

SENATE FINANCE COMMITTEE
March 17, 2020
3:03 p.m.

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CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 3:03 p.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Lyman Hoffman
Senator Donny Olson
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Pete Ecklund, Staff, Senator Bert Stedman; Neil Steininger, Director, Office of Management and Budget, Office of the Governor.

PRESENT VIA TELECONFERENCE

Sana Efird, Assistant Commissioner, Department of Health and Social Services

SUMMARY

SB 134 MEDICAID COVERAGE OF LIC. COUNSELORS

SB 134 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1(DHS).

SB 172 EXTENDING THE STATE MEDICAL BOARD

CSSB 172(L&C) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

CSHB 234(FIN)

APPROP:SUPP; REAPPROP; CAP; AMEND; CBR

SCS CSHB 234(FIN) was REPORTED out of committee with a "do pass" recommendation.

#sb134

SENATE BILL NO. 134

"An Act relating to medical assistance reimbursement for the services of licensed professional counselors; and providing for an effective date."

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Co-Chair von Imhof MOVED to report SB 134 out of Committee with individual recommendations and the accompanying fiscal note.

SB 134 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1(DHS).

#sb172

SENATE BILL NO. 172

"An Act extending the termination date of the State Medical Board; and providing for an effective date."

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Senator Wielechowski MOVED to report CSSB 172(L&C) out of Committee with individual recommendations and the accompanying fiscal note.

CSSB 172(L&C) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

#hb234

CS FOR HOUSE BILL NO. 234(FIN)

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

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Co-Chair Stedman relayed that public testimony had been taken on the bill on March 20, 2020.

Co-Chair von Imhof MOVED to ADOPT proposed committee substitute for CSHB 234(FIN), Work Draft 31-GH2200(Caouette, 3/17/20).

Co-Chair Stedman OBJECTED for discussion.

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PETE ECKLUND, STAFF, SENATOR BERT STEDMAN, spoke to the CS Version E. He referenced a two-page report entitle Multi-year Agency Summary - FY 2021 Senate Structure" (copy on file). He drew attention to Colum 9 of report A, which showed the total UGF in bill version E was approximately \$360 million. He turned to Report B, which was an "all funds" report, Column 9 reflected a total of \$612 million in all funds contained in version E.

Mr. Ecklund spoke to the changes from the bill sent over by the other body. He noted that a title change resolution would accompany the bill to the floor as the word "reappropriation" had been removed from the title of the current bill version. He pointed to Page 3, line 9, which showed an increase in Medicaid by \$14 million in UGF and \$17 million in federal funds. He drew attention to Page 8, lines 14 and 15, which reflected a \$150,000 grant to the Alaska Municipal League for rural RealID implementation. He continued to Line 23, and 24, which showed \$900,000 for a Mass Notification System at JBER, which used to be a reappropriation, was removed, and now appeared in the numbers section of the bill. He continued to a dollar amount correction on Page 9; \$398,400 for an Automatic Dependent Surveillance Broadcast System for DPS Aircraft. He continued to Line 8, through 10, which showed \$520,285 for the AHFC Cold Climate Housing Research Center. He turned to Page 12 of the bill, line 10, which reflected

amended intent language pertaining to inflation proofing of the Alaska permanent fund, from eight fiscal years to four.

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Mr. Ecklund addressed Section 8 on page 12, which was a request that had come from the executive branch the previous evening. The funds were referred to as "Ocean Ranger" funds and would be given as grants to port communities to respond to the Covid-19 outbreak.

Mr. Ecklund spoke to a change on Page 13, section 10, lines 5, through 12. Another emergency request from the executive branch:

***Section 10. DEPARTMENT OF HEALTH and SOCIAL SERVICES.**

(a) The amount necessary to cover the cost of responding to and mitigating the risk of a COVID-19 outbreak in the state, not to exceed \$15,000,000, is appropriated from the general fund to the Department of Health and Social Services, division of public health, emergency program, for the fiscal years ending in June 30, 2020, and June 30, 2021.

(b) The amount of federal receipts received during the fiscal year ending June 30, 2020, for Medicaid services, estimated to be \$0, is appropriated to the Department of Health and Social Services, Medicaid services, for the fiscal year ending June 30, 2020.

Mr. Ecklund said that this was open ended federal receipt authority for DHSS to receive and expend fund coming from the federal government.

Mr. Ecklund addressed a change on page 14, lines 24 and 25; which was a \$30 million to the Community Assistance Fund in FY 20. He recalled that in the current fiscal year the \$30 million capitalization appropriation to the fund had been zeroed out, this change would provide a \$30 million payout in FY21. He referenced a report entitled "Community Assistance Payment Comparison - \$20 million to \$30 million" (copy on file).

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Mr. Ecklund addressed changes on page 15 of the bill, in the CBR sections:

***Section 19.** CONSTITUTIONAL BUDGET RESERVE FUND. (a) Deposits in the budget reserve fund (art. IX, sec.17, Constitution of the State of Alaska) for the fiscal year 2020 that are made from subfunds and accounts of the operating general fund by operation of art. IX, sec.17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which those funds were transferred.

(b) If, after the appropriations made in secs. 17(b) and (c), ch.1, SSSLA 2019, the unrestricted state revenue available for appropriation in fiscal year 2020 is insufficient to cover the general fund appropriations that take effect in fiscal year 2020 that are made in this Act, as passed by the Thirty-First Alaska State Legislature in the Second Regular Session and enacted into law, the amount necessary to balance revenue and general fund appropriations that take effect in fiscal year 2020 that are made in this Act, as passed by the Thirty-First Alaska State Legislature in the Second Regular Session and enacted into law, is appropriated to the general fund from the budget reserve fund (art. IX, sec.17, Constitution of the State of Alaska).

Mr. Ecklund explained that of the \$360 million in UGF contained in the bill, \$250 million would apply to what had already been authorized, the CBR vote described in subsection (b) would authorize the expenditure of the total UGF funds.

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Co-Chair Stedman recalled that some of the headroom had been used in the mental health budget bill, and thought the amount was reduced to \$246 million, rather than \$250 million.

Mr. Ecklund concurred.

Mr. Ecklund pointed to contingency language that said that for the CBR section to take effect, the reverse sweep section of the bill must be enacted.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

Co-Chair Stedman requested invited testifiers to the table.

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NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, relayed that his office had sent over amendments the previous day, three of which were related to the COVID-19 virus, and included \$8.5 million for the response efforts for communities impacted by the stifled cruise ship industry, and who relied on the cruise ship head tax. He detailed \$15 million was additional to the \$4 million appropriated in the mental health budget bill, to address response activities being coordinated through the DHSS Emergency Program section. There was an indeterminate amount of federal receipts and open-ended federal appropriation for Medicaid services within DHSS. He reiterated that there was currently a bill at the federal level that would address federal participation in the Medicaid program. The final amendment was to add some additional Judgements and Settlements that had come in since the administration last introduced the supplemental budget.

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Co-Chair Stedman asked whether Mr. Steininger could give a breakdown of the \$15 million for public health emergency programs.

Mr. Steininger detailed that \$2.5 million was for housing of individuals under quarantine, who were otherwise unable to house themselves; the homeless, displaced tourists, and those that had at-risk individuals in their homes that they could not house with directly. He continued that \$3.5 million was for transportation services, for accessing housing and medical transport; Medivac, military transport, or charter flights for rural areas were included. He furthered that there was \$5.5 million for medical and personal protective equipment (PPE) to be supplied to first responders and health care providers. He said that \$500,000 was related to communications and public messaging pertaining to public safety and public health. He relayed that \$1.5 million for the state epidemiology lab for IT systems related to testing, and \$1.5 million for lab

support emergency operations as well as staff in 24-hour facilities. He noted that many of the allocations were subject to change as the Covid-19 pandemic unfolded in the state.

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Co-Chair Stedman agreed that the administration should have the ability to respond to the changing situation. He queried the distribution of the \$8.5 million previously mentioned.

Mr. Steininger explained that the \$8.5 million would go through the Department of Commerce, Community and Economic Development, and as funds were coming through cruise ship head taxes they needed to be related to where passengers landed and to services related to passengers. The administration proposed to distribute the funds where passengers would have landed in coastal communities.

Co-Chair Stedman asked about the eventuality of no cruise ships.

Mr. Steininger stated that the distribution was based on anticipated cruise ships, and if there were no ships the funds could be for communities to prepare for the arrival of future ships and help communities mitigate the risk of large influxes of people.

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Senator Wilson asked whether the funds would go towards emergency preparedness.

Mr. Steininger stated that the administration proposed to send the grant to communities and let the communities decide which area of the community was in the most need. Some areas might use the funds for hospitals, some towns had very few public restrooms or places to wash hands. He added that the spend should fit within the requirements of the use of commercial passenger head tax money.

Co-Chair Stedman interjected that the requirements were tightly defined, and any flexibility would need to be worked out with the cruise ship industry.

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Senator Wilson asked about the \$2 million for housing individuals. He asked if the funds were going toward a statewide approach and if there would be buying or renting of facilities.

Mr. Steininger stated that a variety of approaches were being considered.

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Co-Chair von Imhof asked how communities could apply for the funds for housing. She noted that the Anchorage mayor had discussed using the Sullivan Arena as an idea for housing people experiencing homelessness. She queried the application process for the funds.

Mr. Steininger deferred the question to DHSS.

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SANA EFIRD, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), stated that the funds would be appropriated to the Emergency Operations Center for the Unified Command Support and not to be grant money for local municipalities. She understood that the money was meant to be appropriated across the state to meet housing needs.

Co-Chair von Imhof asked what steps would be taken when a plan was formed to fund the actual location chosen.

Mr. Efird did not mean to imply the funds were for planning, rather, the department was looking at purchasing mobile units, and renting hotel rooms. She understood that the funds would be used to rent or purchase actual housing wherever it was determined there was the most need in the state. She believed there would be federal money for local housing possibilities.

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Co-Chair Stedman clarified that the funds were not for planning but for execution.

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Senator Wilson discussed the Emergency Operations activities in various parts of the state.

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Senator Wielechowski asked about test kits for COVID-19 in the state and asked whether the funding would go towards the purchase of the kits.

Mr. Steininger was not aware of the number of test kits available in the state. He said that there was an amount set aside to purchase kits that would be distributed to medical professionals throughout the state.

Senator Wielechowski hoped someone online could answer the question.

Co-Chair Stedman noted that the State Chief Medical Officer, Dr. Anne Zink, would be the best person to answer the question. He noted that she was not online to testify.

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Ms. Efird affirmed that the question would be best addressed by Dr. Zink.

Co-Chair Stedman believed the question was important and hoped to hear from Dr. Zink soon.

[3:33:04 PM](#)

Senator Olson asked Mr. Steininger about funding for additional ventilators. He thought that providing funding for ventilators was the most critical piece of the issue.

Mr. Steininger stated that the \$5.5 million for medical supplies could include ventilators.

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Co-Chair Stedman stated that the committee would be considering the operating budget the following week, and there could be additional funds needed to respond to the virus, which the committee would consider.

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Senator Hoffman asked about the \$100,000 for travel for response personnel, and thought the amount seemed a little low considering the size of the state. He wondered how the figure was determined.

Mr. Steininger referenced that the \$100,000 amount was based on an early estimate that looked at initial response to the virus and had been funded in the Mental Health Budget. He thought more likely than not there would be the need for more travel; within the \$3.5 million, of the \$15 million requested, additional funding would be used for travel.

Co-Chair Stedman clarified that the mental health budget that was recently signed by the governor provided \$100,000 for travel and response. He understood that there was flexibility in today's request that would fund additional travel.

Mr. Steininger answered in the positive. He and pointed to the numbers on the document "COVID-19 Response Funding - As of March 16, 2020" (copy on file).

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Senator Olson discussed the public health issue, specific to rural areas of the state, of teachers leaving the state during spring break and bringing the virus back to communities.

Senator Wielechowski thought there were many industries in the state that employed out-of-state workers and wondered whether the state had reached out to those industries to discuss who would be financially responsible for mitigation of the virus or an outbreak.

Mr. Steininger did not want to speculate on how the state would respond to every impact that the virus would have on the state.

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Co-Chair Stedman noted that public testimony had been taken on the bill. He solicited the will of the committee.

Senator Wilson MOVED to report SCS CSHB 234(FIN) out of Committee with individual recommendations and the

accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS CSHB 234 (FIN) was REPORTED out of committee with a "do pass" recommendation.

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ADJOURNMENT

3:39:38 PM

The meeting was adjourned at 3:39 p.m.