoming [now current] administration; however, there had been little to no engagement with telecoms and different communities involved. He noted there had been no engagement by the administration in his district. He explained that while the breaks had been put on the system, the time had not been used for a deeper dive.

[12:11:29 PM](#)

Representative Josephson asked what specific document Representative Knopp had read from.

Representative Knopp answered that he had read from the legislative capital budget project detail for 2018 pertaining to the particular project.

Representative Wool stated his understanding of the amendment. He stated that the committee had heard that in the past it had been necessary to dial an 800 number to access 911 in rural Alaska, which was no longer the case. The committee had heard that in non-rural Alaska it was easy to identify a caller's location. He stated there was a call center in Fairbanks and other PSAP centers. He asked if the project's goal was to increase efficiencies, use less labor, and have fewer dropped calls. He asked if there was a major problem other than the location and 800 number that seemed to be somewhat resolved. He wondered about the major expected outcome from the project that would improve call time, call response, call coordination, or labor savings resulting for a slightly more centralized location.

Representative Knopp responded that he had heard in his meeting with the department that DPS wanted to own its data. He explained that the issue was about the data collection and GIS [geographical information system] records management system. The question was whether the project should move forward currently. He found it concerning that Commissioner Price had not known she had employees on the [Kenai] Peninsula. He did not know how deep the dive had been. He stated that the governor's office was not intimately familiar with the project either, which was the reason he was asking the administration to slow the project down and take a deeper look. He stated the question was up to the committee to determine whether the project was ready to move forward or not.

[12:14:42 PM](#)

Representative LeBon remarked that the data collection piece was important. He stated that the communications center and upgraded technology in Anchorage and Fairbanks would enhance data collection. He explained that data collection was important because the state tracked crime statistics carefully. He elaborated that the transfer of data was still done by paper and written reports. He detailed that when the written report was received, the receiving agency had to input the data a second time. He believed that was a method of the past. Data collection was another important benefit of the communications center.

[12:15:47 PM](#)

Vice-Chair Ortiz spoke to the overall amendment offered by Representative Knopp [Amendment H DPS 5]. He believed Representative Wool had asked if the proposed emergency communications center would decrease spending. He reported that the center would not result in decreased spending. He elucidated that there would be a collection of PCNs from locations such as his district. The money that Representative Knopp's amendment was looking to delete was for seven new positions added on to the positions collected from other areas around the state. There would be a cost increase if the project moved forward.

Representative Merrick thought the committee was sending mixed messages. She stated that the legislature had communicated that it wanted DPS to focus on rural public safety. She stated that the new communications center would increase public safety access in rural Alaska. She noted the communities that had signed onto the letter all stood to lose positions or revenue through contracts.

Representative Knopp remarked that the center may eventually result in 911 calls getting through slightly quicker; however, response times would not change. He highlighted that the committee had not discussed all of the work dispatchers did behind the scenes. He detailed that when a trooper was connected to the Alaska Land Mobile Radio System (ALMR) system, dispatchers could look for records requests, court documents, and any warrants, which all occurred behind the scenes. He was uncertain whether the proposed centralized trooper dispatch in Anchorage would handle all of that work. He pointed out that everyone was currently connected in the ALMR system. He questioned whether local dispatchers would continue to have that responsibility.

Representative Knopp highlighted that the committee had not talked about the funding in Vice-Chair Ortiz's test audit. He stated that currently the 911 surcharge used to manage PSAPs was approximately \$30 million collected annually. He explained it was only available for boroughs and not the state. He detailed it would be necessary to come up with a funding mechanism after the center was constructed to fund the additional positions and operate the facility.

Vice-Chair Ortiz responded to comments by Representative Merrick. He stated that if the project would go to fruition it would likely improve the 911 response in rural Alaska;

however, there was no data showing it would improve 911 response throughout the entire state. He believed there would be a decreased 911 response for areas currently operating efficiently.

12:20:25 PM

Representative LeBon stated that DPS had suggested the net cost would decrease because of contracts with different groups like Mat-Com. He explained that money from the contracts would be saved and available to support the communications center in Anchorage or Fairbanks. He believed the fiscal note showed the project would not result in a spike in the department's spending.

Co-Chair Foster asked Representative LeBon to restate Conceptual Amendment 1 to Amendment H DPS 5.

Representative LeBon explained that the amendment to Amendment H DPS 5 would change the decrement from \$872,800 and seven positions to \$489,000 and four positions. The amendment would restore funding for the three IT positions associated with the Anchorage Emergency Communications Center and would allow the department to continue moving forward on the project.

Vice-Chair Ortiz MAINTAINED his OBJECTION.

Representative LeBon provided wrap up on the amendment. He stated that the department had a priority to open the new emergency communications center by July 2021. Given the timeframe, he believed there was time to work on the issue collectively as a community. The department had indicated a commitment to move forward, but it wanted to work with the affected communities. He found the amendment to be a reasonable compromise that attempted to allow the project to move forward at a measured pace that worked for everyone.

A roll call vote was taken on the motion to amend Amendment H DPS 5.

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

The MOTION to adopt Conceptual Amendment 1 to Amendment H DPS 5 FAILED (5/6).

Representative Wool stated that he did not have significant clarity on the topic. He believed the issue could be the subject of a meeting on its own. He thought it sounded like an IT problem more than anything. He likened the issue to installing wiring in a new home for a speaker system but then purchasing a blue tooth speaker. He pointed out that under the scenario, the original wiring was a waste. He did not want the same to be true in the case of the emergency communications center. He did not have sufficient data on the issue.

[12:24:50 PM](#)

Representative Sullivan-Leonard thanked Representative Knopp for offering Amendment H DPS 5. She shared that there had been many discussions about dispatch and E-911 work behind the scenes. She relayed that the Mat-Com system in the Mat-Su Valley was a long time project she had worked on beginning in 2001 when she was on city council. She detailed that the system worked well and handled fire, EMS, police, and trooper calls for a population base of 108,000. She believed the consolidation effort was trying to fix a problem that was nonexistent in her region. She supported putting the project on hold to determine whether there were cost savings and efficiencies involved. She noted the answers had not been provided as of yet. She supported the amendment.

Representative LeBon opposed the amendment. He shared that the subcommittee had met with DPS on several occasions to discuss the topic and he had learned more about it than he ever thought he would. He was pleased to have learned more about the issue, an issue that was important to the future of public safety statewide. He noted he had only recently become aware of some disagreements between Mat-Com and DPS; however, he felt the department had made a strong case that consolidating DPS dispatching resources in-house would minimize data entry costs, which would bring greater efficiency and increase capabilities to provide public safety resources to all Alaskans. The department had attempted to prove it had the capability to dispatch resources across the state from distant locations because it was doing so out of its facility off Peger Road in

Fairbanks and had been doing so for years; the dispatch service included Ketchikan and Kodiak.

Representative LeBon highlighted that there was a redundant fiber optic cable between Fairbanks and Anchorage that routed around the North Slope as well as microwave communication technology, all of which provided sufficient backup in the case of natural disaster along the Parks or Richardson Highways. He stated that DPS had thought the project through for quite some time and had paused it for a year to continue examination of the issue. He suspected that based on the letter sent to the governor that it may be paused again. He was concerned that the amendment may go too far to pause the project. He thought DPS had received the message and that a deeper dive on the project would take place.

Representative Knopp provided wrap up on the amendment. He agreed with Representative LeBon and Co-Chair Johnston that at some point technology would change enough that the situation would be a non-issue; however, he did not believe that time had come. He addressed the cost aspect and relayed that there were two phases to the project. He detailed that the second phase did not yet have a dollar amount determined. He explained that if the package were bundled and all emergency services were dispatched from the one location, he would agree with Representative LeBon that the department was merely moving forward with technology. He believed Representative Sullivan-Leonard had stated it well by saying there was simply not an issue and that the project would divide a system that was currently working well.

Representative Knopp reasoned that the project would not result in fewer positions - dispatch positions had to be filled. He believed the project would create more expense for communities and the state by doubling up on duties because one entity did not want to dispatch for another one. He stated that the system had worked extremely well for the 40 years he had been in Alaska. He pointed out that currently there were some occasions where DPS had to dispatch troopers via the Juneau Police Department. He highlighted that the project had originated under the previous administration and the new administration had not had time to scrutinize the issue in the past 1.5 years. He noted that a deep dive on the project had been proposed in the past, but he did not believe it had ever occurred. He

did not support disrupting a system that was working well. He reported that people who had spoken about the project had shared that the issue was not about positions, but about the disruption of service, which was the big concern.

Representative Knopp relayed that a spokesperson from the governor's office had communicated that they had heard the concerns and believed they should be considered. The administration had not yet had time to meet with all of the departments. He believed the administration thought the concerns were valid and should be resolved. He requested more time for the administration to come back with a stronger recommendation and more detail on the project cost and how it would work. He thought perhaps there would be an opportunity to work out any possible contractual issues.

[12:31:17 PM](#)

Co-Chair Johnston MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Carpenter, Josephson, Knopp, Ortiz, Sullivan-Leonard, Tilton, Wool

OPPOSED: LeBon, Merrick, Foster, Johnston

The MOTION PASSED (7/4). There being NO further OBJECTION, Amendment H DPS 5 was ADOPTED.

[12:32:19 PM](#)

Co-Chair Johnston MOVED to ADOPT Amendment H HSS 5 (copy on file):

Department: Education and Early Development  
Appropriation: Education Support and Administrative Services

Allocation: Early Learning Coordination

TRANSFER: Transfer Parents as Teachers program to the Department of Health and Social Services, Public Health appropriation, Women, Children and Family Health allocation.

EXPLANATION: This amendment corrects duplicative appropriations.

Department: Health and Social Services

Appropriation: Public Health  
Allocation: Women, Children, and Family Health

ADD WORDAGE: It is the intent of the legislature that the Department of Health and Social Services provide a report to the Department of Education and Early Development by January 15, 2021, which includes the following information: all funds distributed; the number of children and families served; and the regional distribution of funds. A copy of the report shall be provided to the co-chairs of the finance committees and the Legislative Finance Division.

Co-Chair Foster OBJECTED for discussion.

Co-Chair Johnston explained that currently the Parents as Teachers program was in the Department of Health and Social Services (DHSS) and Department of Education and Early Development (DEED). The technical amendment would put the program under DHSS only. She shared DHSS had been managing the grant since 2018. She understood the need for DEED to have a part of the program. She read from the amendment explanation:

It is the intent of the legislature that the Department of Health and Social Services provide a report to the Department of Education and Early Development by January 15, 2021, which includes the following information: all funds distributed; the number of children and families served; and the regional distribution of funds. A copy of the report shall be provided to the co-chairs of the finance committees and the Legislative Finance Division.

Co-Chair Johnston shared it was her intent that the technical amendment please all parties without disruption to Parents as Teachers currently being held under DHSS, while understanding it is an education program.

Co-Chair Foster stated his understanding of the amendment. He believed the governor had moved Parents as Teachers from DEED to DHSS and the subcommittees had accepted the transfer. However, the program had been left in the DEED budget and it was necessary to pick one location.

Co-Chair Johnston agreed.

Co-Chair Foster WITHDREW his OBJECTION.

12:35:02 PM

Representative Carpenter referenced the report coming back to the legislature. He wondered why the committee would not include effectiveness measures in the reporting requirement. He asked if the amendment sponsor would entertain including the requirement.

Co-Chair Johnston replied that she would be amenable to an amendment.

12:35:51 PM

AT EASE

12:40:56 PM

RECONVENED

Representative Carpenter MOVED to AMEND Amendment H HSS 5. The amendment would delete "; and" between the words "served" and "the" in the add wordage paragraph and would insert a comma. After the word "funds" the amendment would delete a period and insert a comma and the words "and develop measures of effectiveness." He read the proposed change:

It is the intent of the legislature that the Department of Health and Social Services provide a report to the Department of Education and Early Development by January 15, 2021, which includes the following information: all funds distributed; the number of children and families served, the regional distribution of funds, and develop measures of effectiveness. A copy of the report shall be provided to the co-chairs of the finance committees and the Legislative Finance Division.

Vice-Chair Ortiz asked if it would be the intent to have the report done annually. He pointed out that the amendment only read 2021.

Representative Carpenter stated it was a great question. He wanted all departments to report measures of effectiveness annually.

Vice-Chair Ortiz suggested changing the language to annually in place of 2021.

Representative Carpenter proposed inserting the word "annually" before "by January 15" in the intent language.

[12:43:19 PM](#)

Representative Wool asked for verification the requirement would be annual.

Representative Carpenter replied in the affirmative.

Representative Wool noted it was one more annual report required of the department with less funds. He thought the requirement to develop measures of effectiveness annually may be "a bit nebulous."

There being NO OBJECTION, the amendment to Amendment H HSS 5 was ADOPTED.

Co-Chair Foster WITHDREW his OBJECTION to Amendment H HSS 5 as amended.

There being NO further OBJECTION, Amendment H HSS 5 as amended was ADOPTED.

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 schedule for the following meeting.

#

ADJOURNMENT

[12:45:20 PM](#)

The meeting was adjourned at 12:45 p.m.